FEC 遠東發展

遠東發展有限公司

Far East Consortium International Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 035

Shaping value

ANNUAL REPORT 2019

Exquisiteness

Anticipation

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)
Cheong Thard HOONG, B.ENG., ACA
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B.ENG. (CIVIL)
Wing Kwan Winnie CHIU, B.Sc. (Appointed on 3 June 2019)

Independent Non-Executive Directors

Kwok Wai CHAN
Kwong Siu LAM
Lai Him Abraham SHEK (Appointed on 3 June 2019)

AUDIT COMMITTEE

Kwok Wai CHAN (Chairman)
Kwong Siu LAM
Lai Him Abraham SHEK (Appointed on 3 June 2019)

NOMINATION COMMITTEE

David CHIU (Chairman)
Kwok Wai CHAN
Kwong Siu LAM
Lai Him Abraham SHEK (Appointed on 3 June 2019)

REMUNERATION COMMITTEE

Kwok Wai CHAN (Chairman)
David CHIU
Lai Him Abraham SHEK (Appointed on 3 June 2019)

EXECUTIVE COMMITTEE

David CHIU
Cheong Thard HOONG
Dennis CHIU
Craig Grenfell WILLIAMS
Wing Kwan Winnie CHIU (Appointed on 3 June 2019)
Ka Pong CHAN

MANAGING DIRECTOR

Cheong Thard HOONG

CHIEF FINANCIAL OFFICER

Ka Pong CHAN

COMPANY SECRETARY

Ka Pong CHAN

AUTHORISED REPRESENTATIVES

David CHIU
Ka Pong CHAN

LEGAL ADVISORS

Woo, Kwan, Lee & Lo
Reed Smith Richards Butler
Maples and Calder
HWL Ebsworth Lawyers
Lo & Lo
Minter Ellison LLP

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

PRINCIPAL BANKERS

Hong Kong

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd. Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
CMB Wing Lung Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
OCBC Wing Hang Bank Limited
Oversea-Chinese Banking Corporation Limited
Public Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
United Overseas Bank Limited

Malaysia

Public Bank Berhad
OCBC Bank (Malaysia) Berhad

Singapore

CIMB Bank Berhad
DBS Bank Ltd.
Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited, Singapore Branch
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

Australia

Australia and New Zealand Banking Group Limited
Bank of China Limited
Bank of Western Australia
Commonwealth Bank of Australia
Industrial and Commercial Bank of China (Asia) Limited
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited
Westpac Banking Corporation

Mainland China

China Construction Bank Corporation
Dah Sing Bank (China) Limited
HSBC Bank (China) Company Limited
Industrial and Commercial Bank of China Limited
Public Bank (Hong Kong) Limited
Shanghai Pudong Development Bank
CMB Wing Lung Bank Limited

United Kingdom

Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation Limited

PLACE OF INCORPORATION

Cayman Islands

REGISTERED OFFICE

P.O. Box 1043, Whitehall House,
238 North Church Street,
George Town,
Grand Cayman KY1-1102,
Cayman Islands

PRINCIPAL OFFICE

16th Floor, Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong

SHARE REGISTRAR

Tricor Standard Limited
Level 54, Hopewell Centre,
183 Queen's Road East,
Hong Kong

LISTING INFORMATION

Ordinary Shares (Code: 035)
3.75% USD Medium Term Notes 2021 (Code: 4310)
4.5% USD Medium Term Notes 2023 (Code: 5011)
The Stock Exchange of Hong Kong Limited

WEBSITE

http://www.fecil.com.hk

MAJOR EVENTS OF FINANCIAL YEAR 2019

APR 2018

The Group completed the subscription of shares of The Star

The Group completed the acquisition of TWC

The Group awarded the tender for a property at Holland Road in Singapore

The Group acquired a new development site in central Manchester through auction

MAY 2018

Hornsey Town Hall at London, UK launched

The Group ranked No.1 for "Best Mid-Cap Company in Hong Kong" in FinanceAsia's "Best Managed Companies 2018" poll

FinanceAsia ASIA'S BEST COMPANIES 2018

The Group received five honours from 2017/18 Mercury Awards

2017|18 WINNER MERCURY EXCELLENCE AWARDS

The Group together with SC Global Developments and New World Development won the bid for the highly sought-after site at Cuscaden Road in Singapore

The Group garnered five honours at the "HKIRA 4th Investor Relations Awards 2018"

MAY 2018

MAJOR EVENTS OF FINANCIAL YEAR 2019

West Side Place (Tower 3) at Melbourne, Australia launched

Royal Riverside (Tower 5) at Guangzhou launched

The Group successfully won a land bid in Baoshan District, Shanghai (next to California Garden) for residential development

The Group completed BCG restructuring and introduced two new private equity investors

JUN 2018

JUL 2018

NOV 2018

DEC 2018

FEB 2019

The Group won three awards at "Asian Excellence Award 2018"

The Group acquired a property at 21 Anderson Road in Singapore

The Garrison at Tai Wai, Hong Kong launched

The Group together with Care Park awarded the tender for the Surfers Paradise Transit Centre and Bruce Bishop Car Park in Gold Coast, Australia

Manor Parc at Tan Kwai Tsuen, Hong Kong launched

STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

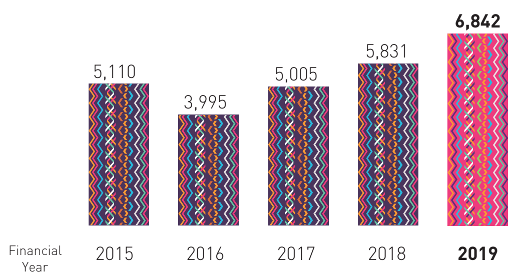
HK$ million, unless otherwise stated

	For the financial year ended 31 March 2015	2016	2017	2018	**2019**	CAGR
Revenue	5,110	3,995	5,005	5,831	**6,842**	7.6%
Gross Profit	1,946	1,706	1,990	2,634	**2,610**	7.6%
Net profit attributable to shareholders	957	734	1,118	1,567	**1,714**	15.7%
Adjusted cash profit[1]	836	853	1,157	1,649	**1,457**	14.9%
Adjusted cash profit[1] margin (%)	16.4	21.4	23.1	28.3	**21.3**	n/a
Total dividend (HK cents)	16.0	16.0	18.5	22.0	**22.0**	8.3%

Revenue

7.6% CAGR

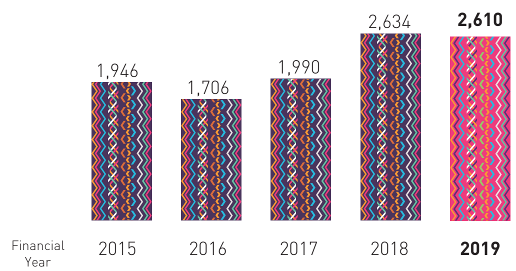
(HK$ million)



Gross profit

7.6% CAGR

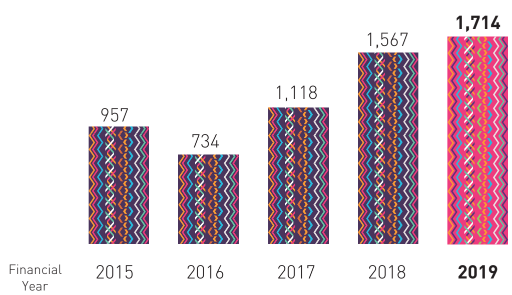
(HK$ million)



Net Profit Attributable to Shareholders

15.7% CAGR

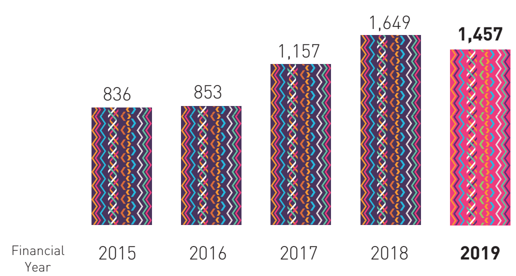
(HK$ million)



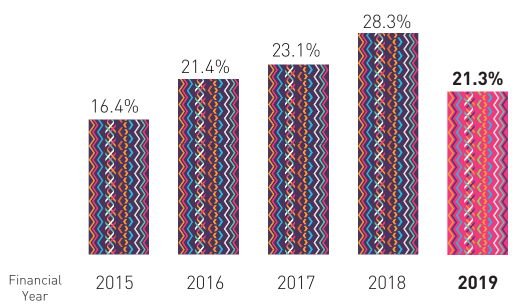
Adjusted Cash Profit[1]

14.9% CAGR

(HK$ million)



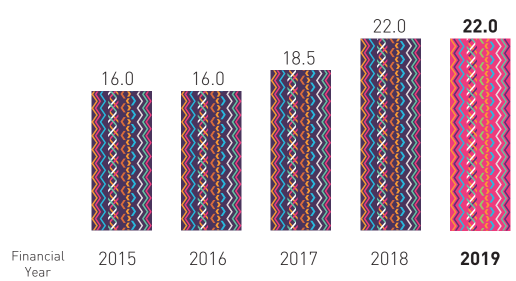
Adjusted Cash Profit[1] Margin



Total Dividend

8.3% CAGR

(HK cents)



Note:

(1) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, and subtracting post-tax fair value gain in investment properties and gain on bargain purchase of TWC from, net profit attributable to shareholders of the Company. The amounts are adjusted for minority interests.

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

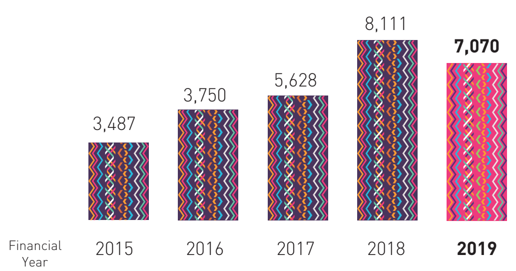
HK$ million, unless otherwise stated

	As at 31 March					
	2015	2016	2017	2018	**2019**	CAGR
Cash balance and investment securities	3,487	3,750	5,628	8,111	**7,070**	19.3%
Current ratio	1.67	2.12	2.57	2.01	**2.81**	n/a
Net gearing ratio[1] (%)	29.8	37.7	31.5	28.7	**45.4**	n/a
Total assets	22,216	26,160	28,400	34,489	**39,078**	15.2%
Adjusted net asset value attributable to shareholder[2]	17,263	20,872	24,146	28,564	**31,251**	16.0%
Adjusted net asset value per share[2] (HK$)	9.02	9.79	10.79	12.41	**13.29**	10.2%

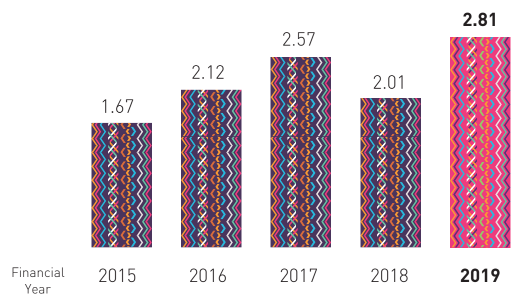
Cash Balance and Investment Securities

(HK$ million)

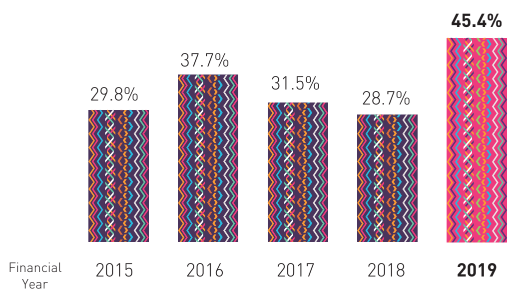
19.3% CAGR



Current Ratio



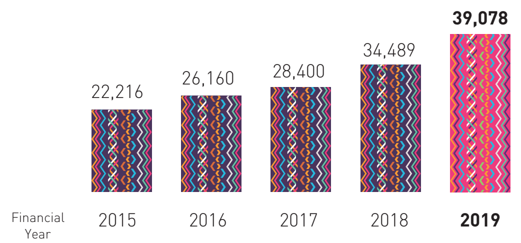
Net Gearing Ratio [1]



Total Assets

(HK$ million)

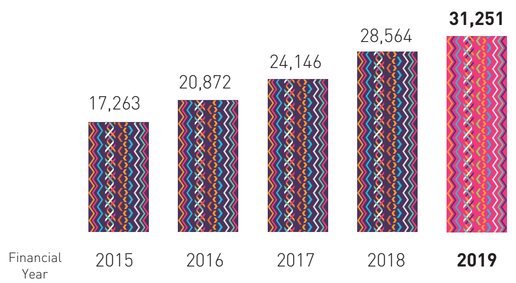
15.2% CAGR



Adjusted Net Asset Value Attributable To Shareholders [2]

(HK$ million)

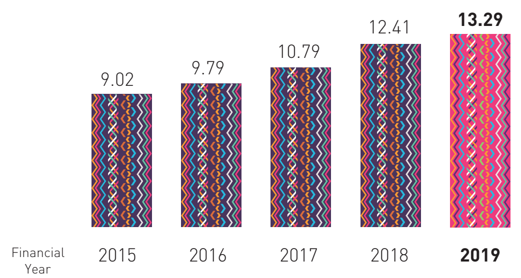
16.0% CAGR



Adjusted Net Asset Value Per Share [2]

(HK cents)

10.2% CAGR



Notes:

(1) Net gearing ratio represents total bank loans, notes and bonds less investment securities, bank and cash balances divided by carrying amount of total equity and hotel revaluation surplus.

(2) Adjusted for hotel revaluation surplus.

The Towers at Elizabeth Quay, Perth

Craftsmanship

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

As you may know, we have a very clear business focus to become a leader in providing overseas properties, hospitality and entertainment services to the Asia's middle class. I am pleased to report to our Shareholders that this strategic positioning is yielding encouraging results with record-breaking profitability last year. The Group experienced continuous development and expansion through the implementation of a series of effective business initiatives. We made several key achievements, and I am particularly proud that our recurring cash flow business grew strongly and we secured exciting opportunities that allow the Group to continue to grow in the coming years.

We continued to pursue our "Dual-Engine" development strategy targeting growth in both recurring cashflow streams and built-to-sell business. Great efforts have been made in all three recurring cashflow businesses, namely hotel, car park, and gaming and entertainment operations, with recurring income accounted for more than half of our core cash profit. Hotel segment achieved encouraging growth mainly driven by overall RevPAR growth and new acquisitions. The business also has a clear growth visibility with many new hotels in the development pipeline. In respect of our car park operations, we continued our expansion in the UK and continental Europe, pursuing car park acquisitions with high yields. Gaming and entertainment segment became our new income contributor following the acquisition of TWC and investment in a stake in The Star. With the first phase of Queen's Wharf Brisbane integrated resort expected to open in late 2022, we can expect the contribution from this segment will continue to grow. We believe that our strategy, featuring regional diversification and growing our four core businesses and reallocation of capital, will enable us to gain a higher return on equity than our industry peers in the long term.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Property development continued to be a core business of the Group. We have built a strong property development portfolio to maintain future growth. During the last financial year, we continued to score historic new highs in our cumulative pre-sales value. Such figure points to a clear visibility for the Group's property sales in the years to come. The land resources we now have is sufficient for the Group's development in the next decade. The reason why we are diversified regionally with a clear focus of targeting the middle class segment is simply that the real estate industry has cycles. Regional diversification enables us to acquire land at a lower cost from different markets at appropriate timing. We will continue to invest in regions with strong population growth and strong demand for housing. This includes key cities in the UK and Australia as well as selected cities in Asia. In Manchester, in particular, housing for middle class has great potentials. At the moment, weaker pound and Australian dollar against the Hong Kong dollar has provided us with a good opportunity to allocate capital in these regions. Despite fierce competition in land acquisition, Greater Bay Area is also another region we will explore given its growth potentials. For land acquisition in Hong Kong, as mentioned in our last year's annual report, we remain cautious as we see prices have risen beyond affordability of the general public and profit margin has become thinner.

In respect of hotel operations, I am delighted to report that our hotel RevPAR in Hong Kong continued to improve, owing to an increase in tourist arrivals from Asian countries and long-haul tourism as well as a rebound of Mainland tourists. For other overseas hotel markets, our hotel operations also continued to benefit from more frequent travel and greater demand from the Asia's middle class. Going forward I expect new room additions in Australia and the UK will drive the growth of our hotel operations.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

Among all the cities we have business presence, we see great hotel opportunity in the UK, where weaker GBP has increased the attractiveness of the hotel and tourism sector. London, in particular, benefited from the weakened pound and attracted a record level of international tourists, boosting hotel performance. Our newly opened Dorsett City London as well as Dorsett Shepherds Bush both provided us with good returns on investment and development profits. It also gives us confidence that there is more room for growth, therefore, we are looking for more hotel opportunities in the region. We have commenced construction of Dorsett Shepherds Bush extension, and another two hotels in London are in development pipeline. Along with 11 hotels in Australia, we expect to add 15 hotels with more than 3,000 rooms for the Group by FY2024.

As for car park industry, we see the increasing trend of technology utilization as well as an increase of electric vehicles. This presents us with new value adding opportunities such as provision of recharging services and using more sophisticated software to manage revenue parking rates, thereby optimizing revenue. We see car park operations as our core business with great potential for regional expansion. From a long-term perspective, we plan to leverage the operational expertise of the Care Park brand to not only continuously consolidate its market leadership in Australia and New Zealand, but to also seek business expansion in Europe. In the long run, the development of our car park segment will be boosted through organic growth and acquisitions of new car parks.

The Group expanded into the gaming and entertainment industry last year as we believe it can generate long-term stable cash flow. Meanwhile, our gaming and entertainment business will benefit from the growth of middle-class population under our "Asian Wallet" strategy. Gaming segment is complementary to our hospitality segment, in which we target international tourists. The investments that we have made are showing strong recurring cash flow and the projects provide us with good rate of return and strong potential for growth.

As our business progresses, the Group is also committed to striking a balance between making profit and delivering sustainable development. We believe that building the right management team and good corporate governance are the most critical components for maintaining long-term sustainable success. Last year, the Group won a number of international awards in relation to corporate governance, corporate management, investor relations, environmental responsibility and social responsibility, and I am very proud of the social recognition for our efforts in this regard.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S STATEMENT

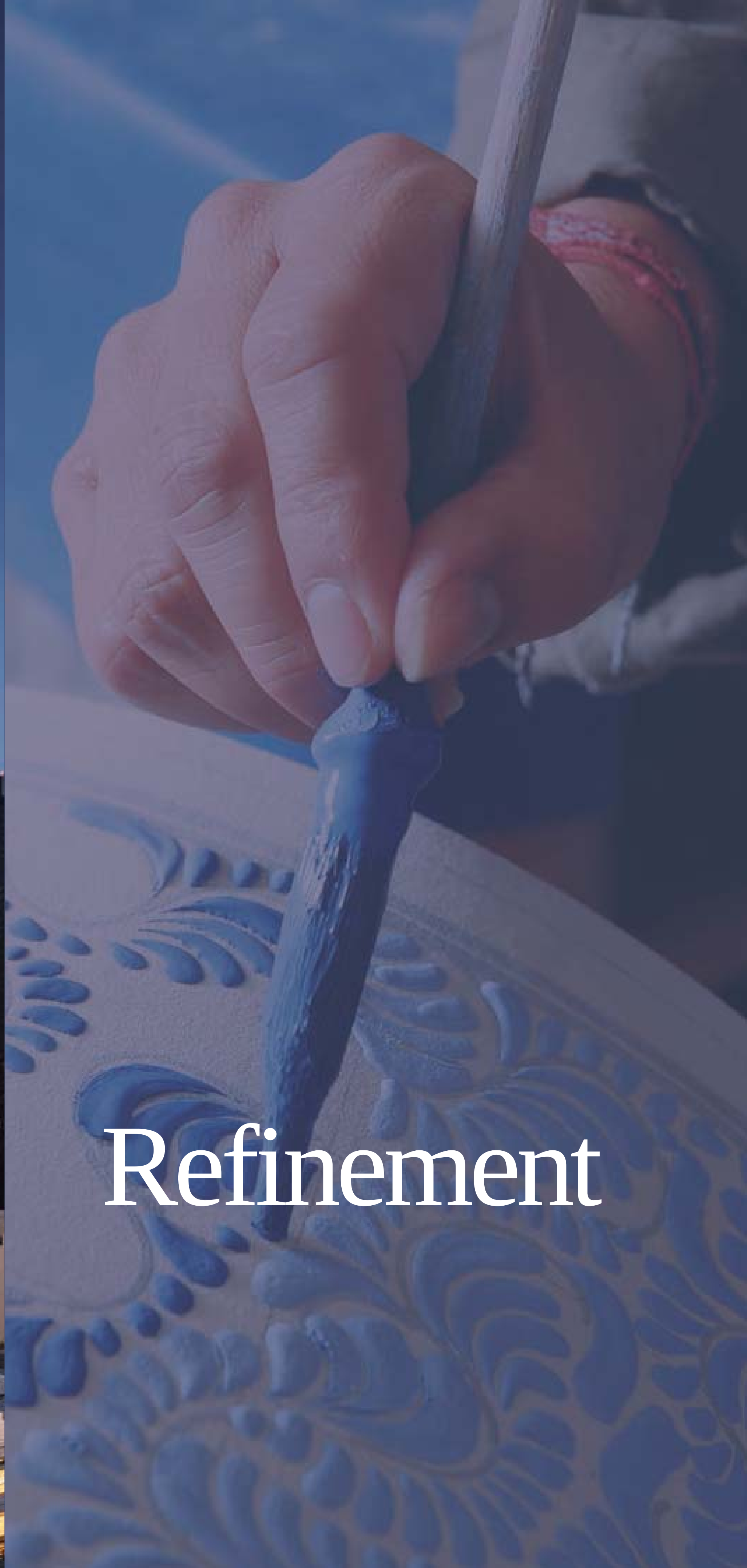
Looking ahead, although China's economy has been impacted by recent trade war turmoil between China and the United States and the slowdown of world economy, we see the signs of China's economy stabilizing after China government taking active measures to stimulate economy, such as rolling out tax cuts and the banks' reserve requirement ratio cuts to unleash cash for banks to lend in order to support economic activity. We believe China's GDP growth will still be higher than peer countries. As for FEC, with our clear business strategies and targets, I am optimistic we can achieve continued long term growth enabling us to increase our return to the Shareholders.

I would like to take the opportunity to thank our Shareholders, partners, customers and approximately 4,000 employees for their concerted effort, which yielded sustainable and steady development of our business. They are the key reasons for the Group's success.

David CHIU
Chairman and Chief Executive Officer

20 June 2019

West Side Place, Melbourne



Refinement

MANAGING DIRECTOR'S REPORT

POSITIONING FOR THE NEXT GROWTH PHASE

FY2019 Key Achievements

FY2019 was a busy year for the Group with a number of key milestones completed as we continued to implement our development initiatives. Despite significant global economic headwind, I am pleased to report that the Group posted record revenue (HK$6.8 billion), beating the previous record. All business divisions recorded growth with key contributions coming from both existing core businesses as well as new acquisitions. A summary of achievements and key initiatives are set out below:

- Our consolidated revenue reached a new record of HK$6.8 billion;

- We completed a number of projects, including Aspen Crest and Marin Point in Hong Kong. The Towers at Elizabeth Quay in Perth reached a key milestone and started the hand-over phase. Artra in Singapore also progressed well to stage completion and contributed to our property sales revenue. Sales of completed products such as Royal Riverside (Towers 1 to 5) in Guangzhou and King's Manor and The Royal Crest II in Shanghai also contributed to our property sales revenue;

- We launched seven new projects, including The Garrison and Manor Parc in Hong Kong, West Side Place (Tower 3) in Melbourne, Perth Hub in Perth, Royal Riverside (Tower 5) in Guangzhou, Hornsey Town Hall in London and MeadowSide (Plot 5) in Manchester;

- We generated about HK$5.8 billion of presales on new launches during FY2019. The Group's cumulative contracted presales as at 31 March 2019 amounted to a record-breaking HK$14.6 billion;

- We made a number of land acquisitions including sites in Holland Road, Cuscaden Road and 21 Anderson Road in Singapore, Victoria Riverside of Northern Gateway in Manchester, a site in Baoshan District in Shanghai, and Union Street in Sydney (under a 50/50 JV with The Star) to replenish our land bank and add to our development pipeline;

- We obtained masterplan approval for Northern Gateway and planning approval for additional towers in Gold Coast;

- We recorded strong revenue growth in hotel operations. RevPAR growth in Hong Kong, full operation of Dorsett City London and contributions from the TWC Hotel Group in Europe helped our growth in the hotel division;

- Construction started for a number of new hotels including the extension of Dorsett Shepherds Bush and Ritz-Carlton Melbourne. The Ritz-Carlton hotel in Perth is scheduled to open in the second half of FY2020;

- Our car park business generated promising growth. New management contracts in Australia and regional growth in the UK and Europe from third party and self-owned car parks contributed to revenue increases;

- Gaming is a new contributor to the Group following the acquisition of TWC and our approximately 5% interest in The Star. We are expecting higher growth in coming year with new initiatives;

MANAGING DIRECTOR'S REPORT

The Star Residences - Epsilon, Gold Coast

Bourke Street, Melbourne

Queen's Wharf, Brisbane

- Construction of the integrated resort of Queen's Wharf Brisbane advanced smoothly. Demolition has been completed, and excavation and shoring are under progress. The project has largely progressed accordingly to plan;

- We completed BCG restructuring and added two prominent financial institutional investors as shareholders. The business has demonstrated good growth prospects; and

- We strengthened our management team in UK and continental Europe. Recently, we hired a senior ex-banker as Head of Corporate Development and Mergers and Acquisitions, a newly created position.

Post year end:

- We signed an agreement to acquire Bourke Street site in Melbourne with potential to build over 800 apartments;

- We launched internationally The Star Residences – Epsilon in Gold Coast; and

- We also secured a management contract from Macquarie to manage SkyCity's 3,300 car parking bays in Auckland New Zealand.

MANAGING DIRECTOR'S REPORT

Results Highlights

For FY2019, the Group recorded revenue of HK$6,842 million (FY2018: HK$5,831 million), a 17.3% increase as compared to FY2018. This growth was driven by higher sales recognition in residential developments as well as an equally strong performance in recurring income businesses helped by RevPAR growth in Hong Kong and the acquisition of TWC.

Despite the lack of gain on disposal of hotel (FY2018: HK$320 million), we recorded a net profit of HK$1,714 million in FY2019 allowing us to continue to pay a high dividend.

Reflecting confidence in the financial position of the Group, the Board recommended a final dividend of HK$18 cents per Share. Together with an interim dividend of HK$4 cents per Share, total dividend for the Year amounts to HK$22 cents per Share, representing a payout ratio of 30.2%.

The Group is committed to a progressive dividend policy with a target payout ratio of 30% to 40% of our net profit, subject to capital expenditure requirements.

Over the years, we have built a solid development pipeline across our regional operations and the gross development value now reached HK$50 billion including acquisitions made post 31 March 2019. This pipeline, which is sufficient for 8-10 years, provides a clear visibility for revenue contribution in the coming years.

We are continuing to add new hotels to our portfolio with 15 hotels currently under planning/construction. We remain optimistic about the Asian tourism potential and the significant value upside in hotel developments. In order to build customer loyalty our hotel division launched a loyalty programme during the year, with 14 hotels worldwide under Dorsett Group participated. As at the end of 31 March 2019, the programme has over 114,000 members.

Care Park Operation Center

Dorsett Singapore

Our car park division continued to grow strongly in the past year with 10,275 car park bays added. Revenue continued to increase during the Year to reach HK$720 million.

On our gaming operation, TWC casinos recorded an increase in revenue compared to the same 11-month period pre-acquisition. During the Year, we carried out integration of TWC team with our UK operations. We also implemented strategies to promote European and Asian visitation to our casino properties which will continue in the FY2020. Our investment in The Star generated good dividend income. The strategic partnership which includes the development of The Star's sites in Gold Coast and Sydney is expected to generate financial returns in the coming years as the mixed-use development completes in phases.

MANAGING DIRECTOR'S REPORT

The strategic relationship is synergistic to the Group's property development and hotel businesses and strengthens the already established relationship with The Star and CTF.

For more details on our financial results, please refer to the section entitled "Management Discussion and Analysis".

Positioning for the Next Growth Phase

Our four core pillars of growth are now residential property development, hotel development and operations, car parking business and the newly added gaming operations, following our recent acquisitions.

As mentioned in my previous report, our established "Chinese Wallet" strategy has now been extended to an "Asian Wallet" strategy whereby we target middle class customers from Asia for the growing outbound tourism market and for the increasing appetite in international property investment business. We believe that there remain significant long-term opportunities in these market segments and we will continue with our regionalisation approach in targeting these opportunities.

We will also seek partnership with operators possessing land ownership in good locations to jointly develop their sites for regeneration or repurposing which will help improve utilization of land resources.

In addition to building a diverse development pipeline which allows us to manage cyclicality in different regions, we will continue to allocate more capital to recurring cash flow businesses such as hotels and car parks.

Following the establishment of BCG which specializes in mortgage loans, we are looking at opportunities to establish more asset management platforms in different asset classes such as hotels and car parks. This will create a new earning stream for the Group and at the same time create avenues to unlock the significant value hidden within the Group's property portfolio.

We will continue with our prudent approach in allocating capital across different divisions and regions to allow us to generate higher returns on equity compared to our peer groups in Hong Kong. We firmly believe this approach should drive share price out-performance.

Capital Structure and Balance Sheet Management

Adhering to prudent financial management, the Group continued to optimize its capital structure.

During the Year, we bought back 12.7 million Shares with a total value of HK$52.5 million. For the coming year we will target a buyback of up to HK$200 million. We believe this is a good approach to enhance earnings per share and utilize capital freed up through unlocking of value in our hotel portfolio.

During the Year, we also completed a number of major loan financing including AUD660 million construction loan for West Side Place (Towers 1 and 2), HK$1.5 billion unsecured club loan for the Group, SGD417 million Holland Road development loan, and HK$2.3 billion Dorsett refinancing club loan.

As at 31 March 2019, the Group's cash and liquidity position amounted to HK$7.1 billion (HK$8.1 billion as at 31 March 2018). In addition, the Group's undrawn banking facilities was at HK$9.0 billion and the Group had 8 unencumbered hotel assets with capital value of HK$5.0 billion, which can be used as collateral for further bank borrowings, should additional liquidity be needed.

Net gearing ratio (adjusting for hotel revaluation surplus of HK$17,838 million which was not recognized on the balance sheet) was at 45.4% as at 31 March 2019. Balance sheet was suitably geared up without significantly affecting the Group's credit standing. Capital was deployed for land replenishments, as well as new business investments in gaming and mortgage finance.

MANAGING DIRECTOR'S REPORT

Corporate Governance and Corporate Social Responsibility

The Group firmly believes that a high standard of corporate governance is the key to facilitating sustainable development. We adopt an active approach in investors communication and provide a high degree of transparency to our investors. In recognition of the Group's efforts in its investor relations functions, corporate governance and corporate social responsibility, the Group received a number of international awards during the Year.

Some examples of our awards include:

- Seven awards in "2019 Asia's Best Managed Companies" Poll by FinanceAsia, including "Best Mid-Cap Company in Hong Kong"
- Best Case Award in the Second China Excellent IR Award
- Platinum Award at "The Asset Corporate Awards 2018"
- Three awards at "8th Asian Excellence Award 2018", including "Best Investor Relations Company in Hong Kong"
- Five honours at the HKIRA 4th IR Awards 2018, including "Best IR Company", "Best IR in Corporate Transactions", "Best Investor Meeting" and "Best Digital IR"

The Group is committed to continue its efforts in enhancing various areas in corporate social responsibility and will maintain a high degree of transparency through disclosures and provision of management access to shareholders and investors.

Prospects

Although the global economic environment is uncertain, the Group's diverse portfolio of business serves to mitigate concentration risk and our regionalization and capital reallocation strategy allow us to continue to take advantage of the cyclicality in different markets.

The visibility of revenue growth of our business in the coming years remain good given that we have close to HK$15 billion of presales as at 31 March 2019 and many new pipeline hotels are under construction.

Our recent land acquisitions in Manchester, Shanghai and Melbourne and the joint venture arrangement with The Star in Australia have strengthened our development pipeline.

MANAGING DIRECTOR'S REPORT

For FY2020, we are targeting the following new launches in residential projects:

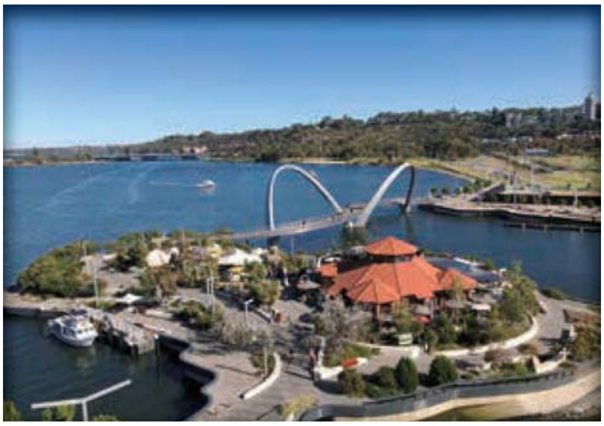
- The Star Residences Tower 2 – Epsilon in Gold Coast (launched)
- Queen's Wharf Residential Tower 4 in Brisbane
- Addington Street in Northern Gateway, Manchester
- Consort Place in London
- Holland Road and Cuscaden Road in Singapore
- Shatin Heights in Hong Kong
- Bourke Street in Melbourne

These projects have a combined GDV of HK$22.7 billion (Attributable GDV of HK$15.4 billion).

Regarding our recurring cashflow business, we expect growth to be derived from new hotels and a full year contribution from TWC and organic growth in car parking operations.

Following a strong recovery in Hong Kong last year, the hotel division is set to continue to benefit from the strength in the Asian tourism market. In addition, we expect new room additions to drive revenue growth in the division in both the shorter and longer term future. We have 15 new hotels with 3,235 rooms under various stages of development in Australia, the UK and Malaysia. The Ritz-Carlton in Perth is scheduled to become operational in the 4th quarter of 2019 and will contribute to hotel revenue growth from FY2020 onwards.

The Ritz-Carlton, Perth



View from The Towers at Elizabeth Quay, Perth

MANAGING DIRECTOR'S REPORT

In Shanghai, following the acquisition of rental land in California Garden, we are looking to develop a long term rental operating business in Mainland China.

Our car park division has grown strongly in the past year mainly through organic growth. As at 31 March 2019, we have 494 car parks with 99,143 bays, an increase of 10,275 bays compared to the beginning of FY2019. We expect the trend to continue in the coming year.

A number of new initiatives to increase footfall are being implemented for our Czech gaming operation. This includes the introduction of new game types such as Asian style Baccarat and Poker, expansion of marketing channels and promoting cross selling efforts. We intend to use the TWC platform to grow our casino gaming business leveraging on the connections we have in Asia. We expect these efforts will generate positive results in the coming year.


Ceska Casino, Czech Republic


Route 59 Casino, Czech Republic

For Queen's Wharf Brisbane, demolition and enabling works has been completed and the next development phase which includes excavation and basement construction are underway. Located in the Brisbane CBD, the world-class integrated resort will include a casino, four world-class hotels (including a Dorsett hotel) and a retail mall. The first phase, which will include the casino, is currently expected to open in FY2023. The development is expected to provide a strong and steady cashflow stream to the Group.

BCG, our mortgage lending platform, has demonstrated promising momentum since its establishment in 2016. The business, which currently focuses on providing secured loan financing to non-residents (or residents with foreign income), has established offices in Beijing, Hong Kong, Kuala Lumpur, Melbourne, Singapore and Shanghai. As at 31 March 2019, its loan book reached AUD617 million. The business is synergistic to our international property development business and we continue to see good growth prospects in this operation.

It is important to note that, in addition to the value the Group generates through its operational activities, the Group also generates significant value through development of our hotel assets. This value has not been recorded or captured on our balance sheet due to the accounting standards we adopt. As at 31 March 2019, the revaluation surpluses for our hotel portfolio amounted to approximately HK$17.8 billion. In order to extract value from these hotel assets and unlock the surpluses accumulated over the years, we will either seek additional leverage based on market value of these properties or make selective disposals, or a combination of both.

Our long-term goal is to drive a higher return on equity through our capital structure optimization and capital reallocation initiatives. The Group will however continue to adopt a prudent approach in managing its balance sheet in order that its good credit standing is protected.

MANAGING DIRECTOR'S REPORT

In conclusion, our strategic direction remains unchanged. Our core strategy is to seek sustainable growth through the pursuit of "Asian Wallet". We aim to become a leader in providing overseas property investment, hospitality and entertainment services to the Asian's middle class segment. We target to achieve our goal through the following initiatives:

– Deepen regional diversification through strengthening our local execution team

– Focus on cities with strong population or tourism growth potential

– Extract synergies from recent investments in the casino gaming business

– Pursue our "Asian Wallet" strategy to capitalize on the growing affluence of the middle class segment in Asia

– Adopt a prudent financial management policy and optimize capital structure through active capital reallocation with the aim to drive higher return on equity

I am optimistic about the Group's future and I very much look forward to the next phase of growth for the Group.

Cheong Thard HOONG
Managing Director

PROFILE OF DIRECTORS AND SENIOR MANAGEMENT

TAN SRI DATO' DAVID CHIU, B.SC.

(Executive Director, Chairman and Chief Executive Officer)

Tan Sri Dato' David CHIU, aged 65, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering Mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Company. He is also a director of various Subsidiaries. Currently, he is the chairman and a non-executive director of i-CABLE Communications Limited (stock code: 1097).

In regard to Tan Sri Dato' David CHIU's devotion to community services in China and Hong Kong, he was appointed as the member of the 12th and 13th Chinese People's Political Consultative Conferences, the vice chairman of All-China Federation of Industry and Commerce in 2017. Currently, he is a trustee member of The Better Hong Kong Foundation, an honorary chairman of Mid-Autumn Festival Celebration-People and Forces' Committee, a director and a member of Concerted Efforts Resource Centre, a patron of China-United States Exchange Foundation, an honorary chairman of Guangdong Chamber of Foreign Investors, an honorary chairman of the Association of Chinese Culture of Hong Kong, the 8th board member of Friends of Hong Kong Association, a member of Hong Kong General Chamber of Commerce, a member of the Constitutional Reform Synergy, a member of The Real Estate Developers Association of Hong Kong, a member of Pacific Basin Economic Council, a director of three Ju Ching Chu Schools in Hong Kong and the vice chairman of Guangdong-Hong Kong-Macao Greater Bay Area Radio and Television Union. In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in 2013. He is the father of Ms. Wing Kwan Winnie CHIU (Executive Director of the Company) and the brother of Mr. Dennis CHIU (Executive Director of the Company).

MR. CHEONG THARD HOONG, B.ENG., ACA

(Executive Director and Managing Director)

Mr. HOONG, aged 50, was appointed as an Executive Director of the Company in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited (stock code: 1371). He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he has retired as a non-executive director of the company with effect from 1 June 2017. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. Mr. HOONG is also a director of various Subsidiaries. Besides, he is a non-independent and non-executive director of Land & General Berhad, a company listed on the Bursa Malaysia and a non-executive director of i-CABLE Communications Limited (stock code: 1097). Mr. HOONG was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, until March 2017.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

MR. DENNIS CHIU, B.A.

(Executive Director)

Mr. CHIU, aged 60, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. He is also a director of various Subsidiaries.

Mr. CHIU is elected as the chairman of Federation of Hong Kong Business Worldwide of 45 Hong Kong Business Associations in 34 countries and regions with over 13,000 individual associates; and the chairman of Hong Kong Singapore Business Association ("HSBA") in 2018. He was the president of HSBA from 2014 to 2018. In addition, he is a patron and Adviser of Ayer Rajah Single Member Constituency, West Coast Group Representation Constituency Singapore; and governor of Harrow International School Bangkok since 2004. He was also involved in other charitable organizations, including Yan Chai Hospital and Ju Ching Chu English College Limited, previously.

Mr. CHIU was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, until March 2017. He is the brother of Tan Sri Dato' David CHIU (Executive Director of the Company) and the uncle of Ms. Wing Kwan Winnie CHIU (Executive Director of the Company)

MR. CRAIG GRENFELL WILLIAMS, B.ENG. (CIVIL)

(Executive Director)

Mr. WILLIAMS, aged 67, was appointed as an Executive Director of the Company in 2000. He is responsible for all property developments in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the past president of the St. Kilda Road Campaign Inc. He is also a director of various Subsidiaries.

MS. WING KWAN WINNIE CHIU, B.Sc.

(Executive Director)

Ms. CHIU, aged 39, was appointed as an Executive Director of the Company in June 2019. She obtained a degree of Bachelor of Science in Business Management in King's College London, University of London in 2003. She became honorary fellowships of the Hong Kong Academy for Performing Arts and Vocational Training Council in 2017. She was appointed as Justice of the Peace of the HKSAR in July 2016. She has also served as a committee member in some government committees including Betting and Lotteries Commission since August 2017 and the Business Facilitation Advisory Committee since July 2018. She is a council member of The Better Hong Kong Foundation since 2012; a member of the committee of overseers of Wu Yee Sun College of the Chinese University of Hong Kong since August 2016; an advisor of Our Hong Kong Foundation since January 2018; a board member of the Community Chest since June 2018; a primary company representative of Dorsett at Hong Kong General Chamber of Commerce since June 2018; an honorary vice president of GHM (Guangdong Hong Kong Macao) Hotel General Managers Society since February 2019; a board member of YPO Hong Kong Chapter, and a member of Hong Kong – Japan Business Co-operation Committee.

Ms. CHIU is a director of Asian Youth Orchestra Limited since December 2011; the vice chairperson of THE FRIENDS of the Hong Kong Arts Centre since July 2015; a development committee member of Hong Kong Arts Festival Society Limited since April 2016; the chairman of Hong Kong Art School Council since September 2016; a member of Hong Kong Arts Development Council since January 2017; the joint president of the Society of the Academy for Performing Arts since 2018; a member of discipline advisory board of Vocational Training Council; a director of the Hong Kong Philharmonic Society Ltd.; a member of the Hong Kong Art School Council from November 2013 to October 2016, and a member of the Hong Kong Arts Centre from December 2013 to November 2016.

Ms. CHIU joined the Group in 2005 as a director of property development. She was appointed as the president and an executive director of Dorsett, in June 2010 and November 2011, respectively, to oversee its overall strategic growth and development. She currently is the chairman of AGORA Hospitality Group Co., Ltd, a company listed on the Tokyo Stock Exchange. She is also a director of various Subsidiaries.

Previously, Ms. CHIU worked in Credit Suisse. She has been a director of Malaysia Land Properties Sdn. Bhd. ("Mayland") since 2002. She has been involved in the different aspects of property development which include development of shopping centre, retail management and service apartment of Mayland.

Ms. CHIU is the daughter of Tan Sri Dato' David CHIU (Executive Director of the Company) and the niece of Mr. Dennis CHIU (Executive Director of the Company).

MR. KWOK WAI CHAN

(Independent Non-executive Director)

Mr. CHAN, aged 60, was appointed as an Independent Non-executive Director of the Company in November 2005. He is a member of The Hong Kong Securities and Investment Institute and a member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).

MR. KWONG SIU LAM

(Independent Non-executive Director)

Mr. LAM, aged 85, was appointed as an Independent Non-executive Director of the Company in September 2011. He was the delegate of the 10th National People's Congress. Mr. LAM currently serves as the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Association, the life honorary chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the life honorary chairman of the Chinese General Chamber of Commerce, an adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002. Currently, he is an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688), Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Properties Company Limited (stock code: 1628). Mr. LAM was appointed as an independent non-executive director of Vico International Holdings Limited (stock code: 1621) on 16 January 2018 and resigned on 12 April 2019. Mr. LAM was awarded the HKSAR Gold Bauhinia Star in 2016 and Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

MR. LAI HIM ABRAHAM SHEK (ALIAS: ABRAHAM RAZACK)

(Independent Non-executive Director)

Mr. SHEK, aged 74, was appointed as an Independent Non-executive Director of the Company in June 2019. He obtained a bachelor degree of arts and a diploma in education in the University of Sydney in May 1969 and March 1970, respectively. He became the honorary fellow of Lingnan University, The Hong Kong University of Science and Technology, The University of Hong Kong and The Education University of Hong Kong in November 2008, June 2014, September 2016 and March 2018, respectively. In addition to his achievements in the academic field, Mr. SHEK has also earned certain honorary titles in various ambits. He was appointed as Justice of the Peace in July 1995 and awarded the Silver Bauhinia Star and Gold Bauhinia Star in the HKSAR 2007 and 2013 Honors Lists, respectively. He has also been a member of the advisory committee board of the Independent Commission Against Corruption since January 2017. Mr. SHEK is currently a member of the Legislative Council for the HKSAR, the Court Member of The Hong Kong University of Science and Technology, the Court and the Council Member of The University of Hong Kong, a non-executive director of Mandatory Provident Fund Schemes Authority of Hong Kong and chairman and an independent member of the Board of Governors of English Schools Foundation.

In addition, Mr. SHEK is an independent non-executive director of the following listed companies and collective investment schemes, all of which are listed on the Stock Exchange: (a) Paliburg Holdings Limited (stock code: 617); (b) Lifestyle International Holdings Limited (stock code: 1212); (c) Chuang's Consortium International Limited (stock code: 367); (d) NWS Holdings Limited (stock code: 659); (e) Country Garden Holdings Company Limited (stock code: 2007); (f) SJM Holdings Limited (stock code: 880); (g) Chuang's China Investments Limited (stock code: 298); (h) Hop Hing Group Holdings Limited (stock code: 47); (i) ITC Properties Group Limited (stock code: 199); (j) China Resources Cement Holdings Limited (stock code: 1313); (k) Lai Fung Holdings Limited (stock code: 1125); (l) Cosmopolitan International Holdings Limited (stock code: 120); (m) Goldin Financial Holdings Limited (stock code: 530); (n) Everbright Grand China Assets Limited (stock code: 3699); (o) CSI Properties Limited (Stock Code: 497); (p) Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust (stock code: 1881); and (q) Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (stock code: 2778).

Mr. SHEK also served as an independent non-executive director of Dorsett from September 2010 to October 2015. Mr. SHEK was also an independent non-executive director of the following companies, all of which are listed on the Stock Exchange: (a) ITC Corporation Limited (now known as "PT International Development Corporation Limited") (stock code: 372) until March 2017; (b) TUS International Limited (stock code: 872) until January 2017; (c) Midas International Holdings Limited (now known as "Magnus Concordia Group Limited") (stock code: 1172) until January 2018; and (d) MTR Corporation Limited (stock code: 66) until May 2019.

MR. KA PONG CHAN

(Chief Financial Officer and Company Secretary)

Mr. CHAN, aged 39, joined the Company as Finance Director in May 2016 and was thereafter appointed as Chief Financial Officer and Company Secretary. He is responsible for financial management and company secretarial matters of the Group. He is currently a director of various Subsidiaries.

Prior to joining the Group, Mr. CHAN was the general manager of corporate finance and communications at China Merchants Holdings (International) Company Limited (now named as China Merchants Port Holdings Company Limited, stock code: 144), and chief financial officer and company secretary of China Green (Holdings) Limited (stock code: 904). He also held positions in PricewaterhouseCoopers for 10 years specializing in audit and capital market transactions.

Mr. CHAN graduated from the Chinese University of Hong Kong with a Bachelor's degree in Professional Accountancy in 2001. He is a qualified accountant and a member of the HKICPA and CPA Australia.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Revenue	5,109,780	3,995,090	5,005,309	5,831,127	**6,842,319**
Profit before taxation	1,328,354	979,309	1,566,639	2,156,133	**2,312,486**
Income tax expense	(330,406)	(221,347)	(433,780)	(570,735)	**(543,761)**
Profit for the year	997,948	757,962	1,132,859	1,585,398	**1,768,725**
Basic earnings per share	51 cents	37 cents	51 cents	69 cents	**74 cents**

	As at 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	22,215,596	26,160,621	28,399,961	34,488,949	**39,077,863**
Total liabilities	(11,954,667)	(15,893,366)	(17,456,246)	(21,345,067)	**(25,445,601)**
	10,260,929	10,267,255	10,943,715	13,143,882	**13,632,262**
Non-controlling interests	(1,117,279)	(127,123)	(151,913)	(173,070)	**(219,186)**
Shareholders' funds	9,143,650	10,140,132	10,791,802	12,970,812	**13,413,076**

The Star Residences – Epsilon, Gold Coast

Integration

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

1. Profit and loss analysis

Route 59 Casino, Czech Republic

The Company's consolidated revenue for FY2019 was approximately HK$6.8 billion, an increase of 17.3% as compared with FY2018, driven primarily by (i) higher revenue from residential sales; (ii) organic growth in hotel revenue; (iii) additional contribution from TWC; and (iv) continual expansion of car park operations. As the higher-than-usual gross margin from our Shanghai project was not repeated during FY2019, gross profit (before depreciation of hotel, car park and gaming assets) came in at HK$3.0 billion representing a gross margin of 43.9%, as compared to 51.0% for FY2018. A breakdown of the Group's revenue and gross profit is shown below:

	Property development HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Gaming operations HK$'000	Others HK$'000	Total HK$'000
FY2019						
Revenue	**3,811,217**	**1,817,622**	**720,458**	**259,296**(i)	**233,726**	**6,842,319**
Gross profit	**1,356,154**	**781,582**	**115,712**	**154,902**	**201,249**	**2,609,599**
Depreciation	**–**	**344,383**	**34,776**	**17,916**	**–**	**397,075**
Adjusted gross profit	**1,356,154**	**1,125,965**	**150,488**	**172,818**	**201,249**	**3,006,674**
Adjusted gross profit margin	**35.6%**	**61.9%**	**20.9%**	**66.6%**	**86.1%**	**43.9%**
FY2018						
Revenue	**3,430,795**	**1,537,802**	**666,380**	**–**	**196,150**	**5,831,127**
Gross profit	**1,705,216**	**645,152**	**122,129**	**–**	**161,738**	**2,634,235**
Depreciation	**–**	**313,609**	**28,516**	**–**	**–**	**342,125**
Adjusted gross profit	**1,705,216**	**958,761**	**150,645**	**–**	**161,738**	**2,976,360**
Adjusted gross profit margin	**49.7%**	**62.3%**	**22.6%**	**–**	**82.5%**	**51.0%**

Note:

(i) After deduction of gaming tax amounting to HK$88 million.

Revenue from sales of properties amounted to approximately HK$3,811 million in FY2019, increased by 11.1% as compared with FY2018, as there were more project completion during the year. Gross profit of approximately HK$1,356 million for FY2019 was recorded, representing a 20.5% year-on-year drop as revenue recognized during FY2018 were primarily due to our Shanghai project which had a higher-than-usual gross profit margin compared to the Group's projects elsewhere.

Revenue from hotel operations and management amounted to approximately HK$1,818 million in FY2019, an improvement of 18.2% as compared to FY2018. Hotel market, in particular in Hong Kong, continued its strong growth, while the addition of the newly opened Dorsett City in London (fully operated in February 2018) and TWC Hotel Group also contributed to the Group's hotel revenue during FY2019. Despite the additions of TWC Hotel Group which has lower-than-average gross profit margin, gross profit margin for the Group's hotel operations (before depreciation and amortisation) was maintained at 61.9% in FY2019, compared to 62.3% in FY2018. Gross profit margin of hotels under Dorsett Group expanded to 63.4% which was driven by better overall hotel average room rate and higher overall occupancy rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from car park operations and facilities management amounted to approximately HK$720 million in FY2019, an increase of 8.1% as compared to FY2018. Adjusted gross profit remained stable at HK$150 million for FY2019, as the Group incurred start up expenditures in the United Kingdom and Hungary where the Group is expanding its regional presence. During FY2019, 10,275 car park bays were added to the Group's car park management portfolio.

FY2019 was the first year when the Group started to see contributions from its gaming operations, following the Group's acquisition of TWC in April 2018, and the Group's investment in The Star which started to generate dividend income. Total revenue from gaming operations (net of gaming tax) was approximately HK$259 million during the year.

Profit attributable to shareholders of the Company was at HK$1,714 million for FY2019, which increased by 9.4% as compared with HK$1,567 million for FY2018, despite that the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in FY2018 were not repeated in FY2019. These were offset by the strong performance of the Group's core businesses, as well as a one-off gain arising from a bargain purchase of TWC and value uplift of the Group's interest in BCG in a restructuring.

Adjusted cash profit[i] was at HK$1,457 million for FY2019, which showed a drop from the HK$1,649 million recorded for FY2018, as the gain on disposal of a hotel amounting to HK$320 million, and the exceptionally high gross margin achieved by our project in Shanghai in FY2018 were not repeated in FY2019. Excluding the gain on disposal of the hotel, core cash profit for FY2018 would have been approximately HK$1,329 million, with a 9.6% growth in FY2019. Within the core cash profit for FY2019, approximately HK$815 million was contributed by the Group's recurring income business (including hotel operations, car park operations, gaming operations and property investment), showing a growth of 32.7% from the HK$614 million recorded for FY2018.

Note:

(i) Adjusted cash profit is calculated by adding depreciation and amortisation charges to, and subtracting post-tax fair value gain in investment properties and gain on bargain purchase of TWC from, net profit attributable to shareholders of the Company. The amounts are adjusted for minority interests.

The Star, Sydney

2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily-monetizable nature), bank loans and borrowings and equity as at 31 March 2019.

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
Bank loans, notes and bonds		
Due within 1 year[i]	**4,243**	6,199
Due 1–2 years	**4,158**	1,593
Due 2–5 years	**12,799**	7,273
Due more than 5 years	**167**	1,307
Total bank loans, notes and bonds	**21,367**	16,372
Investment securities	**4,422**	3,520
Bank and cash balances[ii]	**2,648**	4,591
Liquidity position	**7,070**	8,111
Net debts[iii]	**14,297**	8,261
Carrying amount of the total equity	**13,632**	13,144
Add: hotel revaluation surplus	**17,838**	15,593
Total adjusted equity	**31,470**	28,737
Net gearing ratio (net debts to total adjusted equity)	**45.4%**	28.7%

Notes:

(i) Include an amount of approximately HK$1,044 million which is reflected as liabilities due within one year even though such sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

(ii) The amount represents total restricted bank deposits, deposit in a financial institution, and bank balances and cash.

(iii) Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.

To better manage the Group's liquidity position, the Group's treasury operation allocates a portion of its cash position to marketable investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed income securities and investments in fixed income funds, the investment in the listed shares of The Star which the Group intends to hold for the long term, as well as the investment in the mortgage portfolio managed by BCG.

The liquidity position of the Group as at 31 March 2019 was approximately HK$7.1 billion. Adjusting for the unrecognized hotel revaluation surplus of approximately HK$17,838 million, which is based on independent valuation assessed as at 31 March 2019, the Group's total consolidated equity as at 31 March 2019 was approximately HK$31,470 million. The net gearing ratio of the Group was at 45.4% as at 31 March 2019, compared to 28.7% as at 31 March 2018. Such rise in net gearing ratio was primarily due to capital expenditure for replenishment of development pipeline and new investments made during FY2019. The Group will continue to adopt a prudent approach to capital management by maintaining its net gearing ratio at a healthy level.

MANAGEMENT DISCUSSION AND ANALYSIS

The table below shows the Group's debts profile.

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
The Company's notes	**3,509**	3,499
Dorsett bonds	**–**	908
Unsecured bank loans	**2,809**	1,437
Secured bank loans		
– Property development and investment	**7,536**	3,954
– Hotel operations and management	**6,008**	5,787
– Car park operations and facilities management	**556**	576
– Gaming	**94**	–
– Others	**855**	211
Total bank loans, notes and bonds	**21,367**	16,372

As at 31 March 2019, the Group's undrawn banking facilities were approximately HK$9.0 billion which were all committed banking facilities. Of this amount, approximately HK$5.3 billion was in relation to construction development while the balance of approximately HK$3.7 billion was for the Group's general corporate use. The unutilized banking facilities together with sale proceeds to be generated from the Group's upcoming property development projects place the Group in a solid financial position to fund not only its existing business and operations but also to expand its business further.

In addition, a total of 8 hotel assets within the Group were unencumbered as at 31 March 2019, the capital value of which amounted to HK$5.0 billion based on independent valuation assessed as at 31 March 2019. These assets can be used as collateral for further bank borrowings which can provide further liquidity for the Group, should this be necessary.

Sky Deck, Queen's Wharf, Brisbane

MANAGEMENT DISCUSSION AND ANALYSIS

3. Foreign exchange management

In general, contributions from the Group's non-Hong Kong operations were affected by the movement of foreign currencies against Hong Kong dollar. The table below sets forth the exchange rates of Hong Kong dollar against the local currency of countries where the Group has significant operations:

Rate as at	**As at 31 March 2019**	As at 31 March 2018	Change
HK$/AUD	**5.56**	5.99	(7.2%)
HK$/RMB	**1.17**	1.25	(6.4%)
HK$/MYR	**1.92**	2.03	(5.4%)
HK$/GBP	**10.20**	11.02	(7.4%)
HK$/CZK	**0.34**	0.37[i]	(8.1%)
HK$/SGD	**5.79**	5.97	(3.0%)

Average rates for	**FY2019**	FY2018	Change
HK$/AUD	**5.78**	5.96	(3.0%)
HK$/RMB	**1.21**	1.19	1.7%
HK$/MYR	**1.98**	1.89	4.8%
HK$/GBP	**10.61**	10.35	2.5%
HK$/CZK	**0.36**	N/A	N/A
HK$/SGD	**5.88**	5.77	1.9%

Note:

(i) As at 30 April 2018

The Group adopted a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currencies of the countries where such investments are made. The impact of movement in the above currencies to the Group's profit attributable to shareholders of the Company for FY2019 is analysed below:

Increase (decrease) to the Group's profit attributable to shareholders of the Company for FY2019 assuming exchange rates of the following currencies against Hong Kong dollar remained constant during the year:

	HK$ million
AUD	10.1
RMB	(9.0)
MYR	(0.6)
GBP	(0.6)
CZK	(9.7)
SGD	(1.9)
Total impact	(11.7)

The movement in foreign currencies also had impacts on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong dollar for consolidation purpose, the movement in foreign currencies will affect the Hong Kong dollar-equivalent of such net assets and therefore the Group's net asset position. As a result of the fluctuation of the abovementioned foreign currencies against Hong Kong dollar during FY2019, the Group's net asset value was down by HK$765 million.

4. Net asset value per share

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
Equity attributable to shareholders of the Company	**13,413**	12,971
Add: Hotel revaluation surplus	**17,838**	15,593
Total net asset value	**31,251**	28,564
Number of shares issued (million)	**2,352**	2,302
Net asset value per share	**HK$13.29**	HK$12.41

Adjusting for revaluation surplus on hotel assets of approximately HK$17,838 million based on independent valuation assessed as at 31 March 2019, net asset value attributable to the Shareholders reached approximately HK$31,251 million. Net asset value per share for the Company as at 31 March 2019 was approximately HK$13.29, showing a growth of 7.1% despite adverse foreign currency movements on the Group's non-Hong Kong operations and the mark-to-market loss of the Group's long-term investment in The Star as mentioned above.

5. Capital expenditure

The Group's capital expenditure consists of expenditure for acquisitions, development and refurbishment of hotel properties, plant and equipment.

During FY2019, the Group's capital expenditure amounted to approximately HK$1,880 million primarily attributable to the acquisition of TWC and the investment in The Star. The capital expenditure was funded through a combination of borrowings and internal resources.

6. Capital commitments

	As at 31 March 2019 HK$ million	As at 31 March 2018 HK$ million
Capital expenditure contracted but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**878**	1,596
Commitment to provide credit facility to BC Group	**65**	–
Others	**28**	31
	971	1,627

MANAGEMENT DISCUSSION AND ANALYSIS

7. Post balance sheet events

In April 2019, the Group entered into an agreement for the acquisition of a property on Bourke Street in the CBD of Melbourne, which is near the West Side Place development, at a consideration of AUD90 million. The property currently has approval to be redeveloped into a residential project with total GFA of approximately 940,000 sq. ft.. The Group intends to redevelop the property into a residential tower. Completion of the acquisition is subject to the vendor providing vacant possession of the property and certain other obligations the vendor has to fulfill, and is expected to take place before the end of 2019.

BUSINESS REVIEW

1. Property division

The view from West Side Place, Tower 4

The Group's property division includes property investment and property development.

Property investment comprises investments in retail and office buildings located mainly in Hong Kong, Mainland China and Australia. For FY2019, a fair value gain of investment properties of approximately HK$673 million (HK$548 million after tax) was recognized, as a result of an increase in fair value of the investment properties in Hong Kong, Mainland China and Australia. As at 31 March 2019, valuation of investment properties was approximately HK$5.4 billion (31 March 2018: HK$3.2 billion).

The Group has a diversified portfolio of residential property development in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on mass residential market from which the Group can benefit due to the growing affluence of the middle class.

To carry out property development in the various markets, the Group has established strong local teams in each of these markets which, coupled with the regionalisation approach, allow the Group to take advantage of the different property cycles in different markets. The Group is also actively looking to work with property owners for redevelopment opportunities, an example of which is the partnership with The Star. These land acquisition strategies have resulted in a relatively low land cost base for the Group's development projects.

During FY2019, the Group launched pre-sales of seven of its residential development projects, namely (i) The Garrison in Hong Kong; (ii) West Side Place (Tower 3) in Melbourne; (iii) Royal Riverside (Tower 5) in Guangzhou; (iv) Hornsey Town Hall in London; (v) Perth Hub in Perth; (vi) Manor Parc in Hong Kong; and (vii) MeadowSide (Plot 5) in Manchester. Total expected attributable GDV and attributable saleable floor area of these seven development projects are approximately HK$7 billion and 1.2 million sq. ft. respectively.

Having pre-sold residential units worth HK$5.8 billion during FY2019, total attributable cumulative pre-sales value of the Group's residential properties under development amounted to approximately HK$14.6 billion as at 31 March 2019 (excluding the pre-sales value of Artra in Singapore recognised as revenue on a percentage of completion basis). Such pre-sales proceeds are not reflected in the Group's consolidated income statement until the point in time when the relevant projects are completed.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table shows a breakdown of the Group's total cumulative pre-sales value of residential properties under development as at 31 March 2019.

Developments	Location	Attributable pre-sales HK$ million	Expected financial year of completion
Astoria Crest	Hong Kong	422	FY2020
The Garrison	Hong Kong	635	FY2020
Artra	Singapore	1,165[i]	FY2021
West Side Place (Towers 1 and 2)	Melbourne	4,848	FY2021
West Side Place (Tower 3)	Melbourne	2,347	FY2022
West Side Place (Tower 4)	Melbourne	2,334	FY2023
The Towers at Elizabeth Quay	Perth	1,619[ii]	FY2020
Perth Hub	Perth	250	FY2022
The Star Residences (Tower 1)	Gold Coast	415	FY2022
MeadowSide (Plots 2 and 3)	Manchester	411	FY2021
MeadowSide (Plot 5)	Manchester	16	FY2021
Hornsey Town Hall	London	152	FY2021
		14,614	

Notes:

(i) Excluding contracted pre-sales already recognized as revenue up to 31 March 2019.

(ii) Development partially completed during FY2019. Amount represents the revenue for the portion to be recognised in FY2020.

As at 31 March 2019, expected attributable saleable floor area of the Group's active residential property development projects under various stages of development across the regions was approximately 7.9 million sq. ft..

Details of the Group's current pipeline are shown below:

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Pipeline development				
Melbourne				
West Side Place				
–Towers 1 and 2	1,078,000	5,299	Launched	FY2021
–Tower 3	518,000	2,515	Launched	FY2022
–Tower 4	621,000	2,991	Launched	FY2023
Perth				
The Towers at Elizabeth Quay[iii]	306,000	2,224	Launched	FY2020
Perth Hub	230,000	866	Launched	FY2022
Brisbane				
Queen's Wharf Brisbane[iv]				
– Tower 4	284,000	1,634	FY2020	FY2022
– Tower 5	280,000	1,609	Planning	Planning
– Tower 6	223,000	1,282	Planning	Planning

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Gold Coast				
The Star Residences[v]				
– Tower 1	98,000	501	Launched	FY2022
– Tower 2 – Epsilon	109,000	664	FY2020	FY2023
– Towers 3 to 5	337,000	1,665	Planning	Planning
Hong Kong				
Astoria Crest	20,000	422	Launched	FY2020
The Garrison	29,000	678	Launched	FY2020
Shatin Heights	84,000	1,671	FY2020	Planning
London				
Consort Place	390,000	4,512	FY2020	FY2023
Hornsey Town Hall	108,000	962	Launched	FY2021
Manchester				
MeadowSide				
– Plots 2 and 3	221,000	944	Launched	FY2021
– Plot 5	99,000	415	Launched	FY2021
– Plot 4	238,000	1,132	Planning	Planning
Northern Gateway[vi]				
– Addington Street	47,000	184	FY2020	Planning
– Victoria Riverside	396,000	1,515	FY2021	Planning
– Others	1,202,000	4,477	Planning	Planning
Singapore				
Artra[vii]	149,000	1,658	Launched	FY2021
Holland Road[viii]	192,000	3,176	FY2020	FY2023
Cuscaden Road[ix]	19,000	395	FY2020	FY2023
Total development pipeline as at 31 March 2019	**7,278,000**	**43,391**		
Completed development available for sale				
Shanghai				
King's Manor	50,000	309		
The Royal Crest II	57,000	366		
Guangzhou				
Royal Riverside	292,000	1,138		
Kuala Lumpur				
Dorsett Bukit Bintang	31,000	124		
Hong Kong				
Marin Point	80,000	843		
Manor Parc	50,000	641		
Others	1,000	36		

MANAGEMENT DISCUSSION AND ANALYSIS

Developments	Attributable saleable floor area[i] Sq. ft.	Expected attributable GDV[ii] HK$ million	Status/ expected launch	Expected financial year of completion
Singapore				
21 Anderson Road	86,000	1,238		
Total completed development available for sale as at 31 March 2019	**647,000**	**4,695**		
Total pipeline and completed development available for sale as at 31 March 2019	**7,925,000**	**48,086**		
Additional pipeline post 31 March 2019				
Melbourne				
Bourke Street	552,000	3,179	FY2020	FY2024
Total pipeline (including additional pipeline post 31 March 2019) and completed development available for sale	**8,477,000**	**51,265**		

Notes:

(i) The figures represent approximate saleable residential floor area which may vary subject to finalization of development plans.

(ii) The amounts represent expected gross development value attributable to the Group, which may change subject to market conditions.

(iii) This development was partially completed in FY2019. Amounts shown here represent the portion to be completed in FY2020.

(iv) This residential development consists of a total gross floor area of approximately 1,800,000 sq. ft.. The Group has 50% interest in the development.

(v) The Group has 33.3% interest in these developments.

(vi) The saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Northern Gateway, the Group is expecting further land acquisitions which will increase both saleable floor area and GDV for this development.

(vii) Total saleable floor area of this development is approximately 410,000 sq. ft.. The Group has 70% interest in the development. Revenue for this development is recognised based on a percentage of completion basis. Amounts shown here exclude the portion which has been recognized as revenue up to 31 March 2019.

(viii) Total saleable floor area of this development is approximately 241,000 sq. ft.. The Group has 80% interest in the development.

(ix) Total saleable floor area of this development is approximately 190,000 sq. ft.. The Group has 10% interest in the development.

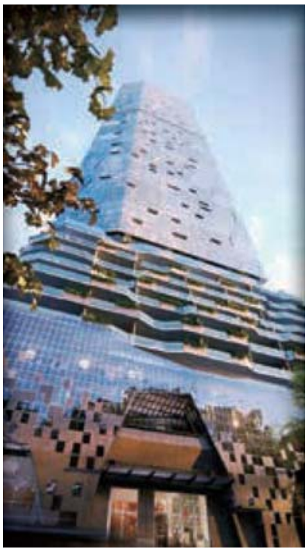
In addition to the above, the Group has entered into a memorandum of understanding with the partners of Destination Brisbane Consortium to develop The Star's casino site in Sydney, which will further contribute to the residential pipeline of the Group upon receiving planning approval and signing of definitive agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Australia

Melbourne

West Side Place is a mixed-use residential development located in the CBD of Melbourne. This development is expected to have a residential saleable floor area of approximately 2.2 million sq. ft. from 4 towers with approximately 3,000 apartments and a total GDV of HK$10.8 billion.



West Side Place, Melbourne

The development will comprise two hotels, including one under the Group's Dorsett brand with approximately 300 hotel rooms located in Tower 3, and another hotel to be operated by Ritz-Carlton with approximately 250 hotel rooms located at the top of Tower 1. Building on the strong response on the pre-sales of Towers 1 and 2 in June 2016 and of Tower 4 in June 2017, the Group launched the pre-sales of Tower 3 in May 2018. Units worth HK$9.5 billion in West Side Place were pre-sold as at 31 March 2019, representing approximately 88% of a total expected GDV of the entire development of HK$10.8 billion. With Towers 1 and 2 expected to be completed in FY2021 and the remaining two towers to be completed in each of FY2022 and FY2023, this development is expected to generate significant cashflow and earnings for the Group in the coming few years.

Following the successful launch of the various stages of West Side Place, the Group has replenished its pipeline in Melbourne post year-end by securing a development site on Bourke Street, which is in Melbourne CBD near the West Side Place development. The property currently has approval to be redeveloped into a residential project with total saleable floor area of approximately 552,000 sq. ft.. Completion of the acquisition is expected to take place before 31 December 2019, and is subject to certain obligations the vendor has to fulfill.

Perth

The Towers at Elizabeth Quay is a two-tower mixed-use development comprising residential apartments of approximately 371,000 sq. ft. in saleable floor area, a luxury Ritz-Carlton hotel with more than 200 rooms, approximately 15,000 sq. ft. of commercial or retail area as well as other ancillary facilities. The first tower of the two within this development was partially completed with HK$463 million worth of units having been delivered up to 31 March 2019. The remaining units of that tower and the second tower are due for completion during FY2020. As at 31 March 2019, its pre-sales value was approximately HK$1.6 billion (excluding units delivered up to 31 March 2019), representing 73% of the expected GDV of the remaining portion of the development.

The Towers at Elizabeth Quay, Perth

The Perth City Link is a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district.

Perth Hub is the first phase of the Perth City Link project. It is a mixed-use development located adjacent to the Perth Arena representing Lots 2 and 3A of the Perth City Link project, featuring 314 residential apartments and approximately 260 hotel rooms to be operated by Dorsett. It was launched for pre-sales in October 2018, with pre-sales value of HK$250 million as at 31 March 2019, representing 29% of the expected GDV. Completion of the development is expected in FY2022.

Having been selected as the preferred proponent to develop Lots 3B, 6 and 7 of the Perth City Link project in May 2017, which is a continuation of the development stemming from Perth Hub, the Group has secured these land plots during the year. These three lots will be home to a range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is currently under planning stage.

MANAGEMENT DISCUSSION AND ANALYSIS

Brisbane

The Destination Brisbane Consortium, a joint venture between the Group, The Star and CTF, entered into development agreements with the Queensland State, Australia for the delivery of the QWB Project. The QWB Project comprises:

(1) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of more than AUD200 million. Payments are made progressively commencing from signing of the QWB Project documents up to completion of the QWB Project which is expected by the end of FY2023; and

(2) the residential component owned in the proportion of 50% by the Group and 50% by CTF.

Queen's Wharf, Brisbane

Together with the Group's portion of land premium for this residential component, the total capital commitment of the Group is expected to be approximately AUD300 million which the Group intends to fund from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane, and envisages three residential towers, five world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development GFA of the QWB Project is expected to be 386,650 sq. m. of which approximately 160,250 sq. m. relates to the residential component.

The QWB Project brings together the Group's experience in international hospitality operation and mixed-use development, CTF's extensive VIP customer base in Mainland China and Asian markets, as well as The Star's operational experience in integrated resorts. The QWB Project is expected to contribute significantly to the Group's recurring cash flow stream as well as to add to its residential development pipeline.

The construction of the QWB Project is well underway with the excavation of the site close to completion, thereby substantially de-risking the construction of the development.

Gold Coast

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest.

The first tower of the development will feature a 316-room Dorsett hotel and residential apartments with total saleable floor area of 295,000 sq. ft. and a GDV of HK$1.5 billion. Pre-sales of the residential component of the first tower was launched in September 2017, with pre-sales contracted for 83% of the GDV as at 31 March 2019. The completion of the first tower of the development is expected to take place in FY2022.

The Star Residences-Epsilon, Gold Coast

Following the launch of the first tower, planning approval has been granted for the other four towers of the development. Epsilon, which is the second tower of the development, will feature a 210-room five-star hotel and residential apartments with total saleable floor area of 327,000 sq. ft. and a GDV of HK$2.0 billion. Pre-sales of the residential component was launched in May 2019.

In addition, the strategic alliance agreement that was entered into with The Star and CTF in March 2018 stipulated that the parties will join forces on the delivery of certain nominated developments including the potential re-development of The Spit Precinct in Gold Coast. The realization of these potential developments will undoubtedly add to the Group's development pipeline in the city, and will benefit the Group through its investment in The Star.

MANAGEMENT DISCUSSION AND ANALYSIS

The Star, Sydney

California Garden, Shanghai

Sydney

The Group has agreed to partner with The Star and CTF to co-develop a mixed-use tower located at the existing site where The Star operates its casino in Sydney. The entire project is currently under planning stage. The parties also agreed that there are certain nominated developments which the parties will work together to bring forward the planning and delivery, including the potential re-development of the Pyrmont Precinct of Sydney.

Mainland China

The Group has been developing California Garden, a premier township development in Shanghai over a number of years. The development comprises a diversified portfolio of residences including low-rise apartments, high-rise apartments and town houses.

King's Manor consists of 479 apartments and 90 town houses. 22 town houses of this development remain unsold, and will be sold on a completed basis.

The Royal Crest II consists of 180 apartments and 42 town houses. 24 town houses of this development remain unsold, and will be sold on a completed basis.

In February 2019, the Group acquired an additional land parcel with GFA of 574,000 sq. ft. as part of the California Garden development. The Group intends to develop this land parcel as a residential block for long-term rental purposes. This project has been excluded from the tables outlining pre-sales and development pipeline above.

In Guangzhou, Royal Riverside is a 5-tower residential development comprising 607 apartments with a total saleable floor area of approximately 692,000 sq. ft. and a total expected GDV of HK$2.4 billion. Pre-sales for Tower 5 was launched in May 2018. The entire development has been completed with approximately HK$1,330 million worth of units having been delivered up to 31 March 2019, with the remaining units to be sold on completed basis.

Hong Kong

The Group has built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, participating in government tender and bidding for projects with URA.

Currently the Group has 6 residential projects in Hong Kong.

Aspen Crest is a redevelopment project consisting of 234 apartments with approximately 64,000 sq. ft. in saleable floor area and approximately 9,000 sq. ft. of commercial component. All the units have been pre-sold before completion and fully settled during FY2019.

Marin Point is a residential development site at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in saleable floor area and 6,800 sq. ft. of commercial component. The development was launched for pre-sales during FY2018 with HK$235 million worth of units having been pre-sold and delivered up to 31 March 2019. The remaining units will be sold on a completed basis.

Astoria Crest is a residential development site at Hai Tan Street, Sham Shui Po which was acquired by the Group through URA. This residential development comprises 72 apartments (mainly 1-bedroom apartment) with approximately 20,000 sq. ft. in saleable floor area. Pre-sales for the development was launched in December 2017 with all the units pre-sold as at 31 March 2019. Completion of the development is expected in FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Garrison, Hong Kong

The Garrison is a residential development site at Mei Tin Road, Tai Wai, which the Group acquired through a government tender. This development comprises a residential component of approximately 29,000 sq. ft. in saleable floor area and a commercial component of approximately 5,100 sq. ft. in GFA. Pre-sales for the development was launched in July 2018 with 94% of the units pre-sold as at 31 March 2019. Completion of the development is expected in FY2020.

Manor Parc is a residential development site at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in saleable floor area. All units are to be sold on a completed basis.

The Group also acquired through government tender a residential development site at Tai Po Road, Shatin Heights. This development will comprise more than 60 apartments and 4 houses. The project has a saleable floor area of approximately 84,000 sq. ft. and is currently under construction. Pre-sales of the development is expected to be launched in FY2020.

Malaysia

Dorsett Bukit Bintang is a residential development adjacent to Dorsett Kuala Lumpur. This development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in saleable floor area. The development was completed during FY2018 with 119 apartments delivered up to 31 March 2019, with a number of the remaining units converted into serviced apartments managed by the Dorsett Group. The rest is to be sold on a completed basis.

United Kingdom

London

Hornsey Town Hall, located in North London, is a mixed-use redevelopment project which involves the conversion of an existing townhall into a hotel/serviced apartment tower and a town hall with communal areas, as well as a residential component which will provide 135 apartments with a saleable floor area of approximately 108,000 sq. ft.. This development also has a commercial component of 5,600 sq. ft.. Pre-sales for the residential component of this development was launched during FY2019 with 16% of the expected GDV pre-sold as at 31 March 2019. Completion of the development is expected in FY2021.

Hornsey Town Hall, London

Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf, London, which has been granted planning approval for a complex featuring private residences of approximately 390,000 sq. ft. in saleable floor area, a hotel of approximately 230 rooms and commercial facilities. Pre-sales for the residential component of this development is expected to be launched in FY2020, with completion of the development expected to be in FY2023.

Manchester

Northern Gateway is a mega-sized development project in Manchester which the Group will deliver. It spans across an area of more than 350 acres (equivalent to 15 million sq. ft.), sweeping north from Victoria Station and taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver in excess of 15,000 new homes over the next decade, allowing the city centre to expand and providing the optimal mix of high quality housing. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

Northern Gateway, Manchester

The SRF of the Northern Gateway development was approved by the MCC in February 2019. The SRF provides an illustrative masterplan in order to guide development proposals within Northern Gateway. It will be used to guide and co-ordinate development brought forward by the joint venture formed between the Group and MCC, to deliver a series of vibrant, sustainable and integrated residential neighbourhoods within the extended city centre of Manchester.

MANAGEMENT DISCUSSION AND ANALYSIS

Since the entering into of the development agreement with MCC in April 2017, the Group has acquired various land plots within the Northern Gateway area which will be developed into individual projects as the overall masterplan pans out.

The Northern Gateway project is expected to provide the Group with a significant and long-term pipeline within the United Kingdom. As at 31 March 2019, the Group has already secured land plots within the Northern Gateway area providing a pipeline with saleable floor area of more than 1.6 million sq. ft..

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city, and is sitting on the doorstep of the Group's Northern Gateway development. The development will feature 4 towers comprising more than 750 apartments with approximately 558,000 sq. ft. of saleable floor area around the historic Angel Meadow park near Victoria Station which is one of the transportation hubs of the city. Pre-sales for the first 2 plots of the development with overall saleable area of 221,000 sq. ft. was launched during FY2018, with 43% of the overall GDV having been pre-sold as at 31 March 2019. Pre-sales of plot 5 of the development was also launched in March 2019. Completion of plots 2, 3 and 5 of the development is expected to be in FY2021 while that of plot 4 is in planning stage.

MeadowSide, Manchester

Addington Street is one of the initial sites acquired from MCC as part of the development agreement for Northern Gateway. The development is located within New Cross at the northern edge of the Manchester city centre. The site, which is currently used as a surface car park, is to be developed into an 80-apartment residential scheme with saleable floor area of approximately 47,000 sq. ft. With launch of the development planned for FY2020, this will be the first of the many developments the Group will launch within the Northern Gateway masterplan area.

Victoria Riverside is located within the Northern Gateway masterplan area in close proximity to major transport links including Victoria railway station and Manchester city centre. It is a key gateway into the Northern Gateway masterplan area, expanding the city centre northwards from MeadowSide. It will be predominately a residential development incorporating high quality public realm, commercial and leisure uses and a land mark building. The development features three towers comprising more than 550 units with approximately 396,000 sq.ft. of saleable floor area. Pre-sales of the development is expected to be launched in FY2021.

Artra, Singapore

Singapore

Artra is a residential project located next to the Redhill MRT station in Singapore with approximately 410,000 sq. ft. in saleable floor area and is owned by a joint venture in which the Group has a 70% interest. Pre-sales of the development was launched in FY2018 with 82% of the overall units pre-sold as at 31 March 2019. Completion of the development is expected to take place during FY2021.

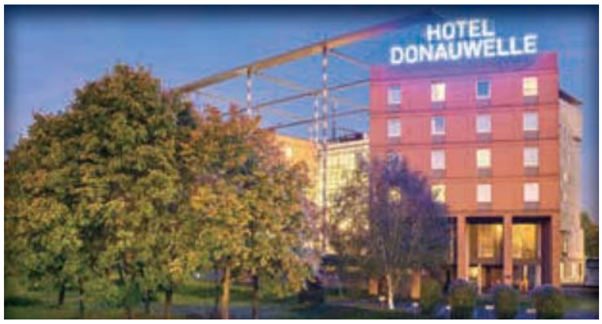
Hollandia and The Estoril are residential development sites at Holland Road within the highly sought after District 10 of Singapore, for which the Group was awarded the tender through collective sale in FY2018. Completion of the acquisition of both sites took place in FY2019. The two adjacent sites are expected to be amalgamated and redeveloped into a residential development with a combined saleable floor area of approximately 241,000 sq. ft., in which the Group has a 80% interest. Pre-sales of the development is expected to be launched in FY2020.

The development located at Cuscaden Road is a residential development site at the prime District 9 of Singapore. The development is expected to comprise approximately 19,000 sq. ft. in attributable saleable floor area. The Group has a 10% interest in the joint venture which is undertaking the development.

21 Anderson Road is a freehold condominium development situated in District 10 of Singapore, acquired by the Group in July 2018. It is currently known as "21 Anderson Royal Oak Residence" and comprises 34 residential units with saleable floor area of approximately 86,000 sq. ft., which the Group currently holds for recurring income purposes but with flexibility to resell or redevelop.

MANAGEMENT DISCUSSION AND ANALYSIS

Dorsett City, London



Hotel Donauwelle, Austria

2. Hotel operations and management

The Group owns and operates its hotel portfolio through three distinct lines of business, with focus on the three to four star hotel segment. These include Dorsett Hotels and Resorts, featuring the upscale "Dorsett Grand" and mid-scale "Dorsett", the value-led "Silka" branded hotels, and the "d.Collection" which features boutique hotels with unique identities. The Group's hotels under these three lines of business are collectively referred to as the "Dorsett Group".

In April 2018, the Group completed the acquisition of TWC, which owns and operates two four-star hotels and one three-star hotel in Germany, one four-star hotel in Austria and one four-star hotel in the Czech Republic (directly connected to one of the casinos in TWC's portfolio), with a combined 572 rooms operated under the TWC Hotel Group. TWC Hotel Group started to contribute to the Group's hotel operating results with effect from 1 May 2018.

The following summarises the regional operating performance of the Group's owned hotels for FY2019 and FY2018 in LC.

	Occupancy Rate		Average room rate		RevPAR		Revenue	
			(LC)	(LC)	**(LC)**	(LC)	**(LC'000)**	(LC'000)
	FY2019	FY2018	**FY2019**	FY2018	**FY2019**	FY2018	**FY2019**	FY2018
Hong Kong (HK$)	**95.3%**	93.8%	**802**	739	**764**	693	**846,830**	776,474
Malaysia (MYR)	**74.7%**	73.9%	**194**	193	**145**	142	**122,964**	125,552
Mainland China (RMB)	**72.6%**	68.4%	**398**	408	**289**	279	**218,119**	214,742
Singapore (SGD)	**82.0%**	86.1%	**173**	174	**142**	149	**15,930**	16,658
United Kingdom (GBP)	**82.3%**	82.9%	**118**	106	**97**	88	**23,804**	16,637
			(HK$)	(HK$)	**(HK$)**	(HK$)	**(HK$'000)**	(HK$'000)
Dorsett Group Total	**84.2%**	82.8%	**709**	658	**597**	545	**1,684,565**	1,537,802
TWC Hotel Group (i)	**57.1%**	–	**600**	–	**343**	–	**133,057**	–

Note:

(i) Amounts represent results of TWC Hotel Group for the period from 1 May 2018 to 31 March 2019.

Dorsett Group's hotel operations for FY2019 recorded total revenue of approximately HK$1.7 billion, representing a solid growth of 9.5% from that in FY2018. OCC increased approximately 1.4 percentage points to 84.2%. The overall ARR increased 7.8% to HK$709 per night. As a result, RevPAR increased 9.5% to HK$597 for FY2019. These results were achieved despite the adverse foreign exchange movements during the year.

Hong Kong remained the main contributor to Dorsett Group's hotel operations which accounted for approximately 50% of its revenue. The OCC increased approximately 1.5 percentage points to 95.3% and ARR rose by 8.5% to HK$802 per night, contributing to a solid growth of 10.2% in the RevPAR to HK$764 per night as compared to FY2018. Overall performance of Hong Kong for the FY2019 is shown below.

	FY2019		FY2018	
Hong Kong	**2H**	**1H**	**2H**	**1H**
Occupancy rate	96.5%	94.0%	96.5%	91.2%
Average room rate (HK$)	872	730	820	655
RevPAR (HK$)	842	686	791	597

MANAGEMENT DISCUSSION AND ANALYSIS

Both OCC and ARR for Hong Kong in the second half of FY2019 recorded a robust growth to 96.5% and HK$872 per night respectively, leading to the rise of RevPAR to HK$842 per night, as compared to HK$791 per night in the second half FY2018. In FY2019, Dorsett Group benefited from the strong growth of the arrival of overnight visitors from a wide base of international visitors, primarily from Mainland China. The Group remains optimistic in further growing the hotel revenue in Hong Kong.

In Malaysia, revenue from hotel operations for FY2019 remained flat at approximately MYR123 million as compared to FY2018. ARR were maintained at similar levels to those of FY2018 at MYR194 per night. OCC increased slightly by 0.8 percentage points to 74.7% as compared to the prior year. As such, RevPAR had a modest growth of 2.1% to MYR 145 per night. As can be seen from the operating data below, the operating performance of hotels in Malaysia maintained well for the whole year of FY2019 despite the economic difficulty in Malaysia.

	FY2019		FY2018	
Malaysia	**2H**	**1H**	**2H**	**1H**
Occupancy rate	72.8%	76.6%	75.4%	72.4%
Average room rate (MYR)	191	196	192	194
RevPAR (MYR)	139	150	145	140

In Singapore, Dorsett Singapore recorded revenue of approximately SGD15.9 million for FY2019, down 4.4% year-on-year. For FY2019, OCC was 82.0% and ARR was SGD173 per night. RevPAR was recorded at SGD142 per night, as competition in the hotel market remained intense. Further operating data of the performance in Singapore is as below.

	FY2019		FY2018	
Singapore	**2H**	**1H**	**2H**	**1H**
Occupancy rate	82.2%	81.9%	86.3%	85.9%
Average room rate (SGD)	170	176	174	173
RevPAR (SGD)	139	144	150	149

In Mainland China, OCC in FY2019 increased by 4.2 percentage points to 72.6% compared with FY2018 while ARR was recorded at RMB398 per night. As a result, RevPAR increased by 3.6% to RMB289 per night as compared to FY2018. Revenue increased by 1.6% to approximately RMB218 million for FY2019 mainly due to the strong growth of Dorsett Grand Chengdu and Dorsett Wuhan. OCC of Dorsett Grand Chengdu rose by 6.2 percentage points to 72.4% while RevPAR increased by 7.8% to RMB251 per night in FY2019. Dorsett Wuhan also recorded a strong growth in RevPAR of 8.9% to RMB242 per night for FY2019 as compared to prior year.

	FY2019		FY2018	
Mainland China	**2H**	**1H**	**2H**	**1H**
Occupancy rate	67.3%	77.8%	67.6%	69.2%
Average room rate (RMB)	406	390	401	415
RevPAR (RMB)	274	304	271	287

MANAGEMENT DISCUSSION AND ANALYSIS

In the United Kingdom, hotel revenue was approximately GBP24 million for FY2019, an increase of approximately 43% as compared to FY2018, due to the addition of the hotel rooms from newly-opened 13-storey Dorsett City London which had the official opening in February 2018 with the full inventory of 267 rooms. Despite the initial ramp-up of Dorsett City London during the year, OCC remained broadly flat at 82.3% and RevPAR recorded an increase of 10.2% to GBP97 per night as compared to prior year. The operating performance of hotels in the United Kingdom will continue to grow healthily as Dorsett City London continues its ramp-up.

	FY2019		FY2018	
United Kingdom	**2H**	**1H**	**2H**	**1H**
Occupancy rate	77.8%	86.9%	79.6%	87.6%
Average room rate (GBP)	121	116	107	105
RevPAR (GBP)	94	101	85	92

Having completed the acquisition of TWC Hotel Group in April 2018, its results started to feature in the Group's result for FY2019 with a 11-month contribution. Revenue from TWC Hotel Group was HK$133 million with OCC of 57.1% and a RevPAR of HK$343 per night for FY2019. The Group is actively driving the collaboration between Dorsett Group and TWC Hotel Group to bring out the synergies from the Group's entire hotel portfolio which are now under the same management. The post-acquisition integration of the operations have been progressing as planned, and with a larger portfolio the Group will be able to enjoy the benefits of an enlarged pool of resources and streamlined operations.

As at 31 March 2019, the Group owns 28 operating hotels (9 in Hong Kong, 6 in Malaysia, 4 in Mainland China, 1 in Singapore, 2 in London, 1 in Gold Coast (25% stake), 3 in Germany, 1 in Austria and 1 in Czech Republic) with approximately 7,500 rooms, having added a combined 572 rooms to the Group's portfolio through the acquisition of TWC in April 2018.

The Group has 15 hotels in the development pipeline. Except for Ritz-Carlton hotels in Melbourne and Perth, three world-class hotels (in addition to a Dorsett hotel) in the integrated resort of Queen's Wharf Brisbane in which the Group has a 25% interest, and a five-star hotel as part of the Star Residences development in Gold Coast, all the hotels in the pipeline are expected to be operated by Dorsett Group. When all the hotels in the pipeline become operational, the Group will own 43 hotels operating approximately 10,700 rooms. The Group also manages 4 other hotels (1 in Hong Kong and 3 in Malaysia) with approximately 970 rooms.

In addition, the Group has, through a 50% joint venture, entered into a contract to acquire a land plot in the Sydney CBD which can be developed into the first Dorsett hotel in Sydney with approximately 280 rooms. With this additional hotel added into the Group's pipeline, the Group will have secured land plots for a Dorsett hotel in each of the major cities of Australia.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Car park operations and facilities management

The Group's car park and facilities management business includes car park operations, operated under the brand "Care Park", and property management services, operated under the brand "APM".

Care Park

The car park business extends to both third party owned car parks and self-owned car parks and generates a stable recurring income for the Group. Care Park has been achieving steady growth over the years, with the Group's portfolio under management growing to 494 car parks with approximately 99,143 car parking bays as at 31 March 2019, having added approximately 10,275 car parking bays during FY2019. Of the Group's 494 car parks, 35 were self-owned car parks (23 in Australia, 3 in New Zealand, 1 in the United Kingdom, 2 in Malaysia and 6 in Hungary) comprising approximately 10,649 car parking bays, with the remaining 88,494 car parking bays in Australia, New Zealand, the United Kingdom, Hungary and Malaysia under management contracts entered into with third party car park owners, which include local governments, shopping malls, retailers, universities, airports, hotels, hospitals, government departments and commercial and office buildings.

During FY2019, the Group's car park business continued to deliver consistent profit contribution to the Group through organic growth, having leveraged on its central monitoring system, Care Assist, which enabled the management team of this business to have better control on the day-to-day operations of the business, providing a strong foundation for growth. With a management team rich in experience in car parking operations and the scalability offered by Care Assist, the Group is allocating more resources to the car parking division which is currently actively evaluating a number of acquisition opportunities in regions where the Group has an existing presence, with an aim of adding further self-owned car parks to its portfolio.

Subsequent to FY2019, Care Park was appointed by Macquarie to manage and operate SKYCITY's car park in Auckland, New Zealand, after Macquarie has won a 30-year concession for the car park at SKYCITY's casino and convention centre, adding another 3,300 car parking bays to its growing portfolio.

With the car parking division further expanding its operation to include property management services in Australia (mainly in Brisbane, Melbourne and Adelaide) and Johor Bahru, Malaysia, where the Group had 93 contracts in relation to facilities management services as at 31 March 2019, it is expected that the car park operations and facilities management business will continue to be a steadily growing source of recurring cash flow stream to the Group.

4. Gaming operations and management

Europe

Following on from the Group's investment in the QWB Project, the Group completed the acquisition of TWC on 30 April 2018. Revenue from TWC's gaming operations during the year of HK$197 million (which is net of gaming tax) represented eleven months' contribution since the acquisition.


Route 55 Casino, Czech Republic

TWC owns and operates a portfolio of 3 casinos in Czech Republic. All the casinos of TWC feature gaming tables and slot machines and are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. With the Group's implementation of the "Asian Wallet" strategy, the Group will endeavor to introduce Asian customers to TWC's properties to supplement the Group's hospitality offerings geographically.

TWC upholds a high standard of regulatory compliance and corporate governance practice, having been listed on the over-the-counter market in the United States until being privatized and delisted. It will not only bring to the Group recurring earnings and cash flow contribution from its hospitality business, but will also serve as a platform for the Group to pursue expansion in the gaming space.

The following sets forth certain operating data of TWC's casinos for the 11 months ended 31 March 2019:

	As at 31 March 2019
Number of slot machines	513
Number of tables	62

	11 months ended 31 March 2019
Table game revenue[i] *(HK$ million)*	51
Slots revenue[i] *(HK$ million)*	137
Average table game win %[ii]	17.2%
Average slot win per machine per day (HK$)	1,219

(i) Net of gaming tax.

(ii) Table game win % is defined as total win on the gaming table (being total bets received less payouts made) divided by total amount of cash and non-negotiable chips deposited on the gaming table.

With TWC's gaming operations gradually recovering from the impact of the change in gaming regulations in the Czech Republic which became fully effective on 1 January 2018, and with the synergies created between the Group and TWC, including, for instance, cross-selling opportunities, TWC's gaming operations is expected to deliver decent returns to the Group.

Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and took a 4.99% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, Gold Coast and Brisbane.

The Star, Sydney

Strategic benefits to the Group from this investment and the strategic alliance agreement are:

(i) strengthening the Group's already established relationship with The Star;

(ii) forging partnership with The Star for potential mixed use property projects, and adding to the Group's development pipeline in Australia;

(iii) allowing the Group to increase its exposure to QWB Project and benefit from The Star's future growth;

(iv) benefiting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group; and

(v) benefit from cash flow from The Star's future dividend distribution based on a dividend payout of at least 70% of normalised net profit after tax.

During FY2019, revenue from the Group's investment in The Star was HK$62 million which represented dividend from The Star.

5. Other business

As an extension of our property development business, the Group established the BCG Business. BCG specializes in the provision of residential mortgages to non-resident buyers of international properties. The BCG Business is highly synergistic to the Group's property development business and offers significant growth potential.

Assets under management of the BCG Business reached AUD617 million as at 31 March 2019 with an average loan-to-value ratio of 59.3%. Majority of the BCG Business's mortgage portfolio funding comes from an international investment bank. The Group has also committed AUD75 million of funding, and has funded AUD63 million as at 31 March 2019 which is classified as investment securities. Despite its initial stage of development, the BCG Business contributed HK$36 million to the Group's profit during FY2019 excluding a gain arising from the value uplift of the Group's interest in BCG explained below. Including interest income from funding, total contribution from BCG amounted to HK$70 million.

The rapid growth of the BCG Business seen for the past year is expected to continue, due to its uniqueness of having the backing of a property developer and its diverse distribution channels. To continue its growth, the Group has introduced two new private equity investors, which collectively manage assets in excess of US$40 billion, into the BCG Business in February 2019. The transaction involves the two new investors subscribing for 25% shares of the investment vehicle which holds the BCG Business at a consideration of AUD15 million, thereby valuing the BCG Business at approximately AUD60 million (post money), and resulted in a gain of HK$176 million recognised by the Group during the year as a result of the value uplift of the Group's interest in BCG. In addition to purchasing an equity stake in the BCG Business, the new investors are also expected to assist with the expansion of BCG Business's platform over the next 3 years to grow its mortgage loan assets under management to AUD5 billion.

The Group will enjoy good risk-adjusted return with this investment given the quality of asset backing.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had approximately 4,000 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions.

Internal Crisis Management Training 2018

Sustainability

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This is the third Environmental, Social and Governance ("ESG") Report published by the Company. By reporting the policies, measures and performances of the Group in ESG aspects, it allows all stakeholders to understand the Group's progress and development direction in sustainability issues.

Reporting Boundary and Period

The report focuses on three of the Group's core businesses in FY2019.

Property Development	Hotel Operations and Management ("Hotel")	Car Park Operations and Facilities Management ("Car Park")
Offices and construction sites in: Hong Kong Mainland China UK Australia Singapore	Offices and hotels in: Hong Kong Mainland China UK Singapore	Office and car park sites in: Australia UK Malaysia

Compared with our previous report, we have expanded the reporting scope this year to include our Car Park. While this report does not cover some of our operations, it is on our agenda to extend the scope of the report gradually in the future so as to provide more comprehensive and meaningful ESG information to our shareholders, investors and other stakeholders.

Reporting Standard

The report is prepared in accordance with Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as contained in Appendix 27 of the Listing Rules. During its preparation, the Group adheres to the principles of materiality, quantitative, balance and consistency.

To provide stakeholders with an overview of the Group's performance in ESG aspects, the report not only discloses environmental performance indicators ("KPIs") under the "comply or explain" provisions, but also reports on additional social KPIs under the "recommended disclosures" as set out in the ESG Reporting Guide.

Data Preparation

The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible. The Board is responsible for the establishment and disclosure of relevant measures and KPIs. The report has been approved by the Board in June 2019.

Feedback Mechanism

Your feedback and suggestions guide us through strengthening future sustainability strategy and performance. Please visit our website at www.fecil.com.hk and share your thoughts with us.

MANAGEMENT STATEMENT

The world is changing at an unprecedented speed, resulting in both opportunities and challenges that were not envisaged in the past which affects all aspects of our lives. In face of the social and environmental threats that make headlines every day, we need a more holistic approach to ensure the sustainable development of businesses.

There is little doubt that the future will be shaped by technologies. While resource consumption is unavoidable, FEC is confident that technology advancement will enable businesses and organisations to cut consumption of resources and costs of production and enhance their operation efficiency. It is in this approach that the Group embarks its journey of sustainability.

Societal changes and technological advancement has given rise to new expectations, understanding and possibilities of sustainable living. Sharing is a basis for achieving equality which is fundamental to creating a more liveable and just world. By bringing the community to share their resources and time, FEC can seize the opportunity to exercise its role in creating a more sustainable living environment.

The Group is aware of the rising popularity of timeshares in different markets and it is looking into the feasibility of incorporating such elements into its businesses, such as timeshare property and car sharing, to offer new customer experiences while reducing its environmental impact. Our three-pronged business development, encompassing Property Development, Hotel and Car Park, allows us to effectively integrate our resources and expertise in different areas to achieve the goal of facilitating a more sustainable lifestyle through different approaches.

Technology advancement is crucial to enhancing operation efficiency. In the future, the Group will expand the implementation of renewable energy. To reduce its energy consumption in business operation, the Group is considering to expand its adoption of solar panels for hotel buildings in Malaysia and Australia. In addition, it will expand its scope of services for car park business unit, such as providing electric vehicle charging facilities and developing autonomous car navigation systems, to enable the community to embrace a more environmental-friendly way of life.

In response to the rapid change of environment and global sustainability issues such as customer data privacy and climate resilience, FEC will further enhance its sustainability governance by reviewing the effectiveness of current management approaches and considering improvement measures.

The interests of the next generation matter as much as that of the current generation. The Group values their opinions as the successful implementation of sustainability strategies relies on the collaboration of talents of age groups. It is on the Group's agenda to engage more young talents in the development of a sustainability strategy to rise above the challenges of today's world.

David CHIU
Chairman and Chief Executive Officer

June 2019

SUSTAINABILITY GOVERNANCE

Governance Structure

Sound corporate governance and operation practices are fundamental to the Group's sustainability governance and long-term development. The Board has ultimate responsibility for the oversight of the Group's policies, initiatives and performance on ESG. The Board oversees and formulates ESG strategies of the Group, with the support of the ESG Committee. Led by Ms. Wing Kwan Winnie CHIU, Executive Director of the Company, the ESG Committee is dedicated to supporting ESG work, such as implementing ESG policies, monitoring ESG performance, stakeholder engagement and ESG performance disclosure. It reports to the Board on ESG matters whenever appropriate.

To effectively embed sustainability into day-to-day operations in different regions, the Group plans to strengthen the sustainability governance structure in the future by establishing working groups under the ESG Committee. This allows for in-depth insights into developing more actionable and relevant ESG policies and initiatives.

As a responsible player in the market, we dedicate ourselves to creating and maintaining economic, environmental and social value for our stakeholders. We have been reviewing and updating our ESG policies which underpin our commitment and approach to sustainability.

ESG Group-level policies

Sustainability Risk Management

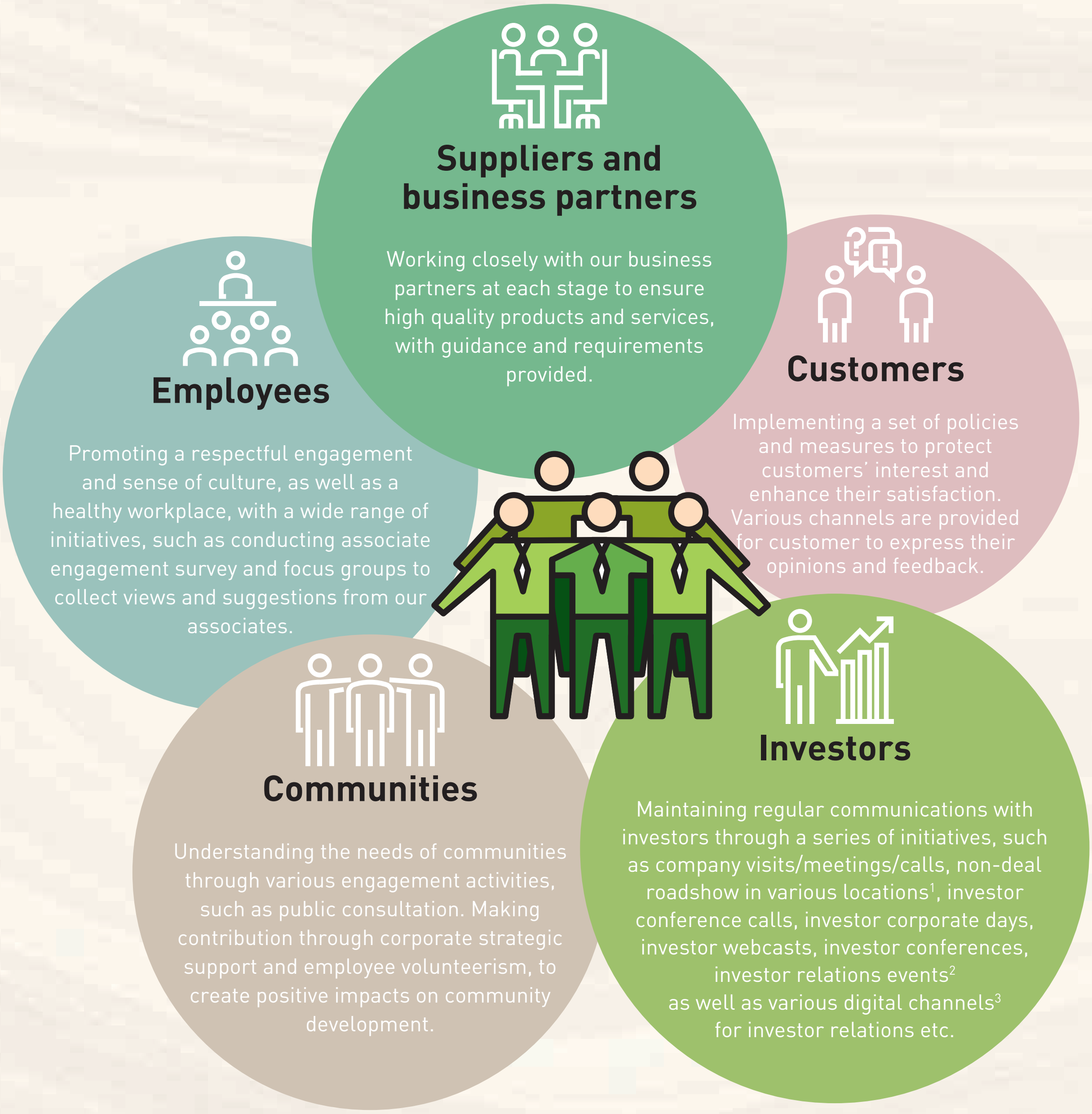
The Group values risk management by continuously maintaining and enhancing the effectiveness of the internal control systems. The Board has the responsibility for maintaining a sound and effective risk management and internal control system through the Audit Committee. It is the priority of the Audit Committee to review and monitor risks that endanger the achievement of business objectives. During FY2019, the Group has conducted an annual review on the risk management and internal control systems, and considered the systems in place effective and adequate with no significant areas of concern that could affect the Group being identified. For details of risk management and internal control systems, please refer to pages 139 to 142 of this Annual Report.

Looking ahead, the Group will continue to enforce risk management as an on-going process to evaluate imminent environmental and social risks and enable formulation of timely responses to those risks.

OUR STAKEHOLDERS

Understanding and meeting the needs of our stakeholders is of paramount importance for us to move forward on the path towards sustainability. The feedback we collect eventually leads the Group to identify material ESG issues and manage relevant risks and opportunities.

Our stakeholders are those who have a considerable influence on our business, and whom our business has a significant impact on. We engage our key stakeholders via multiple channels to gather their feedback. Meetings, conferences, workshops and other communicative events are held across daily operations for internal and external stakeholder groups.



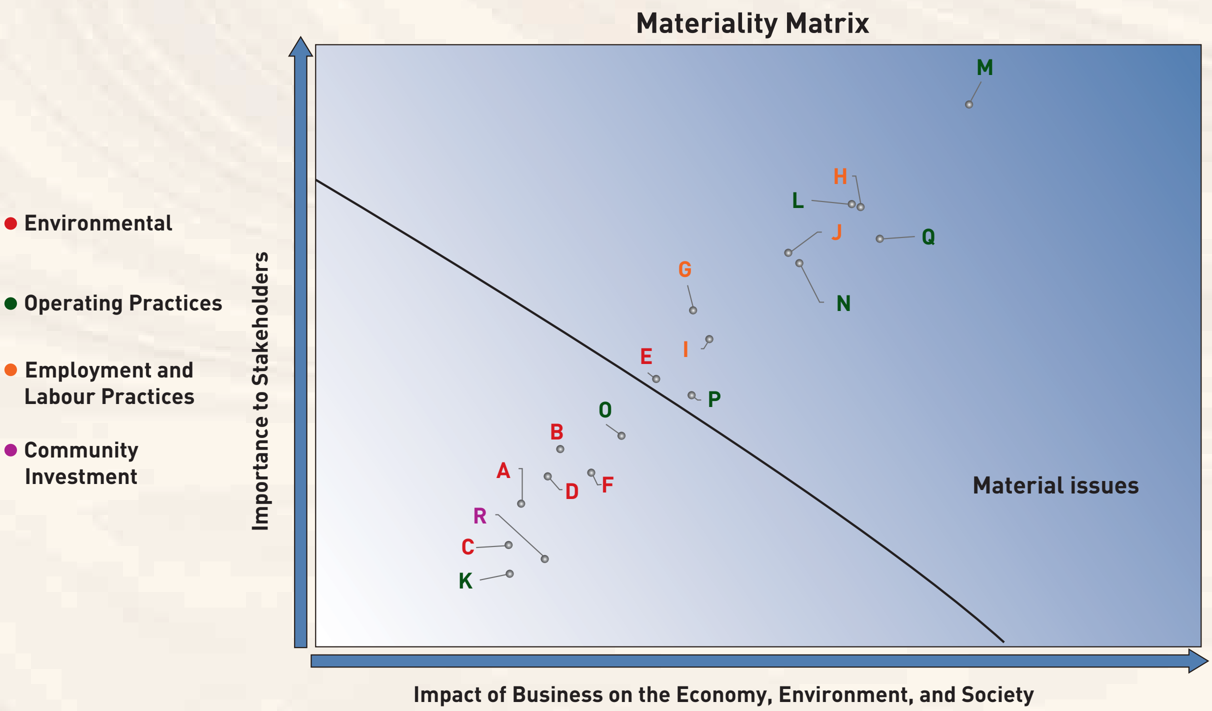
1 Including Hong Kong, Singapore, Shenzhen, Beijing, Australia, Malaysia, Shanghai, London, Stockholm and Edinburgh.
2 Such as investor VIP launch, stock commentator luncheon, site tour, luncheon and investor gatherings etc.
3 Such as FEC Newsletters, media coverage on FEC and WeChat posts published.

Materiality Assessment

Stakeholder engagement allows the Group to better understand needs and expectations of our different stakeholders. In FY2019, the Group conducted a stakeholder engagement survey to collect opinions from both internal and external stakeholders for determining the relative materiality on various ESG issues.

Phase	Actions
1. Identifying relevant issues	We conducted a review of existing and previous engagement results and made reference to global sustainability issues as well as local and international reporting standards. 18 relevant issues were identified by the review, covering Environmental, Employment and Labour Practices, Operating Practices and Community Investment.
2. Collecting stakeholder feedback	We collected feedback and assessed materiality of each relevant issue with our internal and external stakeholders of three business units (namely Property Development, Hotel and Car Park) through different engagement activities, including interviews and surveys. 769 valid questionnaires were received and analysed to develop the materiality matrix. Compared with the stakeholder engagement survey conducted in FY2018 • Survey response rate increased by 28% • Expanded the scope to Car Park
3. Identifying material issues	The materiality of each relevant issue was assessed by taking into account its importance to the stakeholders and our impact in relation to the issue. Based on the survey results, a materiality matrix was developed. Out of 18 issues, 10 were prioritised as material issues.
4. Validation	The materiality matrix was presented to the ESG Committee for review. The 10 material issues were validated to be priority issues for us to address and report on.

The result of the materiality assessment for FY2019 is presented in the materiality matrix below. Relevant issues identified are prioritized in a descending order of materiality importance. Out of 18 relevant issues, 10 were prioritised as material issues.



Ranking	Relevant issues identified	Category	Index	Material issues
1	Protection of customer data and privacy	●	M	✓
2	A safe and healthy working environment	●	H	✓
3	Health and wellness of user (customer and occupant)	●	L	✓
4	Anti-corruption	●	Q	✓
5	Labour standards	●	J	✓
6	Quality management	●	N	✓
7	Employment management system	●	G	✓
8	Training and development	●	I	✓
9	Protection of intellectual property rights	●	P	✓
10	Waste generation and management (handling and mitigation measures)	●	E	✓
11	Fair and responsible marketing communication and information	●	O	
12	Water resources use	●	B	
13	The environment and natural resources	●	F	
14	Greenhouse gases and other significant gas emissions and mitigation measures	●	D	
15	Energy use and efficiency	●	A	
16	Understand the needs of the community and ensure its activities take into consideration the communities' interests	●	R	
17	Other materials use and efficiency	●	C	
18	Supply chain management	●	K	

Moving forward

To fully address stakeholders' concerns, the Group will identify focus areas for improvement and develop action plans based on the stakeholder engagement feedback collected. We will continue to engage stakeholders regularly to gain an in-depth understanding of their expectations in guiding our sustainability strategies.

OUR OPERATION

The long-term viability of a business is built on ethical and responsible operations and supply chains. The Group's approach is underpinned by a commitment to enhancing service quality, promoting ethical values and behaviours as well as managing risks along our value chain. We are in the process of reviewing and updating our Procurement Policy and Product Responsibility Policy to strengthen our operational management.

Responsible Operation

Property Development

We safeguard the health and safety of our customers in every aspect of property development, from building design, selection of building materials to quality management during construction. In line with our Product Responsibility Policy, we work closely with our business partners at each stage to ensure high quality products which satisfy customers' requirements in every way.

Property design	We integrated customer health considerations into property design works for our projects. For example, at West Side Place Stage 1 project[4] in Australia, we integrated design to improve indoor environmental quality, such as indoor air quality, thermal comfort and natural lighting etc. In Hong Kong, we adopted design in accordance with the WELL Building Standard, incorporating urban window design to improve indoor air quality and ventilation.

[4] A mixed-use project comprising a Ritz-Carlton hotel, residential buildings, retail space, open space and amenities.

Material control	We selected appropriate materials during the procurement process in accordance with the local legislations. For example, in Hong Kong, we purchased building materials with low VOC content. West Side Place Stage 1 project in Australia is an example where we set limit on VOC and formaldehyde content according to our Sustainability Services Specification, such as low VOC mattresses to hotel beds.
Building quality management	We conduct regular inspections or audits during construction works to ensure the building quality. In Hong Kong, we require our contractors to develop a Quality Management System in accordance with ISO 9001 to ensure the building quality.

Hotel

Guest Health, Safety and Wellbeing

Providing a healthy and safe environment for guests has always been a top priority at Dorsett. Our approach is underpinned by policies, standard operating procedures, and training. At some hotels such as Dorsett Tsuen Wan and Silka Tsuen Wan, a health and safety committee led by hotel manager meets monthly to assess current health and safety measures to identify areas for improvements and conduct follow-up actions when necessary. The health and safety committee comprises representatives from various departments, including Human Resources, Engineering, Food and Beverage, Security, Accounts, Front Office and Housekeeping.

Dorsett has a dedicated crisis management team to respond to emergencies ranging from natural disasters to human disturbances such as terrorist attack. The team comprises general managers from each hotel and department representatives of the corporate office. The Emergency & Crisis Management Guide provides guidance on pre-crisis and crisis situations, with information in relation to emergency response and procedures on identification, communication and reporting.

With the view to maintain high standards of food safety, restaurants are required to follow internal guidelines on food hygiene and dedicated hygiene personnel are responsible for monitoring and inspection. During FY2019, hotels such as Lan Kwai Fong Hotel @ Kau U Fong arranged associates to attend food safety seminar and workshop, namely Centre for Food Safety Trade Talk and Workshop on HACCP 2018, organised by The Centre for Food Safety of the Food and Environmental Hygiene Department.

To promote healthy and fitness stay, Dorsett Wanchai has introduced a healthy business meeting package. Companies who conduct a 2-day meeting at the hotel can have the option of a package that comes with a free 30-minute yoga session during coffee break.

Guest Satisfaction

Dorsett is committed to creating guest experiences that surprise and excite. Each guest has their own expectations, and their feedback guide us to continuously improve guest experience. We encourage open communication and solicit guest feedback by multiple methods:

Feedback channels	Dorsett Wine Hour	Online comment platforms
• In-room guest questionnaire • In-room smartphone • Live chat room on Dorsett homepage • Dedicated email	• One hour event held on every Wednesday for guests to share suggestions and feedback with the management team, during which complimentary drinks are served	• Social media platform monitored by the Group to enhance guest experience

In-room smartphones

Dorsett Wine Hour at Dorsett Wanchai

All associates are trained in customer service and handling direct guest complaints, and are required to follow the policy on giving timely response. Complaints made via in-room smartphones are sent to the Housekeeping, Front Office, Financial Controller and General Manager of the hotel, and response within an hour is required. For written complaints, guaranteed response time is within 48 hours. During FY2019, there were 1,357 complaints received concerning Hotel, mainly on amenities, complimentary supplies, service quality, temperatures, housekeeping, cleanliness, food variety, dated features and decoration, and WiFi, etc. The management has been briefed on the area concerns, and the relevant departments has been informed of the issues to take follow-up course of actions.

DORSETT Your Rewards

In November 2018, Dorsett has launched its customer loyalty stay program, "Dorsett-Your Rewards", as a new customer relationship system to improve customer experience and database management. The program rewards and recognises our guests with a range of benefits, such as member-exclusive stay discount, points earning mechanism to redeem for future stay, free room upgrade and birthday celebration, in order to add value to guests' stay and creating a lasting and memorable stay experience.

Car Park

To provide quality products and services, we offer a wide range of car parking services and implemented innovations to cater for different needs of customers.

Customer Privacy

Data privacy and data security are paramount across our global operations amid growing prevalence of cyberattacks and the ever-evolving technology. We take these issues seriously and maintain a set of policies and measures to protect personal information we handle in our business activities. As stated in the Code of Business, employees are required to maintain the confidentiality of proprietary information entrusted to them by the Group or its customers or suppliers. All personal data collected are stored in secure server with periodic backup and protected against unauthorised or accidental access, disclosure or alteration.

We have specific policies and procedures for our Hotel given it being the most customer-facing in nature among our businesses. Associates are expected to follow the policies and guidelines on handling and safeguarding data privacy. Training on data privacy and guidelines on the General Data Protection Regulation ("GDPR") of the European Union is provided to associates.

To respect customers' choice, we inform guests of the Dorsett privacy policy before confirmation of registration and during check-in. Guests have the right to reject their personal data from being used in direct marketing, access any personal data we hold or withdraw any consent provided. The Dorsett privacy policy can be found on the Dorsett homepage for easy access by guests and members of the public. Similar to Hotel's practices, Property Development and Car Park also inform customers of the purpose of personal data collection.

The Group abides by the relevant laws and regulations in relation to product responsibility, including but not limited to the Consumer Goods Safety Ordinance, Building Ordinance, Trade Marks Ordinance and Personal Data (Privacy) Ordinance of Hong Kong, the Consumer Protection (Fair Trading) Act of Singapore, as well as laws and regulations applicable to operations in other regions. During FY2019, there was no case of material non-compliance in relation to health and safety and privacy matters of products and services provided.

Business Ethics

Anti-corruption and Anti-competitive behaviour

We do not tolerate any forms of corruption, including bribery, extortion, fraud and money laundering. Our Code of Business Conduct and Employee Handbook set out the requirements in relation to anti-corruption and anti-competitive behaviour, including insider trading, conflicts of interest, political contributions, competition and fair dealing. In 2019, we will include anti-corruption requirement in our Employee Handbook, including bribery, extortion, money laundering, fraud, theft and corruption.

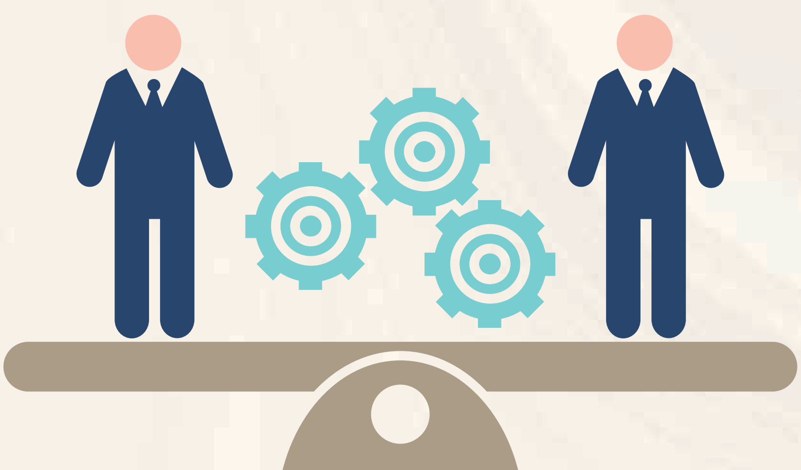
On the external front, we also promote anti-corruption practices and include relevant provisions in the contracts with most of our business partners.

Employees and directors are required to strictly comply with our policies. Internal reporting procedures of violations of the Code were established for employees to report any misconduct and malpractices; they can report cases verbally or in writing to their supervisors, managers or other personnel as appropriate. Dedicated hotlines were also provided for situations where it may not be appropriate for employees to discuss the issues with their supervisors or managers. The Group will keep the reporting person's identity confidential and offer protection from any retaliation. The Group did not record any whistle-blowing case in FY2019.

The Group abides by the relevant laws and regulations in relation to anti-corruption, including but not limited to the Prevention of Bribery Ordinance of Hong Kong, as well as laws and regulations applicable to operations in other regions. During FY2019, there was no case of material non-compliance or legal cases brought against the Group or our employees in relation to bribery, extortion, fraud and money laundering.

Protecting Intellectual Property Rights

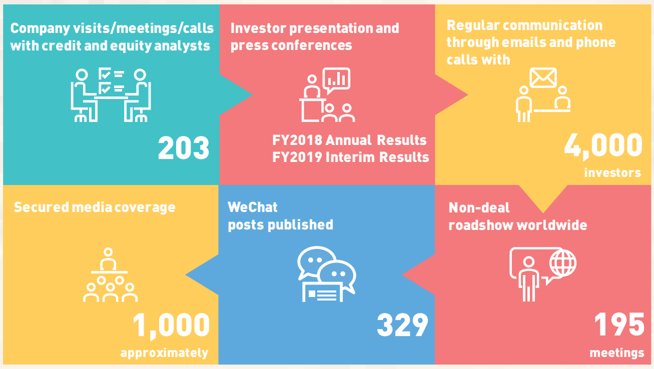
We protect intellectual property rights and require our employees and officers to maintain the confidentiality of proprietary information provided by our customers or suppliers or the Group during business activities, including trade secrets, patents, trademarks, copyrights, engineering and manufacturing ideas and designs.



Responsible Communications

Communicating with our investors

We understand that communicating transparently with our investors is the key to their understanding of the Group's business performance and strategies. During FY2019, the Group has organised and participated in various initiatives, such as investor conference calls, webcasts, investor conferences and non-deal roadshows ("NDR") to maintain an ongoing dialogue with investors and enhance information transparency and investor relations. Details of the major investor events are as follows:



Media Gathering

Investors Annual Luncheon

Date	Organiser(s)	Fixed Income/Equities	Location(s)	Conference/Activity
16-17 April 2018	ICBCI	Equities	Beijing	NDR
20 April 18	Gelonghui	Equities	Shenzhen	Corporate day
27-30 April 2018	UOB	Equities	Hong Kong	NDR
16 May 2018	Deutsche Bank	Equities	Singapore	Access Asia Conference 2018
7 June 2018	CIMB	Equities	Hong Kong	Corporate day
12 June 2018	HSBC	Fixed Income	Hong Kong	2nd Annual Asia Credit Conference
27-29 June 2018	CIMB/DBS/Fosun Hani Securities	Equities	Hong Kong	Post Results NDR
29 June 2018	Citi	Equities	Hong Kong	Citi's Asia Pacific Property Conference 2018
3 July 2018	AMTD	Equities/Fixed Income	Hong Kong	Post Results NDR
4 July 2018	CIMB	Equities	Malaysia	Post Results NDR
5 July 2018	CIMB	Equities	Singapore	Post Results NDR
9 July 2018	DBS	Fixed Income	Singapore	Post Results NDR
15 October 2018	Jefferies	Equities	London, Stockholm, Edinburgh	NDR
22 October 2018	JP Morgan	Equities	Australia	NDR
7 November 2018	Goldman Sachs	Equities	Shenzhen	China Conference 2018
7 November 2018	RoadshowChina	Equities	Shenzhen	NDR
29-30 November 2018	DBS	Equities	Hong Kong	Post Results NDR

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Date	Organiser(s)	Fixed Income/Equities	Location(s)	Conference/Activity
3 December 2018	RoadshowChina/Shenwan Hongyuan	Equities	Hong Kong	Investor conference call
4-5 December 2018	DBS	Equities	Singapore	Post Results NDR
6 December 2018	AMTD	Equities/Fixed Income	Hong Kong	Post Results NDR
7 December 2018	DBS	Equities	Malaysia	Post Results NDR
10 January 2019	FinancialPR	Equities	Shenzhen	Corporate day

The Group provided English and Mandarin simultaneous interpretation during the annual and interim results briefing, webcast playback and online Q&A session. This allowed investors to understand the Group's business updates without being limited to geographical locations and schedule conflicts.

The analysts' coverage on FEC also expanded. During FY2019, 12 analyst reports were published on FEC, among which CIMB increased target price to HK$7.22 with buy rating maintained; AMTD increased target price to HK$5.69 with buy rating maintained; DBS Vickers increased target price to HK$4.76 with buy rating maintained and Sinopac, ICBCI and Zhongtai International also initiated non-rated coverage on FEC.

The Group will continue to improve its information transparency through timely communication with investors as well as through regular corporate disclosures to ensure that the share price will better reflect the underlying value of the Group's business.

FY2019 Annual Results Announcement

Shenzhen Non-deal Roadshow

Communicating with our customers

To protect the interests of our customers, we ensure all materials presented to the public is based on factual information. All relevant documents are reviewed by Public Relations Department before distribution or publication.

For Property Development, we regulate the contents of our sales brochures and marketing materials in accordance with the Residential Properties (First-hand Sales) Ordinance in Hong Kong. To ensure our property agencies in Hong Kong fully understand property information and our requirements on marketing communications, they are required to attend our training sessions before conducting sales activities.

The Group abides by relevant laws and regulations in relation to advertising and labelling matters of products and services provided, including but not limited to the Trade Descriptions Ordinance and Residential Properties (First-hand Sales) Ordinance of Hong Kong, as well as laws and regulations applicable to operations in other regions. During FY2019, there was no case of material non-compliance with regulations concerning product and service advertisement and labelling within the Group.

OUR PEOPLE

As a caring and responsible employer, the Group is committed to promoting a harmonious and engaging workplace, providing a healthy and safe working environment, and supporting our employee development.

Our Global Workforce

With operations around the world, the Group has 2,272 employees within the reporting boundary.

The Group believes that quality of our products and services highly depends on the dedication and skills of our employees. A fair and sound employment system is a fundamental part of attracting and retaining international talents. The Employees Handbook lists provisions such as remuneration, recruitment, promotion, training and development, dismissal, working hours, rest days and other benefits and welfare, so that employees can understand the employment policies and terms.

Employee benefits

The Group is committed to offering competitive and fair remuneration and benefits. Offerings vary from region to region. A summary of benefits and well-being initiatives is provided below.

Leaves
Employees in eligible positions are entitled to leaves in addition to public holidays, such as maternity leave, birthday leave, marriage leave and compassionate leave

Employee assistance
Provide financial support to associates and their households when facing unexpected misfortune and emergencies needs

Employee activities
Organise a variety of fun-filled events for our employees, such as field trips and outings, team building events, sports activities, annual dinners, gatherings and voluntary services

Family and friend rates
Employees of Dorsett have access to a range of special offers at hotels owned and managed by Dorsett such as discounted rates for accommodation and restaurants

Staff discount
Employees in Hong Kong are entitled to a number of discounts such as on dental services for family members, fitness club and healthy uniform shoes

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Diversity and Inclusion

We recognise the importance of workplace diversity in our workforce, and strive to create and foster a workplace with equal opportunities and mutual respect. Our policies on equal opportunity, diversity and anti-discrimination are covered in the Employee Handbook. We seek to employ the best qualified people for the job, considering their capabilities, experiences, potential for development and other traits to their work. Employees are considered justly in all aspects of employment regardless of their differences such as ethnicity, gender, language, age, sexual orientation, religion or socio-economic status.

We do not tolerate any form of discrimination or harassment. Our stance on anti-discrimination and anti-harassment are stated in the Code of Business Conduct and Employees Handbook. All employees are required to sign an acknowledgement form of the Code of Business Conduct to ensure they understand their obligations on an annual basis. To advance efforts in promoting inclusion, we launched anti-discrimination training as part of the orientation programme in Hong Kong Corporate Office. We will extend this initiative to our hotels in Hong Kong in FY2020.

Engaging Our Employees

Open communication is essential to connect employees. Employees can raise ideas or complaints to their direct managers, Department Head or Human Resources Department.

Associate Engagement Survey

Our annual Associate Engagement Survey ("AES") is the primary channel for collecting feedback from associates around the world. Introduced in FY2016, the score methodology produces the engagement levels assessed by a range of dimensions, including corporate culture, leadership, work-life balance, personal development, teamwork and total rewards.

With the theme"It's about YOU...Get Involved • Stay Engaged" in AES 2018, we made efforts to get more associates involved and engaged, and the participation rate reached 99.4%. The results and feedback were shared with hotel managers worldwide to provide in-depth insights. To identify clear action plans, focus groups discussion was conducted subsequent to the result announcement, to collect their views on where we can improve. Feedback collected from the focus group was analysed and integrated into the improvement actions plans by individual management teams.

Highlights of improvement actions since the launch of AES

Health and well-being
- Organised wellness activities, such as the formation of a football team
- Monthly Foodstuff day

Dorsett Tsuen Wan Football Team

Training and development
- Provided training activities, such as Standard Operating Procedures, Train-the-Trainers, Management Development Program and leadership and managerial courses
- Korean language classes
- Increasing opportunities for internal promotions

Internal Crisis Management Training

Staff recognition and engagement

- Organised Housekeeping service skills competition
- "ideaPower House" Programme with Millennials voices heard

Welfare and leisure activities

- Improve meal allowance for afternoon shift
- Management Outing DIY Rice Dumpling activity during Dragon Boat Festival

The Group abides by the relevant laws and regulations in relation to employment, including but not limited to the Employment Ordinance of Hong Kong, as well as laws and regulations applicable to operations in other regions, During FY2019, there was no case of material non-compliance in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

Ensure a Safe and Healthy Workplace

We consider the health and safety of employees as a priority at all times across our business operations. Apart from the policies to state our commitment and address safety risks of specific business units, we are formulating the Employee Health and Safety Policy which serves as a guidance for different corporate functions and business units to introduce health and safety measures.

Employee Health and Safety

As stipulated in our Code of Conduct, it is our responsibility to provide each employee with a safe and healthy working environment, whilst we require our employees and officers to follow relevant safety rules and practices requirements and perform their work in a safe manner.

In case of any safety hazards, accidents, injuries and unsafe equipment, practices or conditions, employees and associates are required to report to their supervisors promptly for our investigation and follow-up actions. We undertake necessary preventive measures and provide safety training for our employees to raise their safety awareness. For example, regular health and safety seminars, fire safety training, internal fire drill were organised in the Group's hotels.

First Aid Training

Fire Safety Training at Dorsett Wuhan

Good housekeeping practices are also important to maintain a clean and safe environment. At Dorsett Wanchai, Cosmo Hotel, and Dorsett Mongkok in Hong Kong, the Engineering & Housekeeping Department is responsible for maintaining the Material Safety Data Sheet for each harmful substance.

Hotel – safety governance

At Dorsett Tsuen Wan and Silka Tsuen Wan, a Health and Safety Committee, led by the Hotel Managers, was established with committee members from different departments, including Human Resources, Engineering, Food and Beverage, Security, Accounts, Front Office and Housekeeping. Monthly meetings are held to discuss all health and safety measures with recommended actions for rectifying and improvement.

The Group places emphasis on the well-being and work-life balance of our employees. We have a number of initiatives in place, including sports events and facilities (such as soccer tournament, bowling, Wing Chun, hiking and yoga organised by Dorsett Tsuen Wan and Silka Tsuen Wan), outings, skill-related competitions, free annual physical check-up and more.

During FY2019, there was no case of work-related fatalities and 48 work-related injuries. The incidents were mainly minor injuries occurred in our hotels. Investigations and follow-up actions were immediately carried out.

Worker Health and Safety

As a responsible property developer, we are committed to maintaining a safe and healthy construction environment by working closely with our business partners. Contractors are required to strictly follow our safety standards and relevant regulatory requirements, failing which, contractors will be penalised or blacklisted.

We also require our main contractors to provide induction training on health, safety and environmental risks and controls for their employees and subcontractors.

Hong Kong	
Safety governance and management system	• A formal Site Safety Committee was formed for each project (comprising site safety managers, operation workers from main contractor and representatives from subcontractors) to coordinate and monitor the implementation of safety measures, as well as – review and seek improvement on site safety on a regular basis. • Contractors are required to develop an Occupational Health and Safety Management System in accordance with OHSAS 18001
Safety risk management	• Regular risk assessments were carried out by contractors to examine the safety of each site operation before commencement of work. • In case of any non-conformance in the site safety management, contractors will be required to cease that particular task immediately and carry out rectification works; and they can restart the tasks can only be restarted when the site environment is proven to be safe.
Safety training	• Required contractors to provide safety training to site workers, including site safety briefings before project commencement and on-going training related to health and safety.
Safety performance review	• Regular site visits were conducted by the Project Manager to inspect and assess the safety performance of each contractor.

The Group abides by the relevant laws and regulations in relation to employee health and safety, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, as well as laws and regulations applicable to operations in other regions. During FY2019, there was no case of material non-compliance in relation to providing a safe working environment and protecting employees from occupational hazards.

Learning and Development

The Group is committed to providing ample training and development opportunities for employees to unleash their potential and advance in career. We are currently developing the Development and Training Policy to outline our approach; the Human Resources Department and Heads of Division/Department are responsible for assessing needs of training and development to strengthen employees' knowledge and skills, and develop their potential.

A variety of training conducted in various methods, such as informal, on-the-job, in-house and external training, are provided to employees from time to time based on position and location. During FY2019, 77% of our employees received training. Our training by type include new hire orientation, leadership skills, customer care, compliance such as anti-discrimination, anti-bribery and health and safety.

The Group has a performance management and development process in place for its employees. Performance review is conducted with employees periodically to evaluate their performance in respect of various performance indicators and annual objectives. The relevant business units are responsible for conducting coaching conversations and assessing development needs of employees.

Talent Development

In an effort to advance talent development and management, Dorsett rolled out the Talent Development Roadmap in FY2018 that outlines a variety of programmes to address training needs of associates based on position:

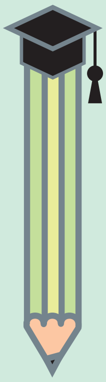
Customer care	People management	Leadership
Training targeted at customer-facing functions for enhancing customer service skills, such as service recovery and telephone etiquette	Activities targeted at associates with people management responsibilities, focusing on supervisory skills, performance management and train-the-trainer	Competencies enhancement for associates in leading roles on innovation and leadership, strategic management and leadership coaching

Leadership Development Programme ("LDP")

Leading Dorsett, the Corporate-wide LDP, is a customised 3-stage programme launched in April 2017 designed and delivered by the School of Hospitality & Tourism Management of Hong Kong Polytechnic University ("SHEM"). The LDP aims to:

- provide our future leaders with specific leadership learning pathways;
- build strategic consensus among diverse business functions; and
- drive meaningful changes across regions and borders.

Four educational on-campus modules were conducted by professors of SHTM, focusing on "Innovation & Leadership in Hospitality", "Strategic Management", "Leadership Coaching" as well as "Managing Organisational Changes". In April 2018, 38 senior management from corporate office, regional office and hotels operations completed the final stage of LDP.



Dorsett Leadership Development Programme in The Hong Kong Polytechnic University

Dorsett Leadership Development Programme

Management Development Programme ("MDP")

MDP, co-developed by Dorsett and Hong Kong Vocational Training Council, helps middle management master essential management skills required in their roles. The programme was held in Hong Kong and Malaysia in 2015 and 2017 respectively. In December 2018, we refined and launched our programme in Mainland China, and provided over 100 supervisors and managers with multi-day learning experience to enhance their skills.

Talent Review Process is launched in FY2019 to further identify high potentials and accelerate the growth of key talent. The assessment approach, deployed across regions, links dimensions of potential such as engagement, ability and career aspiration to facilitate succession planning by evaluating an associate's potential to succeed in a more complex role. This enhances development planning by providing managers with in-depth insight when preparing personal development plan for associates.

Labour Standards

As stated in our Code of Business Conduct, we uphold our responsibility on ethical behaviour and prohibit any forms of child labour or forced labour. To further provide practical guidelines to eliminate child or forced labour practices, we are in the process of preparing the Prevention of Child and Forced Labour Policy, which will be shared with our different business units and regions, as well as suppliers and contractors.

We strictly adhere to the minimum age provisions under applicable laws and regulations. Our Human Resources Department checks the identity documents of candidates before employment to prevent child labour. To prevent bonded/forced labour, corporal punishment or coercion of any type related to work are prohibited.

The Group abides by the relevant laws and regulations in relation to labour standards, including but not limited to the Employment Ordinance of Hong Kong, as well as laws and regulations applicable to operations in other regions. During FY2019, there was no case of material non-compliance in relation to preventing child and forced labour.

For key performance indicators regarding our people, please refer to the section of Key Performance Indicators on pages 93 to 94.

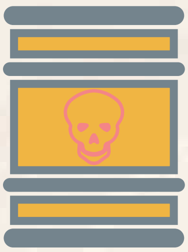
OUR ENVIRONMENT

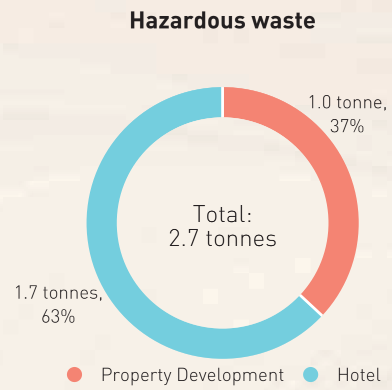
The Group seeks to continually improve the environmental performance of our business operations. We are developing policies to set out our approach to managing our emissions and use of resources, as well as minimising our impacts on the environment and natural resources. Respective corporate functions and business units are responsible for designing and implementing their own strategies and activities according to the policies.

Waste management

In FY2019, the Group's operations produced 21,471 tonnes of non-hazardous wastes, which are mainly construction and demolition waste generated by Property Development. Other non-hazardous wastes include general waste and food waste generated by offices and Hotel. All non-hazardous wastes were either disposed of or recycled. For hazardous wastes, 2.7 tonnes were produced in total, which are mainly paints and fluorescent tubes; both hazardous and non-hazardous wastes were handled by authorised/licensed collectors.

Hazardous waste by business unit:

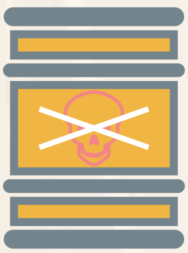


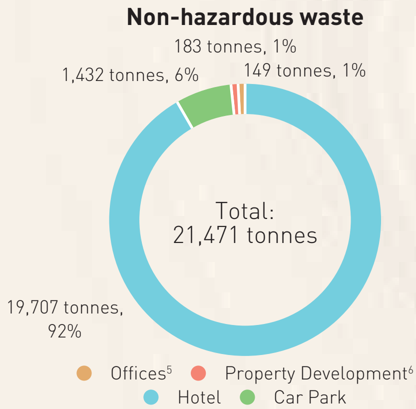


Hazardous waste intensity by business unit:

	Hazardous waste intensity	Unit
Hotel (by guest room night)	0.0012	tonne/thousand room night
Property Development (by approximate floor area)	0.01	tonne/ thousand sq. m.

Non-hazardous waste by business unit:





Non-hazardous waste intensity by business unit:

	Non-hazardous waste intensity	Unit
Offices (by floor area)	1.4	tonne/ thousand sq. ft.
Hotel (by guest room night)	1.0	tonne/thousand room night
Property Development[6] (by approximate floor area)	50	tonne/ thousand sq. m.
Car Park (by number of car park bays)	2.3	tonne/thousand car park bay

[5] General waste generated by car park office in Australia includes both non-hazardous and hazardous wastes (such as chlorine bleach and ink cartridges etc.) due to data limitation.

[6] Including projects under construction or with foundation built only.

To encourage waste reduction and recycling, the Group has adopted the following measures in FY2019:

Property Development

For the West Side Place Stage 1 project in Australia, we require our contractors to recycle a minimum of 90% of all waste generated on site. A waste management provider was appointed to monitor the construction waste and report to the contractor on a monthly basis. Another example in Australia is the Perth Hub project where construction waste, topsoil and excavated rock are reused on-site or in other sites as fill materials.

In Hong Kong, contractors of all projects are required to submit regular environmental monitoring reports with waste amount generated. Contractors are also encouraged to recycle construction materials such as formwork.

Hotel

Waste reduction

Single-use items

- We replaced the disposable bottled soap with the refillable soap dispensers in most of our hotels to reduce generation of plastic bottled waste.
- We replaced the paper coaster with the silicon coaster for all guest bathrooms and will further expand the replacement to glassware in FY2020 at Dorsett Tsuen Wan and Silka Tsuen Wan.

Recycling

Dorsett Ecovalue+

Soap

At Silka Tsuen Wan in Hong Kong, we recycled soap by donating to a charitable organisation for further cleaning and processing, and the recycled soap will be donated to the needy of the society. About 66 kg of used soap was collected for recycling in FY2019.

Plastic bottles

Collection bins are placed in prominent areas in most of our hotels to collect plastic bottles. For containers of chemical cleaning detergent, we liaised with suppliers to reuse the containers of cleaning detergent at Dorsett Tsuen Wan and Silka Tsuen Wan in Hong Kong.

Towels and linen

In London, we rent linen from vendors who donate disused linen to charitable organisation. At Dorsett Singapore, we will consider to recycle condemned bath towels for cleaning or donating them to charitable organisation.

Car Park

We handle waste with care in accordance with applicable laws and regulations. To achieve waste reduction wherever possible, we implement proper waste management, ranging from source separation to recycling.

Offices

To reduce paper waste, we encourage our employees to adopt electronic means for internal and external communication. Recycling bins are placed in offices to collect waste paper and toner cartridges. At our Shanghai office, where possible, we recycle furniture and fixtures such as sofa, flooring and toilet seats from office renovation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

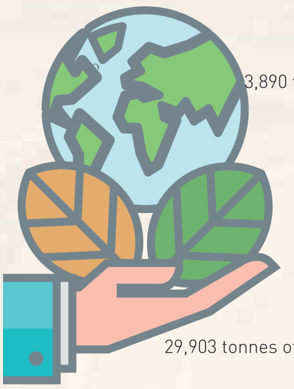
Carbon and Energy management

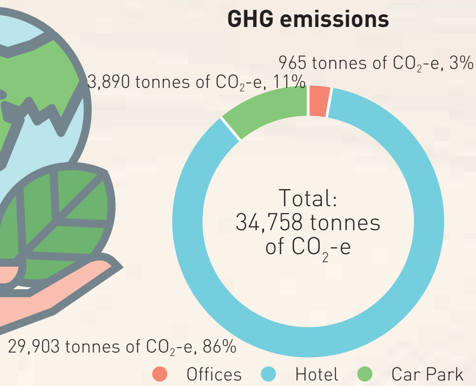
Carbon and Energy Performance

Greenhouse gas ("GHG") emissions (or "carbon emissions") are closely related to climate change, which presents businesses with both long-term risks and opportunities. To better understand, quantify and manage the carbon and climate change related impacts, risks and opportunities in our investments, it is integral to measure and disclosure our carbon footprint as a first step. This information will serve as a foundation of developing more relevant carbon reduction strategies and identify carbon reduction targets.

The Group commissioned a professional consultant to conduct a carbon assessment with reference to international and national guidelines, including the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, the Guidelines[7] released by the National Development and Reform Commission of the People's Republic of China and the GHG Protocol Corporate Standard[8].

GHG emissions by business unit:





GHG intensity by business unit:

	GHG intensity	Unit
Offices (by floor area)	9.1	tonne of CO_2-e/ thousand sq. ft.
Hotel (by guest room night)	0.021	tonne of CO_2-e/ room night
Car Park (by number of car park bays)	0.049	tonne of CO_2-e/ car park bay[9]

Indirect GHG emissions from purchased electricity is the largest emission source, contributing approximately 89% of the total GHG emissions. Direct emissions from stationary combustion sources, such as Towngas and natural gas boilers consumed by Hotel, is the second largest source, which accounts for approximately 8% of the total GHG emissions. Other indirect emissions due to paper waste disposal in Hong Kong, electricity used for water and sewage processing in Hong Kong, and business air travel collectively made up 1.5% of the total GHG emissions.

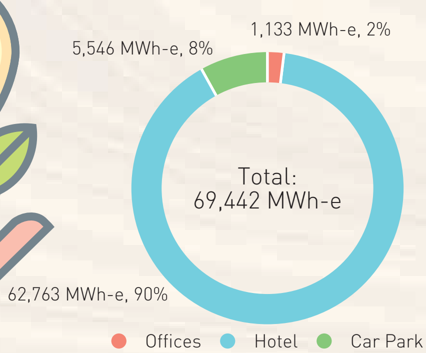
EarthCheck Silver Certified (2019)

[7] Guidelines for Accounting and Reporting Greenhouse Gas Emissions – China Public Building Operator Units (Enterprises) (Trial).
[8] The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition).
[9] Including car park bays that are owned or managed by the Group only.

The key energy consumed includes purchased electricity, accounting for approximately 76% of total energy consumption. Other energy consumed included Towngas and natural gas for boilers and cooking equipment.

Energy consumption by business unit:

Energy consumption



Energy intensity by business unit:

	Energy intensity	Unit
Offices (by floor area)	10.7	MWh-e/ thousand sq. ft.
Hotel (by guest room night)	0.044	MWh-e/room night
Car Park (by number of car park bays)	0.069	MWh-e/car park bay[10]

Energy Conservation and Efficiency

Improving energy efficiency is a fundamental strategy to reduce GHG emissions associated with energy use. Throughout the operations, a variety of energy conservation and efficiency initiatives have been implemented:

Hotel
- Close floor during low occupancy and rooms not in use
- Rotate the chillers to run based on operation needs on daily basis
- Set timer controls with a set schedule on primary air handling unit system, ceiling light of guest floor corridor, and external signage and lighting
- Install lighting control sensor to automatically adjust lighting in areas such as staircase
- Replace old energy-consuming equipment with models of higher efficiency, such as oil-free chiller and gas water heaters
- Make use of spring water instead of boiler for heating

Car Park
- Install energy efficient lightings such as LED light or energy saving light bulbs
- Place energy conversation signage where applicable

Offices
- Make reference to the product labels and certification and give preference to products with higher energy efficiency during purchasing
- Install LED lighting whenever applicable

Considering Hotel is the main source of energy use, the Group plans to expand its energy reduction efforts in hotels through:

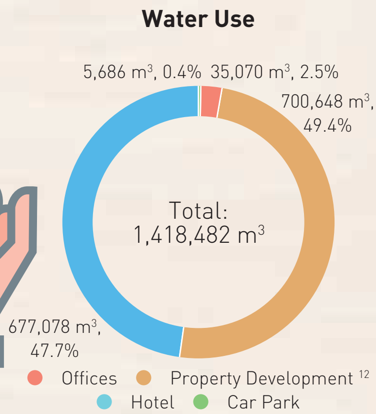
- Exploring feasibility of solar energy use and energy efficient technologies
- Increasing the coverage of lighting sensors in areas such as guest rooms' corridors and back of houses spaces
- Adjusting the temperature of hot water in guest rooms to an optimal level
- Replacing desktop with laptop which consumes less energy to charge and operate

[10] Including car park bays that are owned or managed by the Group only.

Water Management

During FY2019, the Group mainly sourced sufficient water from municipal supplies and faced no issue in sourcing water fit for purpose.

Water use by business unit:



Water intensity by business unit:

	Water intensity	Unit
Offices (by floor area)	0.33	m^3/sq. ft.
Hotel (by guest room night)	0.47	m^3/room night
Property Development [12] (by approximate floor area)	1.8	m^3/sq. m.
Car Park (by number of car park bays)	0.07	m^3/car park bay[11]

Wastewater produced by the Group mainly included domestic and construction wastewater. Domestic effluents are discharged into municipal wastewater sewage treatment systems. For the wastewater produced by construction sites, the Group requires its contractors to ensure the quality of sewage to reach local standards and comply with the relevant laws and regulations. At construction sites in regions such as Hong Kong, wastewater treatment systems, such as desilting tanks systems and aqua-sed, are in place to treat wastewater prior to discharge.

The Group has identified and implemented various initiatives to reduce water use and wastewater in its operations:

Hotel

- Implement linen reuse programme that offer guests the option to opt out changing linens and towels on a daily basis
- Capture condensate water from air-conditioning system and redistribute the water where it is needed in the system
- Reuse spring water for outdoor cleaning and washing and gardening
- Install grey water recycling system and use the recycled water for flushing
- Encourage guests to use water wisely and reuse linen, and enhance their awareness through placing signage
- Give preference to and install water efficient devices, such as tap aerator, showerheads and dual flush systems

[11] Including car park bays that are owned or managed by the Group only.
[12] Including projects under construction or with foundation built.

Property Development	Encourage its contractors:	
	•	to use recycled water whenever applicable and achieve at least 95% of water efficient sanitary fixtures in Hong Kong
	•	to make use of rumble grids instead of water to remove mud, dirt and debris from vehicles in the Perth Hub project in Australia
Car Park	•	Adopt water-saving devices such as low-flow water faucets
	•	Place water conversation signage where applicable
Offices	•	Make reference to the product labels and certification and give priority to products with higher water efficiency during purchasing
	•	Install water efficient devices in washrooms such as water taps, showerheads and dual flush systems

Air Emissions Management

The key air pollutants from our operations included nitrogen oxides, sulphur oxides and particulate matter, which were mainly generated by boilers and cooking equipment in Hotel, and passenger cars of offices and Hotel.

Air Pollutants[13]	Offices	Hotel	Unit
Nitrogen oxides (NO_x)	146	1,843	kg
Sulphur oxides (SO_x)	2	12	kg
Respirable suspended particles (RSP)	8	91	kg

To reduce air emissions and the health impacts associated with air pollutants, the Group has been exploring ways to further reduce our emissions. Apart from reducing unnecessary travel, we also gave priority to the most fuel-efficient model when purchasing new company vehicles.

To minimise the environmental impacts of our business operations, moving forward, the Group will revise the ESG Policy to provide further guidance on reducing air emissions and GHG emissions.

The Group abides by the relevant laws and regulations in relation to emissions, including but not limited to the Air Pollution Control Ordinance, Noise Control Ordinance and Waste Disposal Ordinance of Hong Kong, as well as laws and regulations applicable to operations in other regions. During FY2019, there was no case of material non-compliance in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste within the Group.

13 During FY2019, Car Park did not generate significant air emissions in its operations.

Protection of Environment and Natural Resources

Apart from emissions and resources management, we are taking steps to minimise our impacts on the environment and natural resources. With a board array of our business operations, the extent and nature of our impacts vary among different business units. We regularly review our operating practices and introduced a series of measures for specific business units, ranging from green building development to sustainable purchasing practices.

Green Building Design

By integrating green building design elements at the early stage of our development projects, we can further reduce the impacts on the environment and conserve natural resources during buildings' operation.

West Side Place – Stage 1 in Melbourne, Australia

West Side Place – Stage 1 is our mixed-use residential development project located in Australia. With a target of 5 Stars under the Green Star – Design & As Built certification, we have incorporated green building design into this project and set out our requirements in the Sustainability Services Specification and Green Star Far East Custom Technical Manual. Apart from protecting the ecological value of the site through green roof and native landscaping design:

Energy efficiency

- Passive design features within the building envelope
- Energy-efficient glazing for windows
- Internal blinds and/or the provisions of pelmets for building occupants for glare control

Water efficiency

- A 100,000-litre stormwater retention tank to collect water for irrigation, swimming pool top up and testing of fire system
- Water-efficient fixtures and fittings
- Drip irrigation with moisture sensor

Indoor environment quality

- Lighting comfort (such as individual control of lighting levels for each occupant)
- Visual Comfort (such as installation of blinds at all occupied spaces)
- Indoor air quality (limited on VOC and formaldehyde)

Sustainable transport

- Bicycle parking and associated facilities for a proportion of staff, occupants, and short-term visitors
- Reduced car parking provisions
- Infrastructure to support the uptake of low-emission vehicles
- Car sharing scheme

Hong Kong

We comply with local legislations to minimise our impacts on the environment. Environmental impact assessments were carried out before the project commencement by our consultants, and follow-up actions were taken to manage the impacts in development planning processes. For example, at The Garrison project, we planted additional trees to compensate for the loss of plantations due to our development in order to meet the requirement on the site greenery ratio.

Beyond compliance, we incorporated green building features into our project and target to obtain BEAM Plus certification. One of our projects, Astoria Crest, has obtained Provisional Gold rating under BEAM Plus New Buildings V1.2.

Sustainable Purchasing Practices

We also integrated Sustainable Purchasing Practices in our business operations. For Hotel, we use environmental-friendly packaging materials of bathroom amenities, such as bath gel, shampoo and conditioner at Dorsett Kwun Tong, and purchase locally produced food in most of our hotels.

OUR COMMUNITY

Supporting community development is inextricably linked to driving business growth. We seek to support local communities in which we operate while meeting business needs. Its commitment is underlined in the Community Investment, Sponsorship and Donation Policy that sets out a common and coherent framework among all corporate functions and business units for community investment activities. We are currently reviewing and updating the policy as we understand that community's needs evolve over time.

We strive to create positive impact through multiple channels, including grant contributions, community engagement and partnership and employee volunteering. Our approach to community investment is centred on four focus areas:

Youth Education and Development

Pennion Party with Ju Ching Chu Secondary School Students

Arts and Culture

Dorsett Little Artist

Environment

Champion of Biggest Energy Saver – Dorsett Tsuen Wan

Community Wellness

Dorsett Kuala Lumpur's Deepavali CSR at Cheshire Home of Selangor

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During FY2019, the Group made approximately HK$8.8 million worth of strategic giving and contributed 3,964 volunteer hours in local communities.

UNICEF Charity Run 2018

3,964
of volunteer hours

HK$8.8 million
of strategic giving

Strategic Giving

Supporting youth education and development

The Group continues to support higher learning and education of next generation. Dorsett has provided approximately HK$3.3 million of scholarships over the last seven years, with over 1,030 award recipients from secondary schools, vocational institutes and universities.

HK$3.3 million
Scholarships provided over the last seven years

>1,030
Award Recipients from secondary schools, vocational institutes and universities

To recognise the academic achievement and support personal development of students, we provided financial sponsorship through scholarship programmes for students of Vocational Training Council and Ju Ching Chu Secondary Schools in Kwai Chung, Tuen Mun and Yuen Long, as well as freshmen of Wu Yee Sun College, The Chinese University of Hong Kong.

IVE Student Awards Presentation Ceremony

Hotel Visit for Ju Ching Chu Secondary School Students at Silka Tsuen Wan

Besides, we set up the Dorsett Young Entrepreneur Scholarship to provide financial support for students of Wu Yee Sun College and the Chinese University of Hong Kong who demonstrate entrepreneurial talents with innovative ideas in setting up their own business.

Community Engagement and Partnership

We value the opinions of every member in the community. To better understand their needs and concerns for effective project planning, community engagement activities were carried out for our Property Development.

Northern Gateway, Manchester – Public consultation on Strategic Regeneration Framework

The Group works together with the Manchester City Council in the UK to deliver the Northern Gateway development project, which will provide more than 15,000 new homes over the next decade, with an emphasis on design quality and sustainability, open space and green walking and cycling routes.

To provide a platform for stakeholders to reflect how they would like the area to develop, a public consultation on the draft SRF in accordance with Manchester City Council's adopted Statement of Community Involvement was carried out in 2018:

Consultation period

- Eight weeks from August 2018 to October 2018, which was two weeks more than the standard six-week consultation period

Communication methods

- Consultation letter and accompanying questionnaire sent to properties
- Eight consultation drop-in sessions for members of the public and landowners.
- Dedicated hotlines, websites, email address, freepost address
- Published marketing communication materials
- Social media promotion

Stakeholder engagement

- A range of stakeholders were engaged, including residents, business operators, landowners and property owners, statutory bodies, local councillors, representatives from key local institutions such as schools, community centres, churches and community groups etc

Consultation response

- 423 stakeholders attended the drop-in sessions
- 98 written responses were received via the questionnaires and emails

We received positive response from the consultation to the proposed SRF, with people in general expressing support for the Neighbourhood Development Principles. We consider the feedback from the consultation on an ongoing basis to ensure that the issues raised could be addressed during the refinement of the proposed SRF. We look forward to further constructive dialogue throughout the development process of this project.

Hornsey Town Hall, London – Community engagement

The restoration of the Grade II Listed Hornsey Town Hall in will provide a wide range of community spaces incorporating a new arts centre, café, flexible community and events spaces and a hotel, when it is restored. We will invest more than £20 million in essential repair and heritage works to preserve historic parts of the Town Hall, and have been making effort to engage and support the local community:

Consultations and questionnaire

- Three public consultation events in FY2018, with all local residents, stakeholders, officials from local council and community organisations invited to engage with the architects and FEC staff. This also included an engagement questionnaire along with proposals for the public square.
- In FY2019, we also organised open consultations on the future of the arts centre to help us understand the needs of the local community and businesses and how we can address their needs.

Working with local communities and charities

Liaising with local parties to

- update project progress (such as Neighbourhood Forum)
- support local businesses and needy (such as in partnership with a local restaurant that employs homeless people, commissioned local talents to design soft furnishings)
- discuss re-location opportunities for the residents of the Town Hall once the renovations start

We will continue to engage our stakeholders through different initiatives, such as the CREATE Event for the residents and businesses scheduled in July 2019, to offer a glimpse of what is to come in the future of the new Arts Centre.

MeadowSide, Manchester – Supporting placemaking initiative "Bee in The City"

Public art is one of the important elements to constitute a vibrant public space."Bee in The City" is a large scale public sculpture trail taking place all over Manchester with over 100 giant bees sculptures around the city, which were designed by different artists, while 131 little Bees were created by the children and young people of the city. In support of this placemaking initiative, we sponsored a 3D bee, named Cottonopolis, as part of a public art trail.

Employee Volunteering

We support local communities and address their needs through employee volunteering. During FY2019, our employees volunteered in a range of community activities.

Build a community with care and love – caring visits to the elderly

Many of the elderly have little contact with the outside world. Social interactions bring joy and love to the elderly. During FY2019, our employees of Dorsett Wanchai, Cosmo Hotel and Dorsett Mongkok, Silka Far East, Silka Seaview and Silka Tsuen Wan in Hong Kong, as well as Dorsett Grand Chengdu in Mainland China volunteered in visiting elderly residents in their private homes or care homes. Our volunteers chatted and had party with the elderly, and delivered daily necessities to them.

Build a community with care and love – preparing food for people in need

While a large amount of edible surplus food is being disposed of as waste, there are people do not have access to sufficient food. To help relieve food waste and hunger problems, in the office at Melbourne, we participated the corporate volunteering programme at FareShare which rescues edible surplus food items, and prepare them as nutritious meals for people in need. Our employees helped prepare meals in FareShare's kitchen which were distributed to charities such as homeless shelters, women's refuges and community food banks etc.

KEY PERFORMANCE INDICATORS OF FY2019

Environmental performance*

Air Pollutants[14]	Offices	Hotel	Unit
Nitrogen oxides (NO_x)	146	1,843	kg
Sulphur oxides (SO_x)	2	12	kg
Respirable suspended particles (RSP)	8	91	kg

GHG Emissions	Offices	Hotel	Car Park	Unit
Scope 1 emissions	90	2,971	140	tonne of CO_2-e**
Scope 2 emissions	660	26,627	3,750	tonne of CO_2-e^
Scope 3 emissions	215	305	N/A	tonne of CO_2-e#
Total GHG emissions	965	29,903	3,890	tonne of CO_2-e

	Offices tonnes of CO_2-e/ thousand sq.ft.	**Hotel** tonne of CO_2-e/ room night	**Car Park** tonne of CO_2-e/ car park bay[15]
GHG intensity	9.1	0.021	0.049

* Offices includes head office, regional offices and car park office, while Car Park includes car park sites.

** Scope 1 includes direct emissions from combustion of fuel in stationary and mobile sources and fugitive releases from equipment and systems.

^ Scope 2 includes energy indirect emissions from the generation of purchased electricity, purchased towngas (for Hotel in Hong Kong) and heating.

\# Scope 3 includes other indirect emissions from methane gas generation at landfill in Hong Kong due to disposal of paper waste, GHG emissions due to electricity used for fresh water and sewage processing in Hong Kong, and emissions from business travel by employees.

14 During FY2019, Car Park did not generate significant air emissions in its operations.

15 Including car park bays that are owned or managed by the Group only.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Total hazardous waste	Hotel	Property Development	Unit
Fluorescent tubes	1.2	N/A	tonne
Paints	0.2	N/A	tonne
Solvents	0.002	N/A	tonne
Others	0.3	N/A	tonne
Asbestos	N/A	1.0	tonne

Total non-hazardous waste	Offices	Hotel	Car Park	Property Development[17]	Unit
General waste[16]	150	1,126	184	1,037	tonne
Food waste	N/A	96	N/A	N/A	tonne
Paper	N/A	6	N/A	N/A	tonne
Plastics	N/A	4	N/A	N/A	tonne
Metal	N/A	1	N/A	N/A	tonne
Others	N/A	199	N/A	N/A	tonne
Construction and demolition waste	N/A	N/A	N/A	18,645	tonne
Organic waste	N/A	N/A	N/A	24	tonne

Waste intensity	Offices tonne/thousand sq. ft.	Hotel tonne/thousand room nights	Car Park tonne/thousand car park bays	Property Development tonne/thousand sq. m.
Hazardous waste intensity	N/A	0.0012	N/A	0.01
Non-hazardous waste intensity	1.4	1	2.3	50

16 General waste generated by car park office in Australia includes both non-hazardous and hazardous wastes (such as chlorine bleach, ink cartridges etc.) as breakdown is not available.

17 Including projects under construction or with foundation built only.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Use	Offices	Hotel	Car Park	Unit
Compressed natural gas	N/A	0.3	N/A	MWh-e
Diesel	N/A	9	N/A	MWh-e
Natural gas	N/A	10,192.2	N/A	MWh-e
Petrol	335	141	565	MWh-e
Towngas	N/A	5,170	N/A	MWh-e
Electricity	798	47,238	4,981	MWh
Heating	N/A	12	N/A	MWh-e
Total energy consumption	1,133	62,763	5,546	MWh-e

	Offices MWh-e/thousand sq.ft.	Hotel MWh-e/room night	Car Park MWh-e/car park bay[18]
Energy intensity	10.7	0.044	0.069

Water use	Offices	Hotel	Car Park	Property Development	Unit
Total water consumption	35,070	677,078	5,686	700,648	m^3

	Offices m^3/sq.ft.	Hotel m^3/room night	Car Park m^3/car park bay[19]	Property Development m^3/sq.m.
Water intensity	0.33	0.47	0.07	1.8

18 Including car park bays that are owned or managed by the Group only.

19 Including car park bays that are owned or managed by the Group only.

Social performance

Employment	Indicators	Offices[20] Number	%	Hotel Number	%	Car Park[21] Number	%	Total Number	%
Workforce		**259**	**11.4%**	**1,653**	**72.8%**	**360**	**15.8%**	**2,272**	**N/A**
By gender									
	Male	137	52.9%	804	48.6%	271	75.3%	1,212	53.3%
	Female	122	47.1%	849	51.4%	89	24.7%	1,060	46.7%
By region									
	Hong Kong	137	52.9%	694	42.0%	N/A	N/A	831	36.6%
	Mainland China	49	18.9%	772	46.7%	N/A	N/A	821	36.1%
	Singapore	11	4.3%	69	4.2%	N/A	N/A	80	3.5%
	UK	34	13.1%	118	7.1%	17	4.7%	169	7.4%
	Australia	28	10.8%	N/A	N/A	298	82.8%	326	14.4%
	Malaysia	N/A	N/A	N/A	N/A	45	12.5%	45	2.0%
By age group									
	30 or below	45	17.4%	420	25.4%	118	32.8%	583	25.7%
	31-40	95	36.7%	433	26.2%	89	24.7%	617	27.1%
	41-50	63	24.3%	472	28.6%	72	20.0%	607	26.7%
	51 or above	56	21.6%	328	19.8%	81	22.5%	465	20.5%
By employee category									
	Senior management	49	18.9%	76	4.6%	20	5.5%	145	6.4%
	Middle management	67	25.9%	301	18.2%	59	16.4%	427	18.8%
	General staff	143	55.2%	1,276	77.2%	281	78.1%	1,700	74.8%
By employment type									
	Full-time	255	98.5%	1,650	99.8%	168	46.7%	2,073	91.2%
	Part-time	4	1.5%	3	0.2%	192	53.3%	199	8.8%
New employees		**83**	**32.0%**	**459**	**27.8%**	**135**	**37.5%**	**677**	**29.8%**
By gender									
	Male	38	27.7%	190	23.6%	98	36.2%	326	26.9%
	Female	45	36.9%	269	31.7%	37	41.6%	351	33.1%
By region									
	Hong Kong	44	32.1%	248	35.7%	N/A	N/A	292	35.1%
	Mainland China	–	0.0%	137	17.8%	N/A	N/A	137	16.7%
	Singapore	2	18.2%	46	66.7%	N/A	N/A	48	60.0%
	UK	32	94.1%	28	23.7%	–	0.0%	60	35.5%
	Australia	5	17.9%	N/A	N/A	105	35.2%	110	33.7%
	Malaysia	N/A	N/A	N/A	N/A	30	66.7%	30	66.7%
By age group									
	30 or below	28	62.2%	199	47.4%	62	52.5%	289	49.6%
	31-40	33	34.7%	106	24.5%	32	36.0%	171	27.7%
	41-50	14	22.2%	90	19.1%	27	37.5%	131	21.6%
	51 or above	8	14.3%	64	19.5%	14	17.3%	86	18.5%
Employee turnover		**80**	**30.9%**	**542**	**32.8%**	**82**	**22.8%**	**704**	**31.0%**
By gender									
	Male	42	30.7%	257	32.0%	62	22.9%	361	29.8%
	Female	38	31.2%	285	33.6%	20	22.5%	343	32.4%
By region									
	Hong Kong	42	30.7%	281	40.5%	N/A	N/A	323	38.9%
	Mainland China	10	20.4%	161	20.9%	N/A	N/A	171	20.8%
	Singapore	2	18.2%	49	71.0%	N/A	N/A	51	63.8%
	UK	23	67.6%	51	43.2%	1	5.9%	75	44.4%
	Australia	3	10.7%	N/A	N/A	58	19.5%	61	18.7%
	Malaysia	N/A	N/A	N/A	N/A	23	51.1%	23	51.1%
By age group									
	30 or below	21	46.7%	224	53.3%	31	26.3%	276	47.3%
	31-40	32	33.7%	136	31.4%	22	24.7%	190	30.8%
	41-50	17	27.0%	107	22.7%	11	15.3%	135	22.2%
	51 or above	10	17.9%	75	22.9%	18	22.2%	103	22.2%
Ratio of number of male employees to female employees		**1.12:1**		**0.95:1**		**3.04:1**		**1.14:1**	

Health and Safety	Indicators	Offices Number	%	Hotel Number	%	Car Park Number	%	Total Number	%
Work-related fatalities		–	0.0%	–	0.0%	–	0.0%	–	0.0%
Work-related injuries		–	0.0%	47	2.8%	1	0.3%	48	2.1%
Lost days due to work-related injury[22]		–	0.0%	616	0.1%	26	0.03%	642	0.1%

20 Including employees of head office and regional offices, excluding car park office.

21 Including employees of car park office and car park sites.

22 The numbers of work days per year for calculating rate of lost days are 260 days for offices and Car Park, and 312 days for Hotel respectively.

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Indicators Learning and Development[23]	Offices Hours	%	Hotel Hours	%	Car Park Hours	%	Total Hours	%
Average training hours and percentage of trained employees	**6.7**	**51.7%**	**15.5**	**78.6%**	**7.2**	**85.3%**	**13.2**	**76.6%**
By gender								
Male	6.5	47.4%	16.7	76.6%	8.7	83.4%	13.8	74.8%
Female	6.8	56.6%	14.4	80.6%	2.5	91.0%	12.6	78.7%
By region								
Hong Kong	6.9	48.2%	6.6	75.2%	N/A	N/A	6.7	70.8%
Mainland China	6.7	87.8%	17.5	92.2%	N/A	N/A	16.8	92.0%
Singapore	0.0	0.0%	14.4	58.0%	N/A	N/A	12.5	50.0%
UK	9.5	38.2%	55.9	22.0%	22.1	29.4%	43.2	26.0%
Australia	4.5	42.9%	N/A	N/A	6.8	100%	6.6	95.1%
Malaysia	N/A	N/A	N/A	N/A	3.9	8.9%	3.9	8.9%
By employee category								
Senior management	19.4	49.0%	15.8	68.4%	17.6	95.0%	13.9	65.5%
Middle management	15.1	62.7%	22.3	76.1%	6.7	86.4%	18.1	75.4%
General staff	9.2	47.6%	13.9	79.9%	6.5	84.3%	11.9	77.9%
Percentage of employees receiving regular appraisal		**43.6%**		**81.7%**		**96.7%**		**79.8%**

Indicators Customer Communications	Offices Number	Hotel Number	Car Park Number	Total Number
Products and service related complaints received	**-**	**1,357**	**-**	**1,357**
By region				
Hong Kong	–	67	N/A	67
Mainland China	–	194	N/A	194
Singapore	–	888	N/A	888
UK	–	208	–	208
Australia	–	N/A	–	–
Malaysia	N/A	N/A	–	–

Indicators Community Investment	Offices HKD	Hotel HKD	Car Park HKD	Total HKD
Donation amount	**$8,500,000**	**$300,000**	**-**	**$8,800,000**
By focus areas				
Arts and culture	$300,000	$100,000	–	$400,000
Environment	–	–	–	–
Society	$7,000,000	$100,000	–	$7,100,000
Education	$1,200,000	$100,000	–	$1,300,000
By region				
Hong Kong	$7,720,000	$100,000	N/A	$7,820,000
Mainland China	$130,000	–	N/A	$130,000
Singapore	–	–	N/A	–
UK	$320,000	$200,000	–	$520,000
Australia	$330,000	N/A	–	$330,000
Malaysia	N/A	N/A	–	–

Community Investment	Offices Number	Offices Hours	Hotel Number	Hotel Hours	Car Park Number	Car Park Hours	Total Number	Total Hours
Volunteers and volunteer hours	**40**	**204**	**409**	**3,760**	**-**	**-**	**449**	**3,964**
By focus areas								
Arts and culture	2	20	4	30	–	–	6	50
Environment	–	–	2	4	–	–	2	4
Society	36	180	364	1,994	–	–	400	2,174
Education	2	4	39	1,732	–	–	41	1,736
By region								
Hong Kong	–	–	313	2,957	N/A	N/A	313	2,957
Mainland China	–	–	15	504	N/A	N/A	15	504
Singapore	–	–	20	5	N/A	N/A	20	5
UK	19	36	61	294	–	–	80	330
Australia	21	168	N/A	N/A	–	–	21	168
Malaysia	N/A	N/A	N/A	N/A	–	–	–	–

[23] Number of trained employees, training hours and employees receiving regular appraisal include employees who leave the Group during the reporting period.

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index/Remarks
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P.78, P.83
A1.1	The types of emissions and respective emissions data.	P.83, P.90
A1.2	Greenhouse gas emissions in total and intensity.	P.80, P.90
A1.3	Total hazardous waste produced and intensity.	P.78, P.91
A1.4	Total non-hazardous waste produced and intensity.	P.78, P.91
A1.5	Description of measures to mitigate emissions and results achieved.	P.80-83, P.90-91
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P.78-79, P.91
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	P.78
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	P.81, P.92
A2.2	Water consumption in total and intensity.	P.82, P.92
A2.3	Description of energy use efficiency initiatives and results achieved.	P.81, P.92
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P.82-83, P.92; No issue in sourcing water
A2.5	Total packaging material used for finished products.	The use of packaging material for finished products is not material to our core business.
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	P.78
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.84

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Material Aspect	Content	Page Index/Remarks
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P.71-73
B1.1	Total workforce by gender, employment type, age group and geographical region.	P.71, 93
B1.2	Employee turnover rate by gender, age group and geographical region.	P.93
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P.73, P.75
B2.1	Number and rate of work-related fatalities.	P.74, P.93
B2.2	Lost days due to work injury.	P.93
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P.73-75
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	P.75-77
B3.1	The percentage of employees trained by gender and employee category.	P.94
B3.2	The average training hours completed per employee by gender and employee category.	P.94
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	P.77
B4.1	Description of measures to review employment practices to avoid child and forced labour.	P.77

Material Aspect	Content	Page Index/Remarks
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	P.64
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P.64-70
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There are no recalls that have significant impact to our operations
B6.2	Number of products and service related complaints received and how they are dealt with.	P.65, P.94
B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.68
B6.4	Description of quality assurance process and recall procedures.	P.64-67; There are no recalls that have significant impact to our operations
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P.67
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P.68
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during FY2019 and the outcomes of the cases.	P.68
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P.68
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	P.85
B8.1	Focus areas of contribution	P.85-89, P.94
B8.2	Resources contributed to the focus area.	P.86-89, P.94

AWARDS AND ACCOLADES

1 APRIL 2018 TO 31 MARCH 2019

- Hong Kong Investor Relations Association 4th IR Awards
  - Best IR by CFO – Mr. Angus Chan, Chief Financial Officer of FEC
  - Best IR Company
  - Best IR in Corporate Transactions
  - Best Investor Meeting
  - Best Digital IR

hkira IR Awards 2018

- Mercury Awards 2017/18:

2017|18 WINNER MERCURY EXCELLENCE AWARDS 2017 | 2018

  - Gold Award: Annual Reports – Cover Design Category (Places & Products)
  - Silver Award: Websites/Mobile Media Category (Investor/Shareholder Relations Site)
  - Bronze Award: Writing Category (Chairman's Letter Classification)
  - Bronze Award: Annual Reports Overall Presentation Category (Property Development)
  - Honors Award: Annual Reports Overall Presentation Category (Real Estate Developer)
- No. 1 in "Best Mid-Cap Company in Hong Kong" in Finance Asia's Best Managed Companies 2018 poll

FinanceAsia ASIA'S BEST COMPANIES 2018

- Seven Awards in "2019 Asia's Best Managed Companies" Poll by FinanceAsia
  - Best CEO in Hong Kong – David Chiu
  - Best CFO in Hong Kong – Mr Angus Chan
  - Best Mid-Cap Company in Hong Kong
  - No. 2 in Best Managed Company in Hong Kong
  - No. 2 in Best Growth Strategy in Hong Kong
  - No. 2 in Best Investor Relations in Hong Kong
  - No. 2 in Best ESG

FinanceAsia ASIA'S BEST COMPANIES 2019

AWARDS AND ACCOLADES

- "8th Asian Excellence Award 2018"
  - "Best Investor Relations Company in Hong Kong"
  - "Asia's Best CEO in Investor Relations – David Chiu"
  - "Best Investor Relations Professional in Hong Kong – Venus Zhao"

- Several Awards at the 2018 International ARC Awards
- "2018 International ARC Awards Competition"
  - Silver Award in the category of Traditional Annual Report – of "Property Development: Residential", and in the category of Interior Design – "Property Development: Various & Multi-Use" and "Real Estate Integrated Development & Investment"
  - Bronze Award in the category of Interior Design "Hotel & Leisure" and in the category of Traditional Annual Report– "Real Estate Development/SVC: Various & Multi-Use"
  - Honors Award in the category of Traditional Annual Report –"Property Development: Various & Multi-Use" and in the category of Interior Design –"Real Estate Development/SVC: Various & Multi-Use"

- Two Awards at IR Magazine Awards – Greater China 2018
  - Best use of multimedia for IR
  - Best in sector: real estate

- Platinum Award at "The Asset Corporate Awards 2018"
- "iNOVA Awards 2018"
  - Bronze Award in the "Conglomerate" section of "Online Annual Report" category
  - Silver Award in the "Real Estate" section of "Corporate Website"
  - Gold Award in the "Investor Relations" section of "Redesign/Relaunch" category
- The Best Case Award in the "Second China Excellent IR Award" by Roadshow China

- Caring Company Logo 2018/19 by Hong Kong Council of Social Service
- "Suburban Residential Development Award" at "Capital & Capital Weekly The Outstanding Developer Award 2018"

Dorsett Hospitality International

- Fliggy Double 11 Award

- Leading Hospitality and Hotel Management group, Hong Kong Business High Flyers Awards 2018

AWARDS AND ACCOLADES

- Top Hotel Chain Award by Expedia Group

Dorsett Hartamas

- Guest Review Awards 2018 by Booking.com

- 2018 Our Guest Rated by Hotels.com

Dorsett Grand Labuan

- Guest Review Awards 2018 by Booking.com

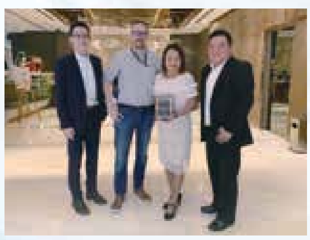
- TOP 3 Hotels for Honeymoon in Labuan 2019 by Travelmyth

- Best Business Hotel 2019 by Global Brand Magazine

- Top 100 Hotel Worldwide 2018/19 by Hotel of the Year Awards

Dorsett Kuala Lumpur

- Customer Review Award by Agoda



- Guest Review Awards by Booking.com

Dorsett Shanghai

- 2018 Certificate of Excellence by TripAdvisor

- Travelocity Outstanding Award by Hotels.com

- Most Valued Hotel Partner 2018 by Expedia

AWARDS AND ACCOLADES

- Guest Preferred Hotel 2018 by Fliggy

Dorsett Grand Chengdu

- 2018 Loved by Guests Award by Hotels.com

- 2018 The Most Popular City Leisure Hotel of China by HOTELN

- Guest Review Awards 2017 by Booking.com

- 2018 Gold Circle Award Winner by Agoda

- The most influential Business Conference Complex Hotel 2018 by Chengdu Daily

- 2019 Loved by Guests Award by Hotels.com

- Guest Review Awards 2018 by Booking.com

Dorsett Tsuen Wan

- 2018 Certificate of Excellence by TripAdvisor

- Certificate of "Charter on External Lighting" by Environment Bureau

- Biggest Unit Saver Award (Restaurant, Hotel and School) by Friends of the Earth (HK) Charity Ltd

- Luxury Family Hotel by 2018 World Luxury Hotel Awards

- Hongkong's Best General Managers (Hospitality) by CMO Asia Awards

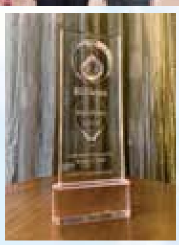
AWARDS AND ACCOLADES

- Hong Kong Green Organisation Certification by The Environmental Campaign Committee

- Caring Company Logo 2018/19 by Hong Kong Council of Social Service

Lan Kwai Fong Hotel @ Kau U Fong

- "Lifestyle Boutique Hotel" by Hong Kong Business High Flyers Awards 2018

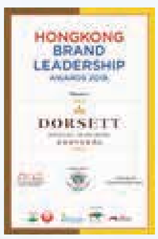


Dorsett Wanchai

- Best Family Hotel in Hong Kong by Hong Kong Business High Flyers – Outstanding Enterprise 2018

- Ctrip – 2017–2018 Best Selling Hotel

- Hong Kong Brand Leadership Award 2018 by Chief Marketing Officer (CMO) Asia



- Rakuten Travel Bronze Award 2017

Dorsett Mongkok

- Expedia Top Hotel Partner 2018

- Hotels.com "Loved by Guests Award"

- Certificate of Excellence by TripAdvisor (2018)

Cosmo Hotel Hong Kong

- Expedia Top Hotel Partner 2018

AWARDS AND ACCOLADES

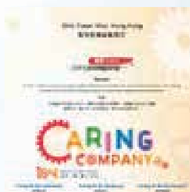
Dorsett Kwun Tong

- Charter on External Lighting – Gold Award by Environment Bureau
- 2018 Trip Advisor – Certificate of Excellence
- Orbitz 2018 Excellent Award
- 5+ Caring Company Logo by Hong Kong Council of Social Service
- Barrier-free Companies/Organizations by Hong Kong Council of Social Service

Silka Tsuen Wan

- Certificate of "Charter on External Lighting" by Environment Bureau
- Luxury Contemporary Hotel by 2018 World Luxury Hotel Awards

- Caring Company Logo 2018/19 by Hong Kong Council of Social Service



Silka Seaview

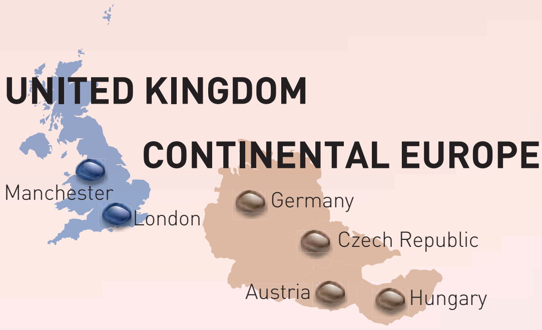
- Service Excellence Hotel of the Year by GHM (Guangdong HK Macao) Hotel General Managers Society
- Golden Pearl Awards by GHM (Guangdong HK Macao) Hotel General Managers Society

Silka Far East

- The best 10 brands of Hong Kong tourism award 2019 – Hotel by Commercial Daily, Joonline.com.hk and Global Commercial Newspaper Union

Silka Seaview/Silka Far East

- Caring Company Logo 2018/19 by Hong Kong Council of Social Service
- Energy Saving Charter 2018 and 4Ts Charter by Environment Bureau
- Gold Award of Charter on External Lighting by Environment Bureau



UNITED KINGDOM

- Property development
- Property investment
- Hotel operations
- Car park operations



CONTINENTAL EUROPE

- Hotel operations
- Car park operations
- Gaming and entertainment



SINGAPORE

- Property development
- Property investment
- Hotel operations


MALAYSIA

- Property development
- Hotel operations
- Car park operations


DIVERSIFIED AND BALANCED PORTFOLIO OF BUSINESSES

FEC has a geographically diverse footprint across the Asia Pacific and Europe

MAINLAND CHINA

- Property development
- Property investment
- Hotel operations



HONG KONG

- Property development
- Property investment
- Hotel operations



AUSTRALIA & NEW ZEALAND

- Property development
- Property investment
- Hotel operations
- Car park operations and facilities management
- Gaming and entertainment




MAJOR PROJECTS

Gold Coast, Australia

THE STAR RESIDENCES GOLD COAST

Project Name: The Star Residences (Tower 1)

Development Address:
1 Casino Dr, Broadbeach, QLD 4218

District: Broadbeach Island, Broadbeach Gold Coast

Property Website: www.thestarresidences.com.au

Approximate Saleable Floor Area (sq. ft.): 295,000

Number of Residential Units: 423

Number of Hotel Rooms: 316 (Dorsett Hotel)

Expected Completion: FY2022

Building Floors (including retail area): 53 levels

Geographical Environment:
Located at The Star Gold Coast on Broadbeach Island and adjacent to Pacific Fair Shopping Center and Gold Coast Convention and Exhibition Centre. Within easy walking distance to G-Link Light Rail Stations connecting the various precincts on the Gold Coast.

Planning and Design:
Architects – Cottee Parker and DBI Design

Project Highlight:
Stage 1 of a masterplan and integrated resort inclusive of restaurants, bars, casino, hotels, theatre, gym, pools, spa etc.
Residential Amenities:
- Pool
- Spa
- Gym
- Yoga room
- Dining Room

MAJOR PROJECTS

EPSILON
THE STAR RESIDENCES
GOLD COAST

Gold Coast, Australia

Project Name: The Star Residence – Epsilon (Tower 2)

Development Address:
1 Casino Dr, Broadbeach, QLD 4218

District: Broadbeach Island, Broadbeach Gold Coast

Property Website: www.thestarresidences.com.au

Approximate Saleable Floor Area (Sq. ft.): 327,000

Number of Residential Units: 457

Number of Hotel Rooms: 276

Expected Launch Time: FY2020

Expected Completion: FY2023

Building Floors (Include Retail Area): 64

Geographical Environment
Located at The Star Gold Coast on Broadbeach Island and adjacent to Pacific Fair Shopping Center and Gold Coast Convention and Exhibition Centre. Within easy walking distance to G-Link Light Rail Stations connecting the various precincts on the Gold Coast.

Project Highlight:
Stage 2 of a masterplan and integrated resort inclusive of restaurants, bars, hotels, theatre, gym, pools, spa etc.
Residential Amenities:
- 23.5m lap pool and poolside lounge areas/spa
- Outdoor BBQ, dining areas and kids' club play areas
- Steam room, sauna and gymnasium
- Casual and private dining area
- Yoga and stretch-down areas
- Private bar and lounge
- Dining and theatre

MAJOR PROJECTS

Perth, Australia

Project Name: Perth Hub

Development Address:
600 Wellington Street, Perth WA 6000

District: Central Business District, Perth

Property Website: www.perth-hub.com.au

Approximate Saleable Floor Area (Sq. ft.): 230,000

Approximate Net Lettable Floor Area (Sq. ft.): 7,500

Number of Residential Units: 314

Number of Hotel Rooms: 263 (Dorsett Hotel)

Expected Completion: FY2022

Building Floors (Include Retail Area): 30 levels

Geographical environment:

- Perth Hub is one of Australia's most exciting regeneration projects made possible by approximately AUD1.1 billion of government funding. The project will reconnect the CBD with Northbridge and Chinatown for the first time in more than 100 years. The area, once just a network of bus and train connections, will become an exciting new destination with housing, shops, restaurants, offices and more;

- Perth Hub is bookended by two new important public assets, Perth Arena and Yagan Square. Sinking the rail line and Wellington Street Bus Station will create a 13.5 hectare precinct with a wealth of exciting new development possibilities. When Perth Hub is complete, there will be a mix of apartments, offices, shops, restaurants, services and entertainment. The project will create a new inner city neighbourhood, showcasing Perth's unique lifestyle and character;

- Perth Hub will consist of an apartment tower and Dorsett Hotel. The ground floor will consist of active hospitality venues such as bars, restaurants and cafés.

MAJOR PROJECTS

Melbourne, Australia

Project Name: West Side Place

Development Address: 250 Spencer Street

District: Central Business District, Melbourne

Property Website: www.westsideplace.com.au

Approximate Saleable Floor Area (sq. ft.): 2,217,000

Approximate Net Lettable Floor Area (sq. ft.): 69,300

Number of Hotel Rooms: 257 rooms (Ritz – Carlton hotel)
316 rooms (Dorsett hotel)

Number of Residential Units: 2,895

Expected Completion: Towers 1 and 2: FY2021
Tower 3: FY2022
Tower 4: FY2023

Building Floors (including retail area and roof)
Tower 1: 82 Floors
Tower 2: 64 Floors
Tower 3: 69 Floors
Tower 4: 71 Floors

Geographical Environment:
- The property represents a two-stage development known as "West Side Place", a major mixed-use development that will comprise four towers across the overall site;
- The site has main frontages with Spencer Street and Lonsdale Street and Little Londsale Street and Merriman Lane;
- The site is in immediate proximity to Southern Cross Train Station and Spencer Street Shopping Town;
- The property is located within the Melbourne CBD Grid.

Planning and Design:
Featuring four high-rise towers with approximately 3,000 apartments as well as Ritz-Carlton hotel at the top levels of Tower 1, West Side Place, embodies a new height of luxury inner city living. Proudly positioned at the corner of Lonsdale and Spencer Streets, the highest tower at West Side Place will soar an impressive 82 storeys with the prestigious Ritz-Carlton hotel occupying the top levels, becoming Australia's tallest hotel

Project Highlight:
- West Side Place is a mixed-use residential development located next to the Upper West Side development. It consists of saleable floor area for residential apartments of approximately 2.2 million sq. ft., a Ritz-Carlton hotel with 257 hotel rooms, a Dorsett Hotel with 316 rooms, retail components and other facility components
- Towers 1 and 2 with approximately 1,400 apartments were launched in June 2016
- Tower 3 with 684 apartments was launched in May 2018
- Tower 4 with 835 apartments was launched in June 2017

MAJOR PROJECTS

Brisbane, Australia

Project Name: Queen's Wharf

Development Address: Queen's Wharf

District: Central Business District, Brisbane

Property Website: www.destinationbrisbaneconsortium.com.au

Approximate Saleable Floor Area (sq. ft.): 1,575,000

Number of Residential Units:
Towers 4, 5 and 6: approximately 2,000

Number of Hotel Rooms:
4 hotels with approximately 900 rooms

Expected Launch Time: Tower 4: FY2020
Towers 5 and 6: Planning

Expected Completion: Tower 4: FY2022
Towers 5 and 6: Planning

Building Floors (including retail area):
Tower 4: max. 67 storeys
Tower 5: max. 63 storeys
Tower 6: max. 50 storeys

Planning and Design:

The project comprises both the integrated resort component and the residential component and encompasses approximately 2,940,000 sq.ft., with approximately 1,290,000 sq.ft. being over land and approximately 1,650,000 sq.ft. being over river, consisting of three residential towers comprising approximately 2,000 apartments, 4 world class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district.

Geographical Environment:
Given the CBD location of the project, the surrounding uses include a broad range of tourism, and education activities, in addition to the commercial and retail activities of the CBD itself. These include:

- Cultural Precinct (opposite the site, adjoining the Victoria Bridge) – which includes the Queensland Performing Arts Centre (QPAC), Queensland Conservatorium, Queensland Museum and Science Centre, the State Library, the QAGOMA and the Brisbane Entertainment and Convention Centre (BECC);
- South Bank (directly opposite the site on the southern bank of the Brisbane River) – the parklands, retail and dining throughout the precinct (focused on Little Stanley Street and the waterfront) and the entertainment facilities within and surrounding the parklands;
- QUT (adjoining the site to the south-east) – QUT is located to the south-east of the site, and will be connected to the QWBIRD by the proposed boardwalk and upgraded Bicentennial Bikeway;
- Queen Street Mall – the retail heart of the CBD; and
- CBD – the core of the city, providing for principal business and administration functions, complemented by a wider range of uses including retail, entertainment, education and residential.

Project Highlight:
The renewal of Queen's Wharf Brisbane represents a once-in-a-generation opportunity to shape the future vibrancy and success of almost 20% of the city centre, to deliver integrated mixed-use development on a scale rarely seen in Australia, to unlock the river front of the 'river city', and, significantly, an opportunity to breathe life into what is arguably the greatest collection of heritage buildings and places in Australia.

Remarks:
The Group has 50% stake of the residential component and 25% stake of the integrated resort component (excluding the Ritz-Carlton Hotel) of the project.

MAJOR PROJECTS

Guangzhou, China

远东·御江豪庭 FAR EAST • ROYAL RIVERSIDE

Project Name: Royal Riverside

Development Address:
Yuhao 1 Jie, Li Wan District, Guangzhou

District: Guangzhou Li Wan District

Property Website: www.royalriverside.com

Approximate Saleable Floor Area (sq. ft.): 692,000

Number of Residential Units: 607

Completion: FY2019

Building Floors (including retail area):
Five Residential Buildings
Tower 1 (御豪軒): 20 Floors, Tower 2 (御龍軒): 15 Floors,
Tower 3 (御景軒): 15 Floors, Tower 4 (御翠軒): 31 Floors,
Tower 5 (御雅軒): 32 Floors

Geographical Environment:
Centrally located in the heart of the city, Royal Riverside is just a 15-minute walk away from the metro station and offers convenient access to Huadiwan Station or Fangcun Metro Station. It is only a 15- minute drive to the new international airport in Guangzhou.

Planning and Design:
Situated at the riverside with a large community of nature and an endless inspiration for design concept. In addition to the practicability of architecture, Royal Riverside is designed in modern art deco style. The designer is focused on the details of the decoration with European artistic taste and well-proportioned sculpture and water features, rendering an artistic atmosphere nearby.

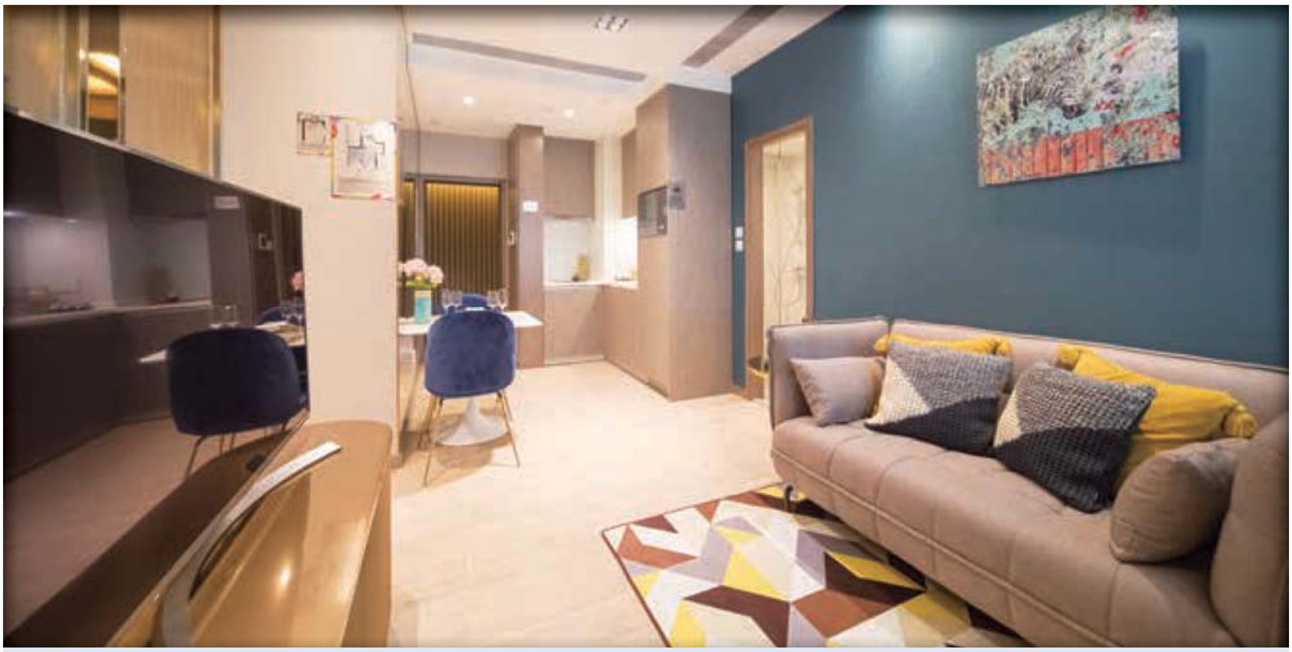
Project Highlight:
- Royal Riverside is fully equipped with a private club house, outdoor swimming pool, underwater loungers etc. The club house features a world-class resort that offers cinemas, bars and elderly center;
- There is 100,000 square meters of space comprising standardized public kindergartens, open boutique community, commercial streets, private clubs, and markets, and effecting a "LOHAS" community-based living.

Awards:
- Leju 2015 Premium Property
- SouFun – 2015 Guangzhou High Quality Property
- 2015 China Properties and Houses Champion Chart – The Best Quality Property with an Attitude

MAJOR PROJECTS

ASTORIA CREST
傲凱

Hong Kong, China



Project Name: Astoria Crest

Development Address:
229 Hai Tan Street (for Upper Floors)
231 Hai Tan Street (for Ground Floor Shop)

District: Cheung Sha Wan, Kowloon

Property Website: www.astoriacrest.com.hk

Approximate Saleable Floor Area (sq. ft.): 20,000

Approximate Net Lettable Floor Area (sq. ft.): 3,900

Number of Residential Units:
87 (including 15 reserved units for URA)

Expected Completion: FY2020

Building Floors (including retail area): 27

Greening Rate: Around 40%

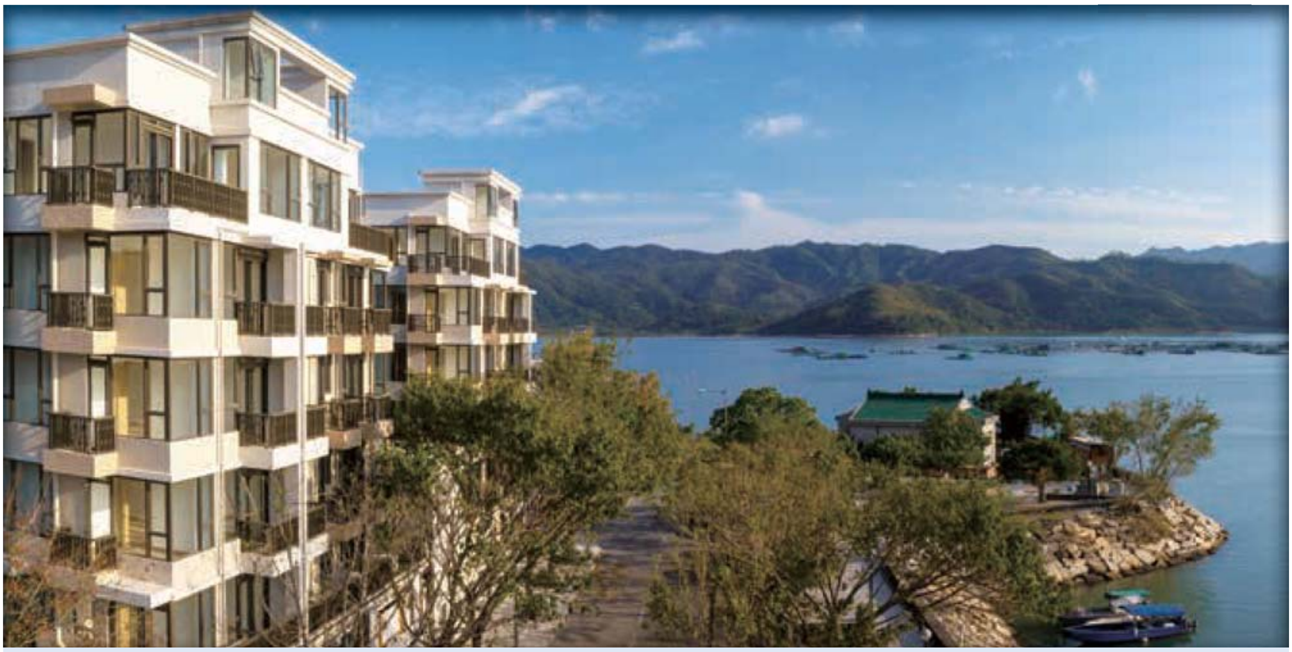
Geographical Highlight:
- Within walking distance of Nam Cheong Station and Sham Shui Po Station;
- Convenient access to Hong Kong International Airport;
- Close proximity to West Kowloon Cultural District;
- Kowloon school network (40 primary schools).

Project Highlight:
Clubhouse with gym, function room and flat roof.

MAJOR PROJECTS

MARIN POINT
尚澄

Hong Kong, China



Project Name: Marin Point

Development Address:
31 Shun Lung Street, Sha Tau Kok

District: Sha Tau Kok

Property Website: www.marinpoint.com

Approximate Saleable Floor Area (sq. ft.):
103,000

Approximate Net Lettable Floor Area (sq. ft.):
6,800

Number of Residential Units: 261

Completion: FY2019

Building Floors (including retail area): 6

Geographical Environment:

- Located at seaside site of Sha Tau Kok Town Center with 270° panoramic sea view and hilly landscape along Pat Sin Leng and Plover Cove Country Park;
- Surrounded by green and natural environment adjacent to green areas, such as Pat Sin Leng, Plover Cove Country Park, Luk Keng and Lau Shui Heung, as well as Sha Tau Kok Farm which offer a peaceful and healthy lifestyle;
- Adjoining various historic landmarks, of which Ha Wo Hang Fat Tat Tong, the Residence of Ip Ting-sz in Lin Ma Hang Tsuen and Kang Yung Study Hall are named as Declared Monuments in Hong Kong;
- Buses and green minibuses routes to Fanling and Sheung Shui in the district provide easy access to districts in Hong Kong by interchange of MTR or highways and roads. Cross-border buses provide routes to Mainland China, as well as Sha Tau Kok Boundary Control Point, and Liantang/Heung Yuen Wai Boundary Control Point, which is expected to be completed in 2019 will facilitate the cross-boundary advantage;
- Ancillary communal facilities in Sha Tau Kok are well placed with mature development, such as restaurants, banks, markets and ancillary stores.

Project Highlight:
Marin Point is well designed with space concepts of low density and resort hotels that apply the unique concept of "embracing the landscape into the room", in order to create more space for leisure scenery in balconies with panoramic view of the swimming pool in the clubhouse to the seacoast in Sha Tau Kok.

The only star-rated private clubhouse with facilities:
– Outdoor swimming pool
– Marin Point Banquet Hall
– Gym rooms
– Activity rooms
– Children's playground
– Study and leisure rooms
– Recreational rooms
– Game rooms

MAJOR PROJECTS

MANOR PARC
珀爵

Hong Kong, China

Project Name: Manor Parc

Development Address:
3 Tan Kwai Tsuen Lane

District: Tong Yan San Tsuen, Yuen Long

Property Website: www.manorparc.com.hk

Approximate Saleable Floor Area (sq. ft.):
50,000

Number of Residential Units: 24

Completion: FY2019

Geographical Environment:
Favorable description on location, facilities, school, transportation, hospital and restaurant

- Located in the strategic position of the right hand side of China's targeted development Guangdong-Hong Kong-Macao Greater Bay Area. It will benefit from its synergy and be connected with strategic infrastructure projects of multi-billion dollars. The site connects Shenzhen Port, Lantau Island new development hub as well as Pearl River Delta Region, becoming the "regional economic and entertainment hub" of the Northwest New Territories;
- Located between Hung Shui Kiu Development Area (under planning) and Yuen Long South Development Area (under planning), which are the two main development regions and economic and trade core areas. It has a vantage geographical position of locating between Hong Kong and Greater Bay Area, which would be the centers for creating further economic growth;
- Adjoining the planned Hung Shui Kiu Station of West Rail as well as the prevailing Light Rail railway and highway networks, it will be easy to travel to and from the urban areas, airport, Hong Kong-Zhuhai-Macau Bridge or the Mainland.

Project Highlight:

- The design concept derives from combining the trendy and classic of architectural aesthetics into the design of building. The chosen materials of engraved entrance gate as well as the stone and building materials of the project are all the works of famous architects, showing the full magnificent details. 24 towers are constructed on a side-by-side basis that enhancing visual permeability. Meticulous attention to every detail, the design is exquisite in taste.
- In addition to spacious indoor area, some of the houses are composed of terrace and rooftop which are sufficient for family members to enjoy blessedness of home life.
- Each house is featured with two proprietary parking spaces and luxurious garages. Some of the houses comprise indoor exclusive elevator leading directly to each of its floor and rooftop.
- Featuring with a dedicated clubhouse and private area for various kinds of activities, this splendid building will provide occupants with comfortable and leisure lifestyle.

MAJOR PROJECTS

Hong Kong, China

Project Name: The Garrison

Development Address:
28 Mei Tin Road

District: Sha Tin

Property Website: www.thegarrison.com.hk

Approximate Saleable Floor Area (sq. ft.): 29,000

Approximate Net Lettable Floor Area (sq. ft.): 5,100

Number of Residential Units: 118

Expected Completion: FY2020

Building Floors (including retail area): 23

Project Highlight:
Located in a prime location in the centre of Tai Wai, The Garrison is a rare new supply in the downtown area in recent years. It only takes around 4 minutes' walk to the Tai Wai MTR station, the meeting point of three MTR lines, enjoying the convenience of the East Rail Line and the Ma On Shan Line while being the interchange station of the Shatin to Central Link which is about to be completed. It is only one stop away from large-scale integrated shopping malls including Festival Walk in Kowloon Tong and New Town Plaza in Sha Tin, where international brands and restaurants are located with its convenient transportation. It is definitely the best choice for residential or investment because of its prime location in the quality School Net 88 of Sha Tin District and a number of international schools and higher education institutions in place.

MAJOR PROJECTS

Singapore

Project Name: Artra

Development Address: 10 Alexandra View

District: Central Business District

Property Website: www.artra.sg

Approximate Saleable Floor Area (sq. ft.): 409,000

Approximate Net Lettable Floor Area (sq. ft.): 21,500

Number of Residential Units: 400

Expected Completion: FY2021

Building Floors (including retail area):
44 storeys with 2 levels of basement car park

Geographical Environment:
- Close to Alexandra Park Connector and Singapore Botanic Gardens;
- Right next to Redhill MRT Station, supermarket & commercial units at 1st storey, and childcare centre at 2nd storey;
- Shopping: China Town, Raffles Place, Marina Bay, Orchard Area;
- School: Gan Eng Seng Primary School, Queensway Primary School, Alexandra Primary School, Henderson Secondary School, Bukit Merah Secondary School, Crescent Girls' School;
- Other auxiliary facilities: Singapore General Hospital.

Project Highlight:
- Friendly amenities include shops, gourmet, supermarket and childcare;
- Excellent recreational facilities such as 50-meter lap pool, leisure pool, leisure tennis court, sky fitness, sky jacuzzi, sky terraces and roof terrace;
- All units are north-south facing within an elegant 44-storey tower;
- Every master bedroom is fully-fitted with a walk-in wardrobe, well-appointed, thoughtful and spacious two-bedroom plus study, three-bedroom and three-bedroom plus study layouts;
- Large premium three-bedroom plus study and 5-bedroom plus family layouts with private lift lobby.

Awards: Green Mark Gold

Remarks: The Group has a 70% stake in this project.

MAJOR PROJECTS

HORNSEY
TOWN HALL

London, the United Kingdom

Project Name: Hornsey Town Hall

Development Address:
Hornsey Town Hall, The Broadway, Crouch End

District: Haringey, London

Property Website: www.hornsey-townhall.co.uk

Approximate Saleable Floor Area (sq. ft.): 108,000

Number of Residential Units: 135

Number of Hotel Rooms: 68

Expected Completion: FY2021

Building Floors: 7

Geographical Environment:
Located in the heart of Crouch End, this iconic art deco building with its landscaped town hall square is positioned around the Town Hall Square. It is adjacent to shops and restaurants on a busy high street with good transport links to Central London.

Project Highlight:

- Grade II* listed historic Town Hall and Broadway Annex
- 68 room hotel
- Three new residential buildings encompassing a range of studio, 1,2 & 3 bedroom homes
- Landscaped public square with new courtyards and gardens
- Arts centre and event space for world class performances
- Co-working, office and flexible workspaces
- Restaurants, cafes and a rooftop bar
- 24-hour concierge and security

MAJOR PROJECTS

London, the United Kingdom

Project Name: Consort Place

Development Address:
50 Marsh Wall, 63-69, 68-70 & 74 Manilla Street, London

District: Canary Wharf, London

Approximate Saleable Floor Area (sq. ft.): 390,000

Approximate Net Lettable Floor Area (sq. ft.): 6,700

Number of Residential Units:
509 (private residential)

Number of Hotel Rooms: 231 (Dorsett Hotel)

Expected Launch Time: FY2020

Expected Completion: FY2023

Building Floors (including retail area):
Two high rise towers (65 storeys and 35 storeys)

Geographical Environment:
Located in the Canary Wharf area in London, Consort Place is a mixed-use development. The availability of local transport, underground, buses and Crossrail (starting 2020), make Consort Place easily accessible from various London prime locations.

Project Highlight:
- Two slender high rise towers with 634 apartments (including 125 affordable housing apartments)
- Stunning views across London city and beyond
- Close proximity to London's financial centre
- Dorsett Hotel with 231 rooms
- State-of-the-art facilities to include gym vitality pool, multi use media room and sky lounge
- 24-hour concierge and security
- Health centre, café and restaurants
- Children's play space and new public realm
- Historic public house
- Easy access to South Quay DLR, London Underground, Crossrail and River Bus

MAJOR PROJECTS

Manchester, the United Kingdom

Project Name: MeadowSide

Development Address:
Aspin Lane, Manchester

District: Central Business District, Manchester

Property Website: www.meadowside-manchester.com

Approximate Saleable Floor Area (sq. ft.): 558,000

Number of Residential Units: 756

Launch/Expected Launch Time: Plots 2 and 3: FY2018
Plot 4: Planning
Plot 5: FY2019

Expected Completion: Plot 2: FY2021
Plot 4: Planning
Plot 5: FY2021

Building Floors (including retail area):
Plot 2 – 22
Plot 3 – 17
Plot 4 – 40
Plot 5 – 12/9

Geographical Environment:
Development sits around one of the only green spaces within the city centre, is within walking distance of the central business district and major transport hubs. A range of 1, 2 and 3 bedroom apartments are available along with penthouses and residents communal areas, including a gym and private lounge.

Project Highlight:
- Four distinctive buildings embracing a central park, providing quality park-side living with a mix of 1-3 bed apartments, townhouses and penthouses
- Slick glass facades up to 40 storeys high
- High specification interiors and hotel style amenities, 24-hour concierge, beautifully designed boutique lobby, private gym and private dining
- 5-min walk to Manchester Victoria Station
- Around one of the biggest green spaces in Manchester city centre
- Neighbouring the most inspiring, eclectic and creative areas of the city, NOMA and the Northern Quarter

MAJOR PROJECTS

Manchester, the United Kingdom

Project Name: Northern Gateway

District: New Cross, Lower Irk Valley and Collyhurst, Manchester

Approximate Saleable Floor Area (sq. ft.): 1,645,000*

Number of Residential Units: more than 15,000

Project Status: obtained master planning in FY2019

Expected Launch Time:
– Addington Street: FY2020
– Victoria Riverside: FY2021
– Others: Planning

Expected Completion: Planning

Geographical Environment:
- The vision is to create a series of distinct yet clearly connected communities making the most of the area's natural resources including the River Irk and its location close to the city centre;
- Unlock the residential potential of more than 390 acres of land that sweeps north from Victoria Station taking in the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst.

Project Highlight:
More than 15,000 new homes over the next decade with an emphasis on design quality and sustainability, open space and green walking and cycling routes.

* Approximate saleable residential floor areas may vary subject to master planning.

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its Subsidiaries are engaged in property development and investment, hotel operations and management, car park operations and facilities management, gaming operations and management, and treasury management. These divisions are the basis on which the Group reports its primary segment information.

PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal Subsidiaries, associates and joint ventures at 31 March 2019 are set out in notes 50, 19 and 20 to the consolidated financial statements, respectively.

BUSINESS REVIEW

The Group's revenue is derived primarily from business activities conducted in Hong Kong, the PRC, Australia, Malaysia, Singapore, the UK and Europe. An analysis of the Group's performance for the Year by operating segment is set out in note 6 to the consolidated financial statements.

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of the financial year and the likely future developments and an analysis of the Group's performance using financial key performance indicators, is set out in the "Management Discussion and Analysis", "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report" of this Annual Report. Principal risks and uncertainties facing the Group are set out in the "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report". Details about the Group's financial risk management are set out in note 5 to the consolidated financial statements.

The Group is committed to support sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measurement to achieve efficient use of resources, energy saving and waste reduction. A discussion of the Group's environmental policies and performance is set out in the "Environmental, Social and Governance Report".

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group is committed to establishing a close and caring relationship with our employees, customers and suppliers and enhancing cooperation with our business partners. Details are set out in the "Environmental, Social and Governance Report".

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 151.

The Board has recommended the payment of a final dividend for the year ended 31 March 2019 of HK$18 cents (2018: HK$18 cents) per ordinary share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid to the Shareholders whose names appear on the Company's Register of Members on 23 September 2019. The Proposed Final Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the 2019 AGM; and (ii) the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 23 September 2019. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to the Shareholders together with a form of election on or around 30 September 2019. Dividend warrants and/or new share certificates will be posted on or around 31 October 2019.

CLOSURE OF REGISTER OF MEMBERS

Details of the periods of closure of the Company's Register of Members are as follows:

(a) For determining the entitlement to attend and vote at the 2019 AGM

The 2019 AGM is scheduled to be held on Thursday, 12 September 2019. For determining the entitlement to attend and vote at the 2019 AGM, the Register of Members of the Company will be closed from Monday, 9 September 2019 to Thursday, 12 September 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2019 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (which address will be changed to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019), for registration not later than 4:30 p.m. on Friday, 6 September 2019.

(b) For determining the entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of Shareholders at the 2019 AGM. For determining the entitlement of the Proposed Final Dividend, the Register of Members of the Company will also be closed from Thursday, 19 September 2019 to Monday, 23 September 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at the above address for registration not later than 4:30 p.m. on Wednesday, 18 September 2019.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 31.

DISTRIBUTABLE RESERVES

In the opinion of the Directors, the reserves of the Company which are available for distribution to Shareholders at 31 March 2019 amounted to approximately HK$11,886,000 (2018: HK$28,511,000), representing the retained profits of the Company.

INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31 March 2019. The increase in fair value of investment properties, which has been credited directly to consolidated statement of profit or loss, amounted to HK$672,530,000.

Details of these and other movements during the Year in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group spent approximately HK$1,194,000,000 on development and refurbishment.

Details of these and other movements during the Year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group at 31 March 2019 are set out on pages 268 to 293.

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 37 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company, through its wholly-owned subsidiary, Singford Holdings Limited, repurchased a total of 12,719,000 Shares on the Stock Exchange and details of which are as follows:

Month of repurchase	Number of Shares repurchased	Price per Share Highest HK$	Price per Share Lowest HK$	Aggregate consideration paid HK$
April 2018	4,100,000	4.56	4.29	18,419,459.60
July 2018	2,600,000	4.41	4.32	11,362,540.00
August 2018	1,100,000	4.40	4.32	4,801,300.00
September 2018	2,150,000	3.99	3.85	8,422,470.00
January 2019	2,769,000	3.53	3.29	9,509,500.00

Save as disclosed above, neither the Company nor any of its Subsidiaries has purchased, sold or redeemed any of the Company's listed Shares during the Year.

The purchase were made for the benefit of the Shareholders with a view to enhancing the net asset value and earnings per Share of the Group.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company and its Subsidiaries shall be entitled to be indemnified by the relevant company against all costs, fees, losses, expenses and liabilities incurred by him or her in the course of his or her duties or in relation thereto pursuant to their respective articles of associations. Such provisions were in force during the course of the Year and remained in force as at the date of this report.

DIRECTORS

The Directors during the Year and up to the date of this report were:

Executive Directors

Tan Sri Dato' David CHIU (Chairman and Chief Executive Officer)
Mr. Cheong Thard HOONG
Mr. Dennis CHIU
Mr. Craig Grenfell WILLIAMS
Ms. Wing Kwan Winnie CHIU (Appointed on 3 June 2019)

Independent Non-executive Directors

Mr. Kwok Wai CHAN
Mr. Peter Man Kong WONG (Deceased on 11 March 2019)
Mr. Kwong Siu LAM
Mr. Lai Him Abraham SHEK (Appointed on 3 June 2019)

Pursuant to the provisions of the Articles and the Listing Rules, Mr. Cheong Thard HOONG, Mr. Craig Grenfell WILLIAMS, Mr. Kwong Siu LAM, Ms. Wing Kwan Winnie CHIU and Mr. Lai Him Abraham SHEK shall retire at the 2019 AGM and are eligible to offer themselves for re-election in the 2019 AGM.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2019 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions", no transaction, arrangement or contract of significance to which the Company or any of its Subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

CONNECTED TRANSACTION

On 21 February 2019, the Company entered into reorganisation agreements, share subscription agreements and agreements between two new investors (the "New Investors") in BC Group who, together, will subscribe for 25% of the shares in BC Group, as enlarged by the issue of such shares, for AUD15 million (equivalent to approximately HK$83.4 million). In connection with such reorganisation, the Company has procured the issue by BC Group of new shares to Mr. Cheong Thard HOONG ("Mr. HOONG") and Mr. Craig Grenfell WILLIAMS ("Mr. WILLIAMS"), both are Executive Directors and therefore connected persons of the Company, with such shares representing 4.41% and 1.47% in BC Group. Following the share subscriptions by the New Investors, the Group's, Mr. HOONG's and Mr. WILLIAMS's shareholding in BC Group will be diluted to 50.66%, 3.30% and 1.10% respectively. The remaining 19.94% in BC Group is held by the management team of BC Group.

Mr. HOONG and Mr. WILLIAMS have been instrumental in the establishment of BC Securities' business. In 2017, shortly after commencement of the business of BC Securities, the Company undertook to incentivize them with an economic interest in the business. The share issues by BC Group to Mr. HOONG and Mr. WILLIAMS referred to above are consistent with this commitment.

For details, please refer to the announcement of the Company dated 21 February 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of SFO; or as otherwise notified to the Company and the Model Code were as follows:

A. The Company

A.1 Long position in the ordinary shares

Name of Director	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital[iv]
David CHIU	Beneficial owner	18,047,617	0.76%
	Interest of spouse	585,322[i]	0.02%
	Interest of controlled corporations	1,090,839,657[i]	46.38%
Cheong Thard HOONG	Beneficial owner	13,234,771	0.56%
	Joint interest	464,754[ii]	0.01%
Dennis CHIU	Beneficial owner	4,040	0.00%
	Interest of controlled corporations	5,754,094[iii]	0.24%

DIRECTORS' REPORT

Notes:

(i) 1,090,823,690 shares were held by Sumptuous Assets Limited, a company controlled by Far East Organization (International) Limited. 15,967 shares were held by Modest Secretarial Services Limited. Far East Organization (International) Limited and Modest Secretarial Services Limited are companies controlled by Tan Sri Dato' David CHIU. 585,322 shares were held by Ms. Nancy NG, spouse of Tan Sri Dato' David CHIU.

(ii) 464,754 shares were held by Mr. Cheong Thard HOONG jointly with his spouse.

(iii) 5,754,094 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

(iv) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2019.

A.2 Debentures

As at 31 March 2019, Tan Sri Dato' David CHIU was deemed to have an interest in the 3.75% USD Medium Term Notes 2021 issued by the Company in the principal amount of USD12,000,000 of which USD10,000,000 was held by Tan Sri Dato' David CHIU and USD2,000,000 was held by his spouse, Ms. Nancy NG.

As at 31 March 2019, Mr. Cheong Thard HOONG was deemed to have an interest in the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD1,000,000 of which USD300,000 was held by Mr. Cheong Thard HOONG and USD700,000 was held by Mr. Cheong Thard HOONG jointly with his spouse.

B. Associated corporations

B.1 Long position in the ordinary shares

Name of Director	Name of associated corporation	Capacity	Number of ordinary shares interested	Approximate % of the relevant issued share capital
Craig Grenfell WILLIAMS	Care Park	Beneficiary of a discretionary trust	825[i]	8.25%[ii]
Cheong Thard HOONG	BC Group	Beneficial owner	653,429	3.30%[iii]
Craig Grenfell WILLIAMS	BC Group	Beneficial owner	217,810	1.10%[iii]

Notes:

(i) These shares in Care Park were held by Chartbridge Pty Ltd in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.

(ii) The percentage represents the number of ordinary shares interested divided by Care Park's issued shares as at 31 March 2019.

(iii) The percentage represents the number of ordinary shares interested divided by BC Group's issued shares as at 31 March 2019.

Save as disclosed above, none of the Directors or chief executive of the Company had registered an interest and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2019.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company are disclosed under the section headed "Share Option Schemes" below and in note 45 to the consolidated financial statements.

SHARE OPTION SCHEMES

(A) FECIL Share Option Schemes

FECIL Share Option Schemes were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its Subsidiaries (including Executive and Non-executive Directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its Subsidiaries. Under FECIL Share Option Schemes, the Directors may grant options to eligible employees including directors of the Company and its Subsidiaries, to subscribe for shares of the Company.

The Company's old share option scheme adopted on 28 August 2002 was expired on 28 August 2012. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted a new share option scheme pursuant to a resolution passed by the Shareholders on 31 August 2012 for a period of 10 years commencing on the adoption date.

The following table discloses movements in the Company's share options during the Year:

			Number of share options					
Category of grantee	Date of grant	Exercise price per share HK$	Outstanding at 1 April 2018	Granted during the Year	Exercised during the Year	Lapsed/ cancelled during the Year	Outstanding at 31 March 2019	Exercise period[i]
Employees in aggregate	27.03.2013	2.550	225,000	–	(225,000)	–	–	1 March 2014 – 28 February 2020
			300,000	–	(300,000)	–	–	1 March 2015 – 28 February 2020
			375,000	–	(375,000)	–	–	1 March 2016 – 28 February 2020
			600,000	–	(600,000)	–	–	1 March 2017 – 28 February 2020
			1,500,000	–	(1,500,000)	–	–	
Total			1,500,000	–	(1,500,000)	–	–	

Note:

(i) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

As at the date of this annual report, the total number of Shares available for issue under FECIL Share Option Schemes is 156,975,707, representing approximately 6.68% of the issued share capital of the Company as at the date of this annual report. Further information on FECIL Share Option Schemes and the options granted by the Company is set out in note 45 to the consolidated financial statements.

(B) Dorsett Share Option Scheme

Dorsett Share Option Scheme was adopted for the purpose of providing incentives or rewards to selected eligible participants for their contribution to the Group. Eligible participants of Dorsett Share Option Scheme include directors of Dorsett (including executive directors, non-executive directors and independent non-executive directors) and employees of Dorsett and the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group whom the board of Dorsett considers, in its sole discretion, have contributed or will contribute to the Group.

The share options under Dorsett Share Option Scheme, save for those lapsed on 10 October 2015 in accordance with the Dorsett Share Option Scheme, were cancelled upon acceptance of the offer under Rule 13 of The Code on Takeovers and Mergers and Share Buy-backs published by the Securities and Futures Commission made by or on behalf of Willow Bliss Limited, a wholly-owned Subsidiary, to the holders of Dorsett Share Option Scheme at a nominal value of HK$0.01 for each share option under Dorsett Share Option Scheme.

As at 31 March 2019, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company or any of its Subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31 March 2019, according to the register of interests in shares or short positions as recorded in the register, required to be kept under Section 336 of the SFO (other than the interests of Directors as set out above) and as far as the Directors are aware, the following persons had interests of 5% or more or short positions in the shares of the Company:

Name of substantial Shareholder	Capacity	Number of ordinary shares interested	Approximate % of the Company's issued share capital[iv]
Sumptuous Assets Limited	Beneficial owner	1,090,823,690[i] (long position)	46.38%
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.55%
	Interest of controlled corporations	140,942,693[ii] (long position)	5.99%
	Interest of spouse	1,624,301[ii] (long position)	0.06%
Value Partners Group Limited	Interest of controlled corporations	139,917,264[iii] (long position)	5.94%
Value Partners High-Dividend Stocks Fund	Beneficial owner	112,842,788 (long position)	4.79%

Notes:

(i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(ii) 140,942,693 shares were held by various companies under Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.

(iii) These shares were held by various companies controlled by Value Partners Group Limited.

(iv) The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 31 March 2019.

Save as disclosed above, as at 31 March 2019, the Company has not been notified of any persons (other than directors or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately HK$8,800,000.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the Year.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. As at 31 March 2019, the number of employees of the Group was approximately 4,000.

The emoluments of the Directors are recommended/determined by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted FECIL Share Option Schemes as an incentive to Directors and eligible participants, details of the schemes are set out in note 45 to the consolidated financial statements.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 132 to 144.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Law, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and certain of its Subsidiaries, as guarantors, and City Sight Limited ("City Sight"), its Subsidiary, as borrower, entered into a facility agreement (the "Facility Agreement") with a group of banks, as lenders, on 19 September 2018 and a term loan facility in the aggregate amount of HK$1,700 million was granted to City Sight. The final maturity date is 37 months from the date of the Facility Agreement.

Pursuant to the Facility Agreement, the following specific performance covenants were imposed on the Controlling Shareholder:

(a) Sumptuous Assets Limited shall own, directly or indirectly, at least 40% of the beneficial interest in the Company, carrying at least 40% of the voting right; and

(b) Chiu Family (as defined in the Facility Agreement) shall own, directly or indirectly, more than 51% of the beneficial interest in Sumptuous Assets Limited, carrying more than 51% of the voting right, free from any security.

During the Year, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 19 September 2018.

AUDITOR

A resolution will be submitted to the 2019 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
David CHIU
Chairman and Chief Executive Officer

20 June 2019

CORPORATE GOVERNANCE REPORT

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2019.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognizes the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has applied the principles as set out in the CG Code during the year ended 31 March 2019. In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions") set out in the CG Code during the year ended 31 March 2019, except for the deviation from Code Provision A.2.1. Key corporate governance principles and practices of the Company as well as details of the foregoing non-compliance and deviations of Code Provisions are summarized below.

A. THE BOARD

A.1 Responsibilities and Delegation

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing Shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its Shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board or Executive Committee prior to any significant transactions being entered into by the senior management team.

A.2 Board Composition

The Board currently comprises eight Directors, five are Executive Directors and three are Independent Non-executive Directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current Directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company.

Pursuant to Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least three Independent Non-executive Directors. Pursuant to Rule 3.21 of the Listing Rules, the audit committee of a listed issuer must comprise a minimum of three members. Pursuant to Rule 3.25 of the Listing Rules, the remuneration committee of a listed issuer must comprise a majority of Independent Non-executive Directors. Throughout the year ended 31 March 2019, the Company has met the Listing Rules requirements of appointing Independent Non-executive Directors representing at least one-third of the Board with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. Following the passing away of Mr. Peter Man Kong WONG, the number of Independent Non-executive Directors was below the minimum number prescribed under Rule 3.10(1) of the Listing Rules. The number of members of the audit committee of the Company was reduced to two which was below the minimum number prescribed under Rule 3.21 of the Listing Rules and the relevant terms of reference of the Company. The number of members of the remuneration committee of the Company was reduced to two, which was below the composition requirement of the remuneration committee under Rule 3.25 of the Listing Rules and was below the minimum number prescribed under the relevant terms of reference of the Company. In addition, the Company has received from each of the Independent Non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them are independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All Directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent Non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

A.3 Chairman and Chief Executive Officer

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Group.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

A.4 Appointment, Re-Election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles.

Each Director, including the Independent Non-executive Directors, is engaged for a term of 3 years, subject to renewal upon expiry of the term. They are also subject to re-election in accordance with the Articles.

In accordance with clauses 106 and 107 of the Articles, Mr. Craig Grenfell WILLIAMS (Executive Director) and Mr. Kwong Siu LAM (Independent Non-executive Director) shall retire by rotation at the 2019 AGM; whereas according to clause 112 of the Articles, Ms. Wing Kwan Winnie CHIU and Mr. Lai Him Abraham SHEK, who were appointed by the Board as Executive Director and Independent Non-executive Director respectively on 3 June 2019, shall hold office until the 2019 AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the 2019 AGM.

In accordance with the second part of clause 115(B) of the Articles, a Director appointed as an Executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors. In order to uphold good corporate governance practices, Mr. Cheong Thard HOONG, the Managing Director of the Company, voluntarily retires from his office and offers himself for re-election at the 2019 AGM notwithstanding that he is not required to do so by clause 115(B) of the Articles.

The Board recommended the re-appointment of the above five retiring Directors standing for re-election at the 2019 AGM. The Company's circular, sent together with this annual report, contains detailed information of the above five retiring Directors, as required by the Listing Rules.

A.5 Training and Continuing Development for Directors

Each newly appointed Director receives comprehensive introduction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

During the year ended 31 March 2019, the Company has provided (i) reading materials on regulatory updates to all its Directors, namely, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG (Deceased on 11 March 2019) and Mr. Kwong Siu LAM; and (ii) regular briefing to its Directors on corporate governance and updates on the Listing Rules. Besides, Mr. Cheong Thard HOONG, Mr. Kwok Wai CHAN, Mr. Peter Man Kong WONG (Deceased on 11 March 2019) and Mr. Kwong Siu LAM attended other seminars and training sessions arranged by other professional firms/institutions.

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for each regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting. Board papers together with appropriate information are usually sent to the Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, 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. The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The attendance records of each Director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2019 are set out below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Tan Sri Dato' David CHIU	4/4	N/A	2/2	1/1	1/1
Mr. Cheong Thard HOONG	4/4	N/A	N/A	N/A	1/1
Mr. Dennis CHIU	4/4	N/A	N/A	N/A	0/1
Mr. Craig Grenfell WILLIAMS	3/4	N/A	N/A	N/A	0/1
Mr. Kwok Wai CHAN	4/4	3/3	2/2	1/1	1/1
Mr. Peter Man Kong WONG[i] (Deceased on 11 March 2019)	3/3	2/2	2/2	1/1	0/1
Mr. Kwong Siu LAM	4/4	3/3	N/A	1/1	1/1

Note:

(i) Mr. Peter Man Kong WONG deceased on 11 March 2019. Before his passing away, three Board meetings, two Audit Committee meetings, two Remuneration Committee meetings, a Nomination Committee meeting and an annual general meeting were held during the year ended 31 March 2019.

In addition, the Chairman of the Board also held a meeting with the Independent Non-executive Directors without the presence of Executive Directors during the Year.

A.7 Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions in the Company. Following specific enquiry made by the Company, all the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 March 2019.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying Directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires Directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated Director for receiving such notifications.

A.8 Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the Code Provision D.3.1 of the CG Code. During the Year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code, (ii) reviewed and monitored the training and continuous professional development of Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

B. BOARD COMMITTEES

The Board has established 4 Board committees, namely, the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee). All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

B.1 Executive Committee

The Executive Committee currently comprises a total of 6 members, namely, Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Ms. Wing Kwan Winnie CHIU and Mr. Ka Pong CHAN. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B.2 Audit Committee

The Audit Committee currently comprises a total of 3 members, being the 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK. The chairman of the Audit Committee is Mr. Kwok Wai CHAN who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor. The Company was not in compliance with the requirements of the Rule 3.21 of the Listing Rules and the relevant terms of reference of Audit Committee following the passing away of Mr. Peter Man Kong WONG on 11 March 2019 as the Audit Committee must comprise a minimum of 3 members, as disclosed in the announcement of the Company dated 12 March 2019, until the appointment of Mr. Lai Him Abraham SHEK as an Independent Non-executive Director and a member of the Audit Committee with effect from 3 June 2019.

The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31 March 2019, the Audit Committee has performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31 March 2018, the related accounting principles and practices adopted by the Company and the relevant audit findings;

- Review and discussion of the interim financial statements and interim results for the six months ended 30 September 2018 and the related accounting principles and practices adopted by the Company;

- Review and discussion of financial reporting and risk management and internal control of the Group;

- Discussion and recommendation of the re-appointment of external auditor; and

- Review of the arrangements for employees to raise concerns about possible improprieties.

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2019 are set out in section A.6.2 above.

B.3 Remuneration Committee

The Remuneration Committee currently comprises a total of 3 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 2 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN and Mr. Lai Him Abraham SHEK. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the majority of the members are Independent Non-executive Directors. The Company was not in compliance with the requirements of the Rule 3.25 of the Listing Rules and the relevant terms of reference of Remuneration Committee following the passing away of Mr. Peter Man Kong WONG on 11 March 2019 as the Remuneration Committee must comprise a majority of Independent Non-executive Directors, as disclosed in the announcement of the Company dated 12 March 2019, until the appointment of Mr. Lai Him Abraham SHEK as an Independent Non-executive Director and a member of the Remuneration Committee with effect from 3 June 2019.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the senior management (i.e. the model described in the Code Provision B.1.2(c)(i) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During the year ended 31 March 2019, the Remuneration Committee has reviewed and determined the remuneration packages of the Executive Directors and senior management.

The attendance records of each Committee member at the Remuneration Committee meeting held during the year ended 31 March 2019 are set out in section A.6.2 above.

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the senior management for the year ended 31 March 2019 falls within the band from HK$1,000,000 to HK$2,000,000.

Details of the remuneration of each of the Directors for the year ended 31 March 2019 are set out in note 14 to the consolidated financial statements.

B.4 Nomination Committee

The Nomination Committee currently comprises a total of 4 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 3 Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendations to the Board; to consider the retirement and re-election of the Directors and to make relevant recommendations to the Board; and to assess the independence of the Independent Non-executive Directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognizes and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the provision of A.5.6 of the CG Code, a Board diversity policy was adopted by the Company in 2013 and modified in 2018, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspective (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board. In November 2018, the Company has also established a Director nomination policy setting out the approach and procedures adopted for the nomination and selection of Directors.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the year ended 31 March 2019, the Nomination Committee has performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company;
- Recommendation of the re-appointment of those Directors standing for re-election at the 2018 annual general meeting of the Company; and
- Assessment of the independence of all the Independent Non-executive Directors.

The attendance records of each Committee member at the Nomination Committee meeting held during the year ended 31 March 2019 are set out in section A.6.2 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2019.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. RISK MANAGEMENT AND INTERNAL CONTROL

The Board, through its Audit Committee, has the responsibility to ensure that the Group maintains an effective risk management and internal control systems. The Board oversees the Group's design, implementation and monitoring of the risk management and internal control systems and acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

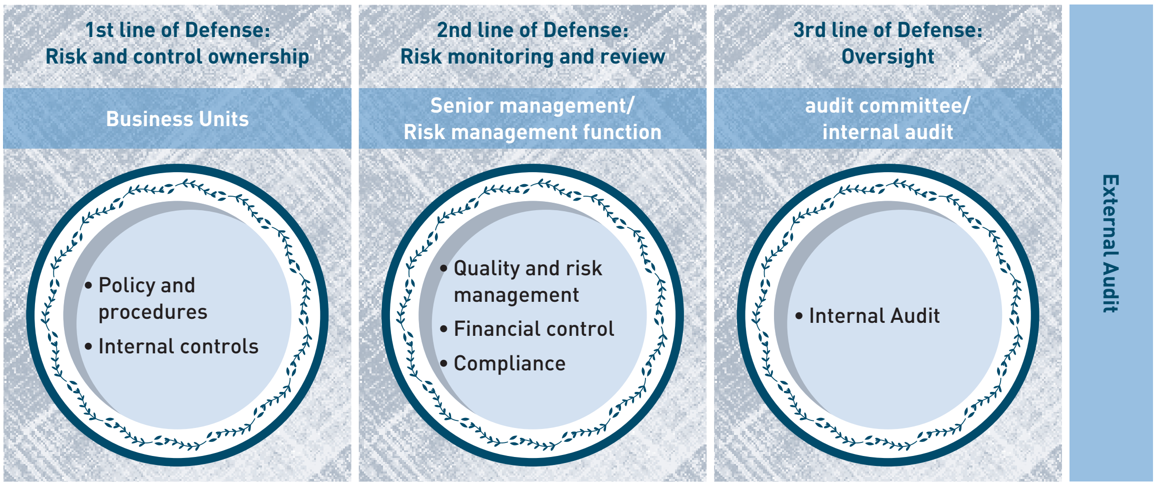
The Group's risk management framework is the responsibility of the Board and is overseen by the Audit Committee. The framework comprises the following elements:

Risk management philosophy and risk appetite

Everyone within the Group is responsible for the risk management of the Group. Risk management is embedded into the business operations and decision-makings. In pursuing the Group's objectives, the Group has categorized the risks according to the different business lines and defined the nature and extent of risks that the Group is willing to undertake.

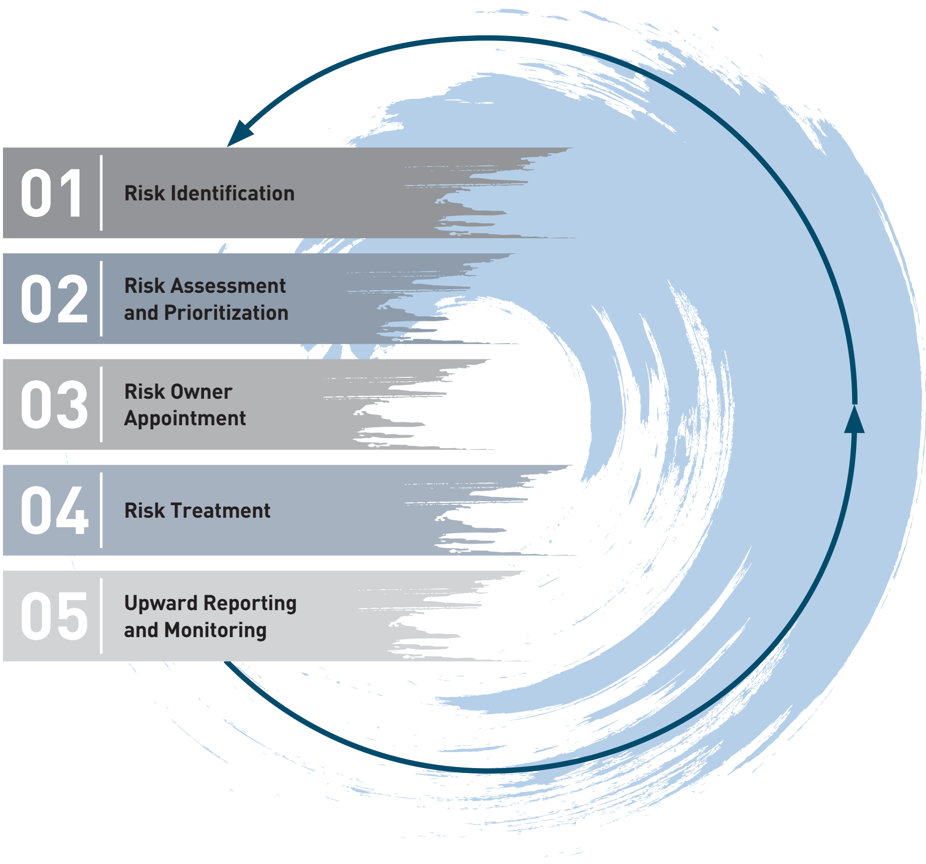
Risk governance structure

The Group has established an enterprise risk management structure in line with the "Three Lines of Defense" model that defines the three layers of roles and responsibilities of oversight, risk monitoring and review, and risk and control ownership.



The Group's business and functional units are the first line of defense and are responsible for the day-to-day risk management and control processes. The second line of defense is led by a designated risk management taskforce responsible for the design, implementation and monitoring of the risk management system, and provide confirmation to the Audit Committee on the effectiveness of risk management. The third line of defense comprises the Audit Committee and the Group' outsourced internal auditor who is responsible for the independent assessment of the effectiveness of our risk management and internal control systems. The external auditor of the Group further complements the third line of defense by independently auditing material internal controls over the Group's financial reporting processes. Both the internal auditor and the external auditor would report on material control weakness to the Audit Committee on a regular basis.

Risk management process



The Group has established the risk management process that includes risk identification, risk assessment and prioritization, risk owner appointment, risk treatment and upward reporting and monitoring of identified risks to the Group and the Audit Committee. Management's input on changes of risk exposures across the business lines was solicited through a structured risk identification and update questionnaire to refresh the Group's risk universe. Identified risks were further assessed and evaluated by a scale rating process by management across the business lines to evaluate their impact to the Group and likelihood of their occurrence as a result of changes in internal and external factors, future events or otherwise. The risks were then prioritized based on the evaluation results and further interviews with senior management for confirmation. The top risks of the Group, as well as whether these risks are being effectively managed; and if not, the need for establishing further actions, were reported through the risk management report. A corporate risk register has also been complied to track and document the identified risks, risk owners, mitigating actions and control measures, and facilitates continuous update of risk treatments.

The Group has completed an annual review on the effectiveness of the risk management and internal control systems during the year ended 31 March 2019 which include the identification and follow up on the significant risks, as well as the related controls designed to mitigate the risks and associated action plans.

The Board, through the confirmation from management, considered the risk management and internal control systems effective and adequate with no significant areas of concern that may affect the Group being identified. The Group has also commenced the review for next fiscal year and will continue to build on the established risk management process further enhance its approach to manage risks.

Handling and dissemination of inside information

The Company has developed its disclosure policy to provide the general guideline on handling confidential information, monitoring of information disclosure and response to queries to its directors, officers, senior management and the relevant employees. The Company has executed supervision programs to confirm the strict prohibition from unauthorized access to and use of inside information.

Internal audit function

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of Shareholders and the Group's assets. With the help of an outsourced internal auditor, the senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

E. COMPANY SECRETARY

During the year ended 31 March 2019, Mr. Ka Pong CHAN, the Company Secretary, has taken no less than 15 hours of relevant professional training.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities for the Company's financial statements for the year ended 31 March 2019 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Deloitte Touche Tohmatsu in respect of audit services and non-audit services for the year ended 31 March 2019 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable HK$
Audit services – audit fee for the year ended 31 March 2019	16,261,000
Non-audit services	
– professional fee in connection with the review of interim account, the issue of notes and tax advisory services	2,049,000
TOTAL:	18,310,000

G. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at www.fecil.com.hk, as a communication platform with the Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. The Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: 16/F, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong
(For the attention of Head of Corporate Finance and Investor Relations)

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

In addition, the Shareholders are encouraged to attend general meetings of the Company, which provide a valuable forum for dialogue and interaction with the management. The Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by the Shareholders.

H. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, the Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings pursuant to the Articles as follows:

(i) Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting by sending a written requisition to the Board at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(ii) If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's registered office or principal place of business in Hong Kong. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. The Shareholders' information may be disclosed as required by law.

During the Year under review, the Company has not made any changes to its Articles. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange. The Shareholders may refer to the Articles for further details of the rights of Shareholders.

All resolutions put forward at Shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fecil.com.hk) after each Shareholders' meeting.

I. DIVIDEND POLICY

The Company adopted a dividend policy with effect from November 2018 whereby the Board believes that a clear dividend policy is good for corporate governance and is committed to a dividend policy of providing consistent dividend streams to shareholders, with a dividend payout ratio of 30% to 40%, while maintaining a healthy balance sheet and retaining flexibility to meet the businesses financial needs.

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

To the shareholders of Far East Consortium International Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 151 to 267, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements and estimation associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People's Republic of China and Singapore. The investment properties were carried at HK$5,426,396,000 as at 31 March 2019 and represents approximately 14% of total assets in the consolidated financial statements of the Group as at 31 March 2019. As disclosed in note 8 to the consolidated financial statements, changes in fair value of investment properties of HK$672,530,000 was recognised in the consolidated statement of profit or loss for the year then ended 31 March 2019. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments and estimation by the directors of the Company, including market rent, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding of the valuation methodology and significant assumptions to assess if these approaches meet with industry norms; • Evaluating the reasonableness of the key inputs, including market rent, market unit rate and capitalisation rate adopted by the management and the Valuers, on a sample basis, by comparing the key inputs to relevant market data based on our knowledge of the property markets; and • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognised from sales of properties	
We identified revenue recognition as a key audit matter as it is quantitatively significant to the consolidated statement of profit or loss. There are judgments involved in determining the appropriate point at which to recognise revenue from sales of properties and whether the Group should recognised the revenue from sales of properties over time or at a point in time. The impact of transition to HKFRS 15 on retained profit at 1 April 2018 was disclosed to note 2 to the consolidated financial statements. Revenue from sales of property is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the property underlying the particular performance obligation is transferred to the customer. As disclosed in note 4, revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group recognised revenue of HK$3,755 million for the year ended 31 March 2019.	Our procedures in relation to revenue recognised from sales of properties included: • Assessing management's process and control over the appropriate point in time at which revenue from sales of properties is recognised and whether the Group should recognised the revenue from sales of properties over time or at a point in time; • Assessing the enforceability right to payment by checking to the terms of contracts, on a sample basis, and the applicable laws governing the contracts; • Evaluating the reasonableness of the management's estimation of the budgeted contract revenue and budgeted contract costs, on a sample basis, by checking to contracts and supporting document for revenue from sales of properties recognised over time; • Assessing the accuracy of the calculation of the stage of completion based on accumulated actual cost incurred to date over the total budgeted cost, on a sample basis; and • Evaluating the terms set out in the sales and purchase agreements, on a sample basis, for the revenue from sales of properties recognised at the point in time and obtaining evidence regarding the delivery of completed properties, including, where relevant, completion certificates and delivery notices, to assess whether the control of the completed properties have been transferred to the buyers and the Group has present right to payment.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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.

The engagement partner on the audit resulting in the independent auditor's report is Tan Wei Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	7	6,842,319	5,831,127
Cost of sales and services		(3,835,645)	(2,854,767)
Depreciation and amortisation of hotel and car park assets		(397,075)	(342,125)
Gross profit		2,609,599	2,634,235
Other income		65,880	32,321
Other gains and losses	8	978,918	504,558
Administrative expenses			
– Hotel operations and management		(463,766)	(387,941)
– Others		(363,396)	(272,669)
Pre-operating expenses			
–Hotel operations and management		(1,541)	(7,096)
Selling and marketing expenses		(165,509)	(128,139)
Share of results of associates		17,803	9,819
Share of results of joint ventures		2,122	–
Finance costs	9	(367,624)	(228,955)
Profit before tax		2,312,486	2,156,133
Income tax expense	10	(543,761)	(570,735)
Profit for the year	11	1,768,725	1,585,398
Attributable to:			
Shareholders of the Company		1,713,659	1,566,722
Non-controlling interests		55,066	18,676
		1,768,725	1,585,398
Earnings per share	12		
Basic (HK cents)		74	69
Diluted (HK cents)		74	69

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**1,768,725**	1,585,398
Other comprehensive (expense) income for the year		
Items that will not be reclassified to profit or loss:		
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	**–**	29,831
Fair value change on equity instruments at fair value through other comprehensive income ("FVTOCI")	**(298,100)**	–
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(775,077)**	652,241
Fair value adjustment on cross currency swap contracts designated as cash flow hedge	**23,154**	115,637
Other comprehensive (expense) income for the year	**(1,050,023)**	797,709
Total comprehensive income for the year	**718,702**	2,383,107
Total comprehensive income attributable to:		
Shareholders of the Company	**675,718**	2,361,950
Non-controlling interests	**42,984**	21,157
	718,702	2,383,107

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current Assets			
Investment properties	15	**5,426,396**	3,229,437
Property, plant and equipment	16	**9,690,089**	8,175,004
Prepaid lease payments	17	**483,454**	518,752
Goodwill	18	**68,400**	68,400
Interests in associates	19	**1,061,726**	943,884
Interests in joint ventures	20(a)	**661,069**	410,417
Investment securities	21	**1,081,626**	13,564
Derivative financial instruments	29	**2,366**	–
Deposits for acquisition of property, plant and equipment		**94,426**	100,576
Amounts due from associates	44	**66,831**	66,831
Amounts due from joint ventures	44	**64,808**	27,248
Amount due from an investee company	44	**119,995**	119,995
Loan receivables	22	**233,253**	80,489
Pledged deposits	23	**15,280**	4,419
Deferred tax assets	36	**49,640**	48,410
		19,119,359	13,807,426
Current Assets			
Properties for sale	24		
Completed properties		**2,754,840**	1,148,197
Properties under development		**9,695,682**	10,094,565
Other inventories		**11,222**	8,547
Prepaid lease payments	17	**13,782**	14,569
Debtors, deposits and prepayments	25	**467,846**	522,674
Customers' deposits under escrow	26	**196,665**	512,548
Loan receivables	22	**20,244**	11,827
Contract assets	27	**215,565**	–
Contract costs	28	**360,748**	–
Amounts due from joint ventures	44	**114,494**	39,085
Amounts due from associates	44	**24,452**	27,750
Tax recoverable		**68,940**	185,745
Investment securities	21	**3,340,828**	3,506,479
Derivative financial instruments	29	**4,646**	518
Pledged deposits	23	**20,660**	17,604
Restricted bank deposits	23	**175,725**	1,547,853
Deposit in a financial institution	23	**1,561**	11,633
Bank balances and cash	23	**2,470,604**	3,031,929
		19,958,504	20,681,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	NOTES	2019 HK$'000	2018 HK$'000
Current Liabilities			
Creditors and accruals	30	1,531,578	1,725,479
Customers' deposits received		–	1,936,950
Contract liabilities	31	974,166	–
Obligations under finance leases	32	6,697	5,629
Amounts due to related companies	44	623	19,095
Amounts due to associates	44	28,057	27,149
Amount due to a joint venture	44	–	3,177
Amounts due to shareholders of non-wholly owned subsidiaries	34	7,786	8,232
Derivative financial instruments	29	–	2,211
Notes and bonds	35	–	907,995
Tax payable		313,698	361,136
Bank and other borrowings	33	4,235,896	5,285,719
		7,098,501	10,282,772
Net Current Assets		12,860,003	10,398,751
Total Assets less Current Liabilities		31,979,362	24,206,177
Non-current Liabilities			
Obligations under finance leases	32	12,476	11,518
Amount due to a shareholder of non-wholly owned subsidiary	34	392,024	269,491
Derivative financial instruments	29	–	37,439
Notes and bonds	35	3,509,499	3,498,958
Bank and other borrowings	33	13,602,647	6,661,703
Deferred tax liabilities	36	795,228	583,186
Other liabilities		35,226	–
		18,347,100	11,062,295
Net Assets		13,632,262	13,143,882
Capital and Reserves			
Share capital	37	235,169	230,179
Share premium		4,479,650	4,297,682
Reserves		8,698,257	8,442,951
Equity attributable to shareholders of the Company		13,413,076	12,970,812
Non-controlling interests		219,186	173,070
Total Equity		13,632,262	13,143,882

The consolidated financial statements on pages 151 to 267 were approved and authorised for issue by the Board of Directors on 20 June 2019 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2017	223,837	4,033,779	28,458	24,896	–	(678,099)	25,454	(137,807)	1,057,764	6,213,520	10,791,802	151,913	10,943,715
Profit for the year	–	–	–	–	–	–	–	–	–	1,566,722	1,566,722	18,676	1,585,398
Gain on revaluation of properties transferred from property, plant and equipment to investment properties	–	–	–	29,831	–	–	–	–	–	–	29,831	–	29,831
Exchange differences arising on translation of foreign operations	–	–	–	–	–	649,760	–	–	–	–	649,760	2,481	652,241
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	–	–	–	–	–	–	–	115,637	–	–	115,637	–	115,637
Other comprehensive income for the year	–	–	–	29,831	–	649,760	–	115,637	–	–	795,228	2,481	797,709
Total comprehensive income for the year	–	–	–	29,831	–	649,760	–	115,637	–	1,566,722	2,361,950	21,157	2,383,107
Shares issued in lieu of cash dividend	5,197	211,637	–	–	–	–	–	–	–	–	216,834	–	216,834
Shares issued upon exercise of share options	1,145	52,266	–	–	–	–	(24,213)	–	–	–	29,198	–	29,198
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	–	(428,972)	(428,972)	–	(428,972)
At 31 March 2018	230,179	4,297,682	28,458	54,727	–	(28,339)	1,241	(22,170)	1,057,764	7,351,270	12,970,812	173,070	13,143,882
Adjustments (note 2)	–	–	–	–	–	–	–	–	–	85,714	85,714	3,132	88,846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2018 (restated)	230,179	4,297,682	28,458	54,727	–	(28,339)	1,241	(22,170)	1,057,764	7,436,984	13,056,526	176,202	13,232,728
Profit for the year	–	–	–	–	–	–	–	–	–	1,713,659	1,713,659	55,066	1,768,725
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(762,995)	–	–	–	–	(762,995)	(12,082)	(775,077)
Fair value adjustment on cross currency swap contracts designated as cash flows hedge	–	–	–	–	–	–	–	23,154	–	–	23,154	–	23,154
Fair value change of equity instruments at fair value through other comprehensive income	–	–	–	–	(298,100)	–	–	–	–	–	(298,100)	–	(298,100)
Other comprehensive (expense) income for the year	–	–	–	–	(298,100)	(762,995)	–	23,154	–	–	(1,037,941)	(12,082)	(1,050,023)
Total comprehensive (expense) income for the year	–	–	–	–	(298,100)	(762,995)	–	23,154	–	1,713,659	675,718	42,984	718,702
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	–	–	(506,247)	(506,247)	–	(506,247)
Shares issued in lieu of cash dividend	6,202	231,613	–	–	–	–	–	–	–	–	237,815	–	237,815
Shares issued upon exercise of share options	150	4,917	–	–	–	–	(1,241)	–	–	–	3,826	–	3,826
Repurchase of ordinary shares	(1,362)	(54,562)	1,362	–	–	–	–	–	–	–	(54,562)	–	(54,562)
At 31 March 2019	235,169	4,479,650	29,820	54,727	(298,100)	(791,334)	–	984	1,057,764	8,644,396	13,413,076	219,186	13,632,262

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by the Company for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a former non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the years ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the Group's interest in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Operating activities		
Profit before tax	2,312,486	2,156,133
Adjustments for:		
Share of results of joint ventures	(2,122)	–
Share of results of associates	(17,803)	(9,819)
Reversal of impairment loss recognised on interest in a joint venture	–	(11,715)
Depreciation and amortisation	407,698	355,382
Interest income	(16,654)	(16,930)
Finance costs	367,624	228,955
Change in fair value of investment properties	(672,530)	(277,389)
Change in fair value of financial assets at fair value through profit or loss	63,837	36,959
Change in fair value of derivative financial instruments	(144,738)	6,153
Gain on dissolution of subsidiaries	(36,552)	–
Gain on disposal of a subsidiary	–	(320,130)
Gain on disposal of associates	(51,677)	–
Gain on disposal of property, plant and equipment	(509)	(11,082)
Bargain purchase gain	(108,000)	–
Allowance for credit loss	12,278	11,387
Impairment loss recognised on deposits for acquisition of property, plant and equipment	–	30,000
Operating cash flows before movements in working capital	2,113,338	2,177,904
Increase in properties for sale	(2,896,967)	(1,321,420)
Increase in other inventories	(2,675)	(410)
Increase in loan receivables	(161,934)	(197)
Decrease (increase) in debtors, deposits and prepayments	434,953	(400,092)
Increase in investments held for trading	(55,818)	(1,888,376)
(Increase) decrease in derivative financial instruments	(2,099)	20,656
(Decrease) increase in creditors and accruals	(231,056)	852,435
Decrease in customers' deposits received	–	(218,620)
Increase in contract assets	(215,565)	–
Decrease in contract costs	202,866	–
Decrease in contract liabilities	(545,930)	–
Cash used in operations	(1,360,887)	(778,120)
Income tax paid	(268,781)	(487,502)
Net cash used in operating activities	(1,629,668)	(1,265,622)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Investing activities			
Acquisition of subsidiaries, net of bank balances and cash acquired	38(a)	(277,327)	–
Acquisition and development expenditures of property, plant and equipment		(1,132,721)	(475,323)
Capital investment in associates		(141,329)	(273,069)
Capital investment in joint ventures		(125,100)	(58,844)
Purchase, development expenditures and additional cost of investment properties		(553,445)	(9,221)
Acquisition of investment properties through acquisition of subsidiaries, net of bank balances and cash acquired	38(b)	(533,493)	–
Purchase of available-for-sale investments		–	(159,172)
Purchase of equity securities at FVTOCI		(1,366,163)	–
Placement of structure deposits		(166,205)	–
Withdrawal of structure deposits		270,936	–
Purchase of debt securities		(2,407,336)	–
Purchase of investment funds		(1,492,366)	–
Proceeds from sale of debt securities		2,641,401	–
Proceeds from sale of investment funds		1,311,203	–
Proceeds from disposal of a subsidiary	38(c)	–	400,605
Proceeds from disposal of associates		51,677	–
Proceeds from disposal of investments properties		49,120	42,465
Proceeds from disposal of property, plant and equipment		711	20,254
Placement of pledged deposits		(29,573)	(728)
Release of pledged deposits		15,656	7,763
Placement of restricted bank deposits		(175,632)	(1,515,124)
Release of restricted bank deposits		1,547,760	267,803
Repayment from an associate		3,298	10,077
(Advance to) repayment from a joint venture		(116,193)	1,773
Repayment from a joint venture		–	77,313
Dividend and distribution received from associates and a joint venture		41,707	29,030
Bank interest received		16,654	16,930
Net cash used in investing activities		(2,566,760)	(1,617,468)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Financing activities		
Advances from shareholders of non-wholly owned subsidiaries	122,087	3,507
Payment of repurchase of shares	(54,562)	–
Proceeds from issue of shares	3,826	29,198
Net proceeds on issue of notes	–	1,156,383
Repayment of bonds	(1,012,905)	–
New bank and other borrowings raised	11,931,345	6,587,313
Repayments of bank and other borrowings	(6,444,568)	(5,137,784)
Payments of finance lease obligations	(5,972)	(4,156)
(Repayment to) advance from a related company	(17,691)	2,280
Advance from an associate	2,509	19,963
Advance from other parties	33,109	–
(Repayment to) advance from a joint venture	(3,177)	3,177
Dividends paid	(268,432)	(212,138)
Interest paid	(621,132)	(484,803)
Net cash from financing activities	3,664,437	1,962,940
Net decrease in cash and cash equivalents	(531,991)	(920,150)
Cash and cash equivalents brought forward	3,043,562	3,893,339
Effect of foreign exchange rate changes	(39,406)	70,373
Cash and cash equivalents carried forward	2,472,165	3,043,562
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	2,470,604	3,031,929
Deposit in a financial institution	1,561	11,633
	2,472,165	3,043,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

1. GENERAL

Far East Consortium International Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The ultimate controlling shareholder is Tan Sri Dato' David CHIU. The shares of the company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as the Group. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2019 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations and securities and financial product investments. The details of the principal subsidiaries are set out in note 50.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers*

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

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- sales of properties;
- leasing of properties;
- hotel operations and management;
- car park operations and facilities management;
- property management services;
- gaming and related operations; and
- interest and dividend income from financial instruments.

Income from leasing of properties and interest and dividend income continued to be accounted under HKAS 17 *Leases* and HKFRS 9 *Financial instruments*, respectively.

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 7 and 3 respectively.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers* (continued)

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impacts of transition to HKFRS 15 on retained profits at 1 April 2018.

	Notes	Impact of adopting HKFRS 15 at 1 April 2018 HK$'000
Retained profits		
Sales of properties recognised over time, less related cost of sales and finance costs	(a)	44,273
Recognition of contract costs	(b)	60,599
Tax effects	(a), (b)	(16,026)
Impact at 1 April 2018		88,846
Attributable to:		
Shareholders of the Company		85,714
Non-controlling interests		3,132
		88,846

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 March 2018 HK$'000	Reclassification HK$'000	Remeasurement HK$'000	Carrying amounts under HKFRS 15 at 1 April 2018 HK$'000
Current Assets					
Properties for sales					
– Properties under development	(a), (b)	10,094,565	(221,208)	(372,581)	9,500,776
Contract costs	(b)	–	221,208	60,599	281,807
Capital and Reserves					
Retained profits	(a), (b)	7,351,270	–	85,714	7,436,984
Non-controlling interests	(a)	173,070	–	3,132	176,202
Current Liabilities					
Customers' deposits received	(a), (c)	1,936,950	(1,520,096)	(416,854)	–
Contract liabilities	(c)	–	1,520,096	–	1,520,096
Non-current Liabilities					
Deferred tax liabilities	(a), (b)	583,186	–	16,026	599,212

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers* (continued)

Summary of effects arising from initial application of HKFRS 15 (continued)

Notes:

(a) Taking into account the contract terms, business practice and the legal and regulatory environment in Singapore and Malaysia, the sales contracts in respect to the sales of properties provide the Group enforceable right to payment for performance completed to date with no alternative use of the properties by the Group and hence should be recognised over time upon application of HKFRS 15. At the date of initial application of HKFRS 15, the amount of additional revenue that would have been recognised in prior years in accordance with HKFRS 15 in relation to uncompleted contracts at that date amounted to HK$416,854,000, and this has been adjusted to customers' deposits received. The related cost of sales amounted to HK$343,403,000 and finance cost previously capitalised amounted to HK$29,178,000 have been adjusted to properties under development. The finance cost incurred after the relevant properties are ready for intended sales is not eligible for capitalisation. The related deferred tax impact of HK$11,582,000 was recognised to deferred tax liabilities. The net impact of the above adjustments of HK$32,691,000 was recognised to retained profits, representing profits of HK$29,559,000 attributable to shareholders of the Company and profit of HK$3,132,000 attributable to non-controlling interests.

(b) The Group incurred incremental commission paid/payable to intermediaries in connection with obtaining sales of properties contracts with customers. At the date of initial application of HKFRS 15, incremental costs of obtaining contracts of HK$60,599,000 which were previously expensed to the profit or loss related to contracts that are not completed as at 1 April 2018. This amount and the related deferred tax impact of HK$4,444,000 were recognised in retained profits and they are reclassified to contract costs and deferred tax liabilities respectively upon adoption of HKFRS 15. The remaining amount of HK$221,208,000 which was previously capitalised into properties for/under development was reclassified to contract costs upon adoption of HKFRS 15.

(c) Advance proceeds received from customers relating to properties sales included as customer deposits received of HK$1,520,096,000 were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of profit or loss and consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	Notes	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Current Assets				
Properties for sales				
– Properties under development	(a), (b)	9,695,682	1,197,791	10,893,473
Contract assets	(a)	215,565	(215,565)	–
Contract costs	(b)	360,748	(360,748)	–
Capital and Reserves				
Retained profits	(a)	8,644,396	(179,511)	8,464,885
Non-controlling interests	(a)	219,186	(51,709)	167,477
Current Liabilities				
Customers' deposits received	(a), (c)	–	(1,867,289)	(1,867,289)
Contract liabilities	(c)	974,166	(974,166)	–
Non-current Liabilities				
Deferred tax liabilities	(a)	795,228	(40,425)	754,803

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For the year ended 31 March 2019

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers* (continued)

Impact on the consolidated statement of profit or loss

	Notes	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Revenue	(a)	6,842,319	(1,108,688)	5,733,631
Cost of sales and services	(a)	(3,835,645)	867,265	(2,968,380)
Selling and marketing expenses	(b)	(165,509)	(63,896)	(229,405)
Finance costs	(a)	(367,624)	33,674	(333,950)
Income tax expense	(a)	(543,761)	40,425	(503,336)
Profit attributable to non-controlling interests	(a)	55,066	(51,709)	3,357

Impact on the consolidated statement of cash flows

	Notes	As reported HK$'000	Adjustments HK$'000	Amounts without application of HKFRS 15 HK$'000
Operating activities				
Profit before tax	(a)(b)	2,312,486	(271,645)	2,040,841
Finance costs	(a)	367,624	(33,674)	333,950
Increase in properties for sale	(a)(b)	(2,896,967)	(1,164,117)	(4,061,084)
Increase in contract assets	(a)	(215,565)	215,565	–
Decrease in contract costs	(a)	202,866	(202,866)	–
Decrease in customers' deposits received	(c)	–	910,807	910,807
Decrease in contract liabilities	(c)	(545,930)	545,930	–

Notes:

(a) Under HKFRS 15, the Group recognised sale of properties over time with revenue amounted to HK$1,108,688,000, and this has been adjusted to customers' deposits received and contract assets. The related cost of sales amounted to HK$867,265,000 and finance cost amounting to HK$33,674,000 have been adjusted to properties under development. The related deferred tax impact of HK$40,425,000 was recognised to deferred tax liabilities. The net impact of the above adjustments of HK$231,220,000 was recognised to retained profits, representing profits of HK$179,511,000 attributable to shareholders of the Company and profit of HK$51,709,000 attributable to non-controlling interests.

(b) The incremental costs of obtaining contracts of HK$296,852,000 and HK$63,896,000 as at 31 March 2019 that would have been recognised in properties under development and selling and marketing expenses respectively under HKAS18 were reclassified to contract costs upon adoption of HKFRS 15.

(c) Advance proceeds received from customers relating to properties sales included as customers' deposits received of HK$974,166,000 were reclassified to contract liabilities.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial Instruments*

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

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Notes	Available-for-sale investments HK$'000	Debtors, deposits and prepayment HK$'000	Investments held for trading HK$'000	Equity securities at FVTPL HK$'000	Investment funds HK$'000	Debt instruments at FVTPL HK$'000	Financial assets designated at FVTPL HK$'000	Structured deposits HK$'000
Closing balance at 31 March 2018 – HKAS 39		159,987	522,674	3,319,556	–	–	–	40,500	–
Effect arising from initial application of HKFRS 9									
Reclassification									
From available-for-sale investments	(a)	(159,987)	688	–	12,876	–	146,423	–	–
From held for trading	(b)	–	–	(3,319,556)	62,218	588,929	2,668,409	–	–
From financial assets designated at FVTPL	(b)	–	–	–	–	–	–	(40,500)	40,500
Opening balance at 1 April 2018		–	523,362	–	75,094	588,929	2,814,832	–	40,500

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial Instruments* (continued)

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

Notes:

(a) **Available-for-sale investments**

From available-for-sale equity investments to fair value through profit or loss ("FVTPL")

At the date of initial application of HKFRS 9, the Group's equity investments of HK$12,876,000 previously measured at cost less impairment under HKAS 39 were reclassified from available-for-sale investments to equity securities at FVTPL.

From available-for-sale debt instruments to FVTPL

Debt securities at fair value amounting to HK$146,423,000 were reclassified from available-for-sale investments to debt instruments at FVTPL, as the debt securities are not held within business models whose objective is to collect contractual cash flows or both to collect contractual cashflow and to sell.

(b) **Financial assets at FVTPL**

Investments held for trading and financial assets designated at FVTPL

The Group has reassessed its investments in listed equity securities, listed and unlisted debt securities and investment funds classified as held for trading under HKAS 39 as if the Group has purchased these investments as the date of initial application. Based on the facts and circumstances as at the date of initial application, HK$3,257,338,000 of the Group's investments were no longer held for trading but continue to be measured at FVTPL, because either (i) the contractual cash flows of these financial assets do not represent solely parts of principal and interest on the principal amount outstanding, or (ii) these financial assets are not held within business models whose objective is to collect contractual cash flows or both to collect contractual cash flows and to sell. The investments in listed equity securities amounting to HK$62,218,000 continued to be held for trading and measured at FVTPL.

The Group no longer designate its structured deposits at FVTPL. At the date of initial application, the Group's structured deposits, which is managed and its performance evaluated on a fair value basis, was reclassified from financial assets designated at FVTPL to financial assets at FVTPL.

(c) **Impairment under ECL model**

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade debtors. Except for those which had been determined as credit impaired under HKAS 39, trade debtors have been grouped based on past due status for impairment assessment and contract assets have been assessed for impairment individually. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for same types of contracts. The Group has therefore estimated the expected loss rates for the trade debtors and the contract assets on the same basis.

Assessment of loss allowances for other financial assets at amortised cost mainly comprise of other receivables, pledged deposits, restricted bank deposits, deposit in a financial institution, bank balances, customers' deposits under escrow, loan receivables and amounts due from associates, joint ventures, an investee company are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. The directors considered that the measurement of ECL has no material impact to the Group's retained profits as at 1 April 2018.

Amendments to HKAS 40 *Transfers of Investment Property*

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The application of the amendments to HKAS 40 has had no material impact to the net assets of the Group as at 1 April 2018 or at 31 March 2019 or the profit or loss of the Group of the year then ended.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the accounting policies above, the opening consolidated statement of financial position had to be restated. Line items that were not affected by the changes have not been included.

	31 March 2018 HK$'000 (Audited)	HKFRS 15 HK$'000	HKFRS 9 HK$'000	1 April 2018 HK$'000
Non-current Assets				
Investment securities				
– Available-for-sale investments	13,564	–	(13,564)	–
– Equity securities at FVTPL	–	–	12,876	12,876
Current Assets				
Properties for sale				
– Properties under development	10,094,565	(593,789)	–	9,500,776
Debtors, deposits and prepayments	522,674	–	688	523,362
Contract costs	–	281,807	–	281,807
Investment securities				
– Available-for-sale investments	146,423	–	(146,423)	–
– Investments held for trading	3,319,556	–	(3,319,556)	–
– Debt instruments at FVTPL	–	–	2,814,832	2,814,832
– Financial assets designated at FVTPL	40,500	–	(40,500)	–
– Structured deposits	–	–	40,500	40,500
– Equity securities at FVTPL	–	–	62,218	62,218
– Investment funds	–	–	588,929	588,929
Current Liabilities				
Customers' deposits received	1,936,950	(1,936,950)	–	–
Contract liabilities	–	1,520,096	–	1,520,096
Non-current Liability				
Deferred tax liabilities	583,186	16,026	–	599,212
Capital and Reserves				
Retained profits	7,351,270	85,714	–	7,436,984
Non-controlling interests	173,070	3,132	–	176,202

Except as disclosed above, the application of other new HKFRSs and amendments to HKFRSs in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (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 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

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

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 *Leases* (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item in which the corresponding underlying assets would be presented if they were owned.

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$412,222,000 as disclosed in note 42. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid and refundable rental deposits received as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Non-controlling interest in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted after reattribution of relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another HKFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9/HKAS 39 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata based on the carrying amount of each asset in the unit.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit, the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or capital appreciation rather than for sale in the ordinary course business, which is evidenced by inception of an operating lease to another party. Property inventory is transferred to investment properties when it is evidenced by the commencement of an operating lease to another party prior to 1 April 2018. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including buildings, leasehold land and freehold land held for use in the production or supply of goods or services, or for administrative purpose (other than properties under development and construction-in-progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees, amortisation of prepaid lease payment and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development and construction-in-progress less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease terms, assets are depreciated over the shorter of the lease terms and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of properties, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

If an item of property, plant and equipment is transferred to an investment property when there is a change of use, evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the asset revaluation reserve will be transferred directly to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets and contract costs other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets and contract costs to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of tangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible assets and contract costs other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on straight-line basis over the terms of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease terms.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. 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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or a joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9/HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Inventories

Properties for sale

Properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for properties for sale less all estimated costs necessary to make the sale.

When the building on the leasehold land is in the course of development and the leasehold land component is accounted for as operating lease, the amortisation of prepaid lease payments provided during the construction period is included as part of the costs of the buildings under construction.

Properties which are intended for sale after completion of development within the Group's normal operating cycle are stated at the lower of cost and net realisable value. Cost includes costs of land, development expenditure, borrowing costs capitalised and other direct costs attributable to such properties. Such properties are recorded as properties for sales under current assets. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to incur in marketing and selling the properties.

Other inventories

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out basis.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (continued)

A financial asset is classified as held for trading if:

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Financial assets at FVTPL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade debtors, other receivables, customers' deposits under escrow, amounts due from related parties, pledged deposits, restricted bank deposits, deposit in a financial institution, bank balances, loan receivables and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and contract assets and the ECL on these assets are assessed based on past due status and individually respectively.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(i) Significant increase in credit risk (continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 *Leases*.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and contract assets, where the corresponding adjustment is recognised through a loss allowance account.

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

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset which is in the "other gains and losses" line item. Fair value is determined in the manner described in note 47.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified as any of the other categories.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

Available-for-sale financial assets (continued)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amounts due from related parties, debtors, other receivables, loans to a joint venture, pledged deposits, restricted bank deposits, deposit in a financial institution, deposits receivable from stakeholders, and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)

For certain categories of financial assets, such as trade debtors, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

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

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

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

Financial liabilities at amortised cost

Financial liabilities including creditors, amounts due to related companies, associates, joint ventures and shareholders of non-wholly owned subsidiaries, notes and bonds, bank and other borrowings, and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (continued)

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Sales of properties

Revenue from properties sales is recognised over time when the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from properties sales is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer obtains the control of the completed property.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transition in note 2) (continued)

Sales of properties (continued)

For the progress towards complete satisfaction of a performance obligation that is recognised over time, revenue is recognised based on the stage of completion of the contract using the input method.

The Group's sales contracts with customers include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

A contract asset is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade debtors when the rights become unconditional.

The Group receives deposits from customers when they sign the sale and purchase agreement.

Deposits received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

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

Hotel operations and management, car park operations and facilities management, property management services

As the customers simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the service fee received or receivable from the customers as its revenue over time using output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Gaming and related operations

Gaming revenue is the aggregate net difference between gaming wins and losses. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (property sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of discounts and sales related taxes as follows:

- Revenue from sales of properties is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the revenue recognition criteria are recorded as sales deposits under current liabilities.

- Revenue from hotel operations and hotel management service fee are recognised when the relevant services are provided.

- Revenue from car park operations and facilities management is recognised when the relevant facilities are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time appointment basis, by reference to the principal outstanding and at effective interest rate 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.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliability).

The Group's policy for recognition of revenue from operating leases is described in the accounting policy for "Leasing" above.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Upon application of HKFRS 15 on 1 April 2018, the Group ceases to capitalise borrowing costs incurred to properties under development for which revenue is recognised over time as soon as the relevant properties are ready for the Group's intended sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees

The fair value determined at the grant date of the equity-settled share-based payments equity is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

4. CRITICAL ACCOUNTING JUDGEMENT AND 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 giving rise to a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Critical judgement in applying accounting policies

Revenue recognised from sales of properties over time

Certain revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. Management, in interpreting the applicable laws and exercising its judgements, has identified sales contracts in Singapore and Malaysia has enforceable right to payment for performance completed to date while sales contracts in Hong Kong, People's Republic of China ("PRC") and Australia have no such rights.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that (a) the Group's investment properties in Hong Kong and Singapore 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, (b) the Group's investment properties in the PRC and Australia are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties in Hong Kong and Singapore, the directors of the Group 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. The presumption that the carrying amounts of the Group's investment properties situated in the PRC and Australia are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(ii) Key sources of estimation uncertainty

Fair value measurement and valuation processes

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities, including the investment properties and financial instruments are disclosed in notes 15 and 47.

Deferred tax

As 31 March 2019, a deferred tax asset of HK$68,021,000 (2018: HK$69,793,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. The reliability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank and other borrowings, notes and bonds, net of bank balances and cash, restricted bank deposits, pledged deposits, customers' deposits under escrow and deposit in a financial institution), and equity attributable to shareholders of the Company, comprising issued share capital, share premium, reserves.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers. Information reported to the Group's chief operating decision makers, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on nature of operations by various geographical locations stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including the investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team)
- Car park operations and facilities management
- Gaming operations
- Securities and financial product investments
- Provision of mortgage services
- Other operations, which mainly include provision of engineering services

After the completion of the acquisition of Trans World Corporation ("TWC"), gaming operations became a new reportable segment. In addition, gaming operations also include the investment in The Star Entertainment Group Limited which is engaged in the gaming business in Australia and which is classified as equity instruments at FVTOCI during the year. Due to the expansion of provision of mortgage loan business which was previously presented as part of other operations, provision of mortgage services is presented as a new reportable segment in the current year. The comparative figures have been re-presented.

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Segment revenue		Segment profit (loss)	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Property development				
– Australia	572,064	1,310,716	133,586	332,817
– Hong Kong ("HK")	1,323,159	–	357,019	(40,461)
– Malaysia	20,705	385,672	2,778	184,672
– Other regions in People's Republic of China excluding HK ("PRC")	743,670	1,733,112	637,132	1,108,991
– Singapore	1,150,194	–	235,694	(53,548)
– United Kingdom ("UK")	1,425	1,295	(1,583)	(16,056)
	3,811,217	3,430,795	1,364,626	1,516,415
Property investment				
– Australia	4,242	5,894	2,241	5,317
– HK	38,276	43,418	191,853	251,003
– PRC	21,572	16,361	(12,468)	(20,090)
	64,090	65,673	181,626	236,230

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

	Segment revenue		Segment profit (loss)	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Hotel operations and management				
– HK	846,830	776,474	228,005	476,134
– Malaysia	227,375	237,786	21,073	34,703
– PRC	263,488	254,898	280,889	(27,065)
– Singapore	93,623	96,098	28,324	27,785
– UK	253,249	172,546	55,031	20,594
– Europe (other than UK)	133,057	–	6,500	–
	1,817,622	1,537,802	619,822	532,151
Car park operations and facilities management				
– Australia and New Zealand	668,772	639,086	37,443	56,770
– Europe	43,190	19,046	1,805	52,654
– Malaysia	8,496	8,248	7,517	6,314
	720,458	666,380	46,765	115,738
Gaming operations				
– Australia	62,432	–	62,425	–
– Czech Republic	196,864	–	9,617	–
	259,296	–	72,042	–
Securities and financial product investments	131,715	126,024	64,327	89,915
Provision of mortgage services				
– Australia	34,415	–	238,761	781
– Hong Kong	3,487	1,335	4,364	5,810
	37,902	1,335	243,125	6,591
Other operations	19	3,118	(6,738)	18,826
Segment revenue/segment profit	6,842,319	5,831,127	2,585,595	2,515,866
Bargain purchase gain			108,000	–
Unallocated corporate income and expenses			(13,485)	(130,778)
Finance costs			(367,624)	(228,955)
Profit before tax			2,312,486	2,156,133
Income tax expense			(543,761)	(570,735)
Profit for the year			1,768,725	1,585,398

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

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For the year ended 31 March 2019

6. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash and deposit in a financial institution.

	2019 HK$'000	2018 HK$'000
Property development		
– Australia	5,056,114	4,335,197
– HK	2,521,993	3,195,592
– Malaysia	524,652	533,121
– PRC	2,446,147	2,434,798
– Singapore	5,780,657	3,289,337
– UK	1,117,764	827,832
	17,447,327	14,615,877
Property investment		
– Australia	270,049	180,808
– HK	2,464,766	2,349,987
– PRC	5,566	5,949
	2,740,381	2,536,744
Hotel operations and management		
– Australia	1,537,990	–
– HK	3,236,558	4,401,624
– Malaysia	851,487	912,235
– PRC	2,007,458	1,963,512
– Singapore	586,652	618,394
– UK	1,200,863	1,327,038
– Europe (other than UK)	290,935	–
	9,711,943	9,222,803
Car park operations and facilities management		
– Australia and New Zealand	894,177	927,723
– Europe	446,390	394,673
– Malaysia	137,797	140,375
	1,478,364	1,462,771
Gaming operations		
– Australia	1,091,762	–
– Czech Republic	308,965	–
	1,400,727	–

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6. SEGMENT INFORMATION (continued)

(b) Segment assets (continued)

	2019 HK$'000	2018 HK$'000
Securities and financial product investments	3,019,617	3,366,478
Provision of mortgage services		
– Australia	568,095	81,449
– Hong Kong	233,947	151,879
	802,042	233,328
Other operations	5,297	7,386
Segment assets	36,605,698	31,445,387
Unallocated corporate assets	2,472,165	3,043,562
Total assets	39,077,863	34,488,949

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, derivative financial instruments, amounts due from associates, amounts due from joint ventures, amount due from an investee company, loan receivables, pledged deposits and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Australia and New Zealand	1,341,925	1,955,696	3,864,363	2,034,183
Czech Republic	329,921	–	544,063	–
HK	2,343,485	950,369	5,521,502	5,574,954
Malaysia	256,576	631,706	978,109	1,009,697
PRC	1,028,730	2,004,371	3,264,554	2,551,594
Singapore	1,243,818	96,098	1,704,597	602,564
UK	278,709	185,119	1,309,885	1,172,598
Europe (other than UK)	19,155	7,768	298,487	500,880
	6,842,319	5,831,127	17,485,560	13,446,470

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6. SEGMENT INFORMATION (continued)

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2019								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Other operations HK$'000	Consolidated HK$'000
Allowance for credit loss	(410)	(5,632)	(4,097)	-	(2,139)	-	-	-	(12,278)
Depreciation and amortisation	(3,562)	(1,931)	(344,384)	(17,916)	(34,817)	-	-	(5,088)	(407,698)
Change in fair value of investment properties	274,016	117,050	281,464	-	-	-	-	-	672,530
Change in fair value of financial assets at FVTPL	-	-	1,832	-	-	(65,669)	-	-	(63,837)
Change in fair value of derivative financial instruments	-	14,985	8,423	-	-	(2,517)	123,847	-	144,738
Share of results of associates	(2,132)	19,935	-	-	-	-	-	-	17,803
Share of results of joint ventures	893	-	-	-	1,229	-	-	-	2,122
Interests in associates	792,796	268,930	-	-	-	-	-	-	1,061,726
Interests in joint ventures	363,704	-	117,325	-	3,557	-	176,483	-	661,069
Acquisition of property, plant and equipment	30,301	2,541	1,325,189	298,465	63,343	-	-	229	1,720,068
Investment securities	5	-	16,611	1,065,010	-	2,981,450	359,378	-	4,422,454
Contract costs	360,748	-	-	-	-	-	-	-	360,748

	2018						
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Other operations HK$'000	Consolidated HK$'000
Impairment loss recognised on trade debtors	–	(52)	(11,335)	–	–	–	(11,387)
Impairment loss recognised on deposits for acquisition of property, plant and equipment	–	–	(30,000)	–	–	–	(30,000)
Depreciation and amortisation	(2,242)	(6,168)	(313,609)	(28,587)	–	(4,776)	(355,382)
Change in fair value of investment properties	39,561	209,342	(9,197)	37,683	–	–	277,389
Change in fair value of financial assets at FVTPL	–	356	4,724	–	(42,039)	–	(36,959)
Change in fair value of derivative financial instruments	–	–	12,788	–	5,166	(24,107)	(6,153)
Share of results of associates	(2,752)	12,571	–	–	–	–	9,819
Reversal of impairment loss recognised on interest in a joint venture	–	–	–	–	–	11,715	11,715
Interests in associates	649,960	258,090	34,946	–	–	888	943,884
Interests in joint ventures	230,716	–	177,205	2,481	–	15	410,417

Information about segment liabilities are not regularly reviewed by chief operating decision makers. Accordingly, segment liability information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sales of properties, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, gaming operations, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2019 HK$'000	2018 HK$'000
Sales of properties	3,755,246	3,407,758
Hotel operation		
– room revenue	1,512,783	1,303,404
– food and beverage	243,267	168,166
Car park income	721,498	667,014
Gaming revenue	196,864	–
Provision of property management services	24,506	15,305
Other operations	775	3,118
Revenue from contracts with customers	6,454,939	5,564,765
Leasing of properties	155,331	139,003
Loan interest income	3,487	1,335
Interest income and dividend income from financial instruments	228,562	126,024
	6,842,319	5,831,127
Timing of revenue recognition from contracts with customers		
– At a point in time	3,052,838	N/A
– Over time	3,402,101	N/A
	6,454,939	N/A

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 6.

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2019				
		Adjustments			
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Sales of properties	3,811,217	(55,971)	–	–	3,755,246
Hotel revenue	1,817,622	(60,816)	(244,023)	–	1,512,783
Car park income	720,458	1,040	–	–	721,498
Gaming revenue	259,296	–	–	(62,432)	196,864
Provision of property management services	–	24,506	–	–	24,506
Food and beverage	–	–	243,267	–	243,267
Other operations	19	–	756	–	775
Revenue from contracts with customers	6,608,612	(91,241)	–	(62,432)	6,454,939
Leasing of properties	64,090	91,241		–	155,331
Provision of mortgage services	37,902	–	–	(34,415)	3,487
Interest income and dividend income from financial instruments	131,715	–	–	96,847	228,562
Total revenue	6,842,319	–	–	–	6,842,319

7. REVENUE (continued)

Performance obligations for contracts with customers

Sales of properties recognised at point in time

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers other than sales of properties in Singapore and Malaysia. Revenue from sales of such residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

In different location, the Group receives 1% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits result in contract liabilities being recognised throughout the property construction period.

The Group considers the deposits do not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money.

Sales of properties recognised over time

Revenue from sales of properties in Singapore and Malaysia is recognised over time because the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Revenue for these sales of properties is recognised based on the stage of completion of the contract using input method.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Hotel revenue

The hotel room revenue from customers are recognised over time using output method when the service and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

7. REVENUE (continued)

Performance obligations for contracts with customers (continued)

Car park income

The car park revenue from customers are recognised over time using output method when the service and facilities are provided.

Gaming revenue

Gaming revenue is the aggregate net difference between gaming wins and losses.

Provision of property management services

Revenue from property management service is recognised over time as income when the services and facilities are provided.

Food and beverage

For income from food and beverages, revenue is recognised when the food and beverages are delivered to the customer.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2019 and the expected timing of recognising revenue are as follow:

	Sales of properties HK$'000
Within one year	3,121,906
More than one year but not more than two years	5,426,810
More than two years	6,176,401
	14,725,117

The amount disclosed above do not include transaction price allocated to performance obligation which are part of contracts that have an original expected duration of one year or less, and also contracts for property management services in which the Group bills a fixed amount each month according to the terms.

As at 31 March 2019, contracts with customers with unsatisfied performance obligations for the income from gaming operations, hotel revenue, car park income have original expected duration of one year or less.

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For the year ended 31 March 2019

8. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Change in fair value of investment properties	672,530	277,389
Change in fair value of financial assets at FVTPL	(63,837)	(36,959)
Change in fair value of derivative financial instruments	144,738	(6,153)
Net foreign exchange gains (losses)	41,027	(31,259)
Gain on disposal of a subsidiary	–	320,130
Gain on disposal of associates	51,677	–
Gain on dissolution of subsidiaries	36,552	–
Allowance for credit loss	(12,278)	(11,387)
Reversal of impairment loss recognised on interest in a joint venture	–	11,715
Impairment loss recognised on deposits for acquisition of property, plant and equipment (Note)	–	(30,000)
Gain on disposal of property, plant and equipment	509	11,082
Bargain purchase gain (note 38(a))	108,000	–
	978,918	504,558

9. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on:		
Bank borrowings	550,497	343,763
Other loans	21,955	975
Interest on notes and bonds	143,768	154,954
Amortisation of front-end fee	11,527	11,729
Others	32,528	1,602
Total interest costs	760,275	513,023
Less: amounts capitalised to properties under development:		
– properties for owners' occupation	(55,263)	(6,965)
– properties for sale	(337,388)	(277,103)
	367,624	228,955

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 1.99% to 4.50% (2018: 2.54% to 6.17%) per annum to expenditure on the qualifying assets.

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10. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	78,970	22,143
PRC Enterprise Income Tax ("PRC EIT")	92,045	248,385
PRC Land Appreciation Tax ("PRC LAT")	94,226	144,639
Australia Income Tax	16,685	44,361
Malaysia Income Tax	4,049	32,602
Singapore Income Tax	5,241	6,427
UK Income Tax	8,293	3,293
Czech Republic Income Tax	4,528	–
	304,037	501,850
Under(over)provision in prior years:		
Hong Kong Profits Tax	17,934	2,005
PRC EIT	10,890	25,000
Australia Income Tax	(2,038)	(76,240)
Malaysia Income Tax	182	(750)
Singapore Income Tax	3	(12,171)
	26,971	(62,156)
Deferred taxation (note 36)	212,753	131,041
	543,761	570,735

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years of each individual company comprising the Group less tax losses brought forward where applicable.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 19% and 19% of the estimated assessable profits for both years, respectively.

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2019							
Profit before tax	571,958	895,395	464,169	19,176	187,566	174,222	2,312,486
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 30%	
Tax at the applicable income tax rate	94,373	223,849	139,251	4,602	31,886	33,984	527,945
Tax effect of expenses not deductible for tax purpose	55,622	11,308	30,710	2,275	9,430	1,546	110,891
Tax effect of income not taxable for tax purpose	(64,425)	(10,236)	(93,818)	(605)	(2,283)	(25,041)	(196,408)
PRC LAT	–	94,226	–	–	–	–	94,226
Utilisation of tax losses previously not recognised	(19,204)	(1,589)	(212)	–	(430)	–	(21,435)
Tax effect of PRC LAT	–	(23,557)	–	–	–	–	(23,557)
Tax effect of taxable temporary difference previously not recognised	–	13,538	132	–	–	–	13,670
Utilisation of tax effect of deductible temporary differences previously not recognised	(1,022)	–	–	(2,071)	–	–	(3,093)
Tax effect of tax losses not recognised	13,495	12,265	–	455	–	–	26,215
Tax effect of share of results of associates	(3,289)	–	640	–	–	–	(2,649)
Tax effect of share of results of a joint venture	(350)	–	–	–	–	–	(350)
Recognition of deferred tax assets for previously unrecognised tax losses	(10,000)	–	–	–	–	–	(10,000)
(Over) underprovision in prior years	17,934	10,890	(2,038)	182	3	–	26,971
Others	(21)	(1,789)	842	(223)	(1,714)	4,240	1,335
Income tax expense for the year	83,113	328,905	75,507	4,615	36,892	14,729	543,761

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2018							
Profit (loss) before tax	459,945	1,081,194	382,259	212,512	(38,620)	58,843	2,156,133
Applicable income tax rate	16.5%	25%	30%	24%	17%	16.5% to 25%	
Tax at the applicable income tax rate	75,891	270,299	114,678	51,003	(6,565)	10,602	515,908
Tax effect of expenses not deductible for tax purpose	30,644	5,532	11,859	3,363	3,966	2,078	57,442
Tax effect of income not taxable for tax purpose	(106,509)	(7,829)	(30,608)	(9,426)	(127)	(8,860)	(163,359)
PRC LAT	–	144,639	–	–	–	–	144,639
Tax effect of deductible temporary difference not recognised	–	–	3,557	–	12,377	5,759	21,693
Utilisation of tax losses previously not recognised	(10,586)	(9,342)	–	–	–	(1,612)	(21,540)
Tax effect of PRC LAT	–	(36,159)	–	–	–	–	(36,159)
Tax effect of over provision in prior year on current year deferred taxation	–	–	76,240	–	–	–	76,240
Utilisation of tax effect of deductible temporary differences previously not recognised	(2,431)	–	–	(11,190)	–	–	(13,621)
Tax effect of tax losses not recognised	20,541	18,252	–	601	9,379	–	48,773
Tax effect of share of results of associates	2,074	–	(826)	–	–	–	1,248
(Over) underprovision in prior years	2,005	25,000	(76,240)	(750)	(12,171)	–	(62,156)
Others	(820)	608	16	872	(225)	1,176	1,627
Income tax expense for the year	10,809	411,000	98,676	34,473	6,634	9,143	570,735

Details of the deferred taxation are set out in note 36.

11. PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense		
– Over time	854,492	–
– At point of time	1,589,434	1,725,470
	2,443,926	1,725,470
Auditor's remuneration	16,261	10,131
Depreciation	397,311	345,756
Amortisation of prepaid lease payments	10,387	9,626
Amortisation of investment in a joint venture (included in share of results of joint ventures)	–	2,420
Amortisation of contract cost	94,781	–
Staff costs (included HK$477,927,000 (2018: HK$396,514,000) in cost of sales and services)		
– Directors' emoluments (note 14(a))	20,788	21,210
– Other staffs	872,819	713,603
	893,607	734,813
Share of taxation of associates (included in share of results of associates)	1,556	1,540
and after crediting:		
Rental income, net of outgoings of HK$30,758,000 (2018: HK$10,558,000)	124,573	128,445
Bank interest income	16,654	16,930

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12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$1,713,659,000 (2018: HK$1,566,722,000) and the number of shares calculated as follows:

	2019 '000	2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,317,488	2,267,150
Effect of dilutive potential ordinary shares – Company's share options	391	1,747
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,317,879	2,268,897

13. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Dividends recognised as distribution during the year:		
2019 interim dividend of HK4.0 cents per share (2018: 2018 interim dividend of HK4.0 cents per share)	93,491	91,574
2018 final dividend of HK18.0 cents per share (2018: 2017 final dividend of HK15.0 cents per share)	412,756	337,398
	506,247	428,972

The 2019 interim dividend and 2018 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$3.262 and HK$4.040 per share respectively. Shares are issued during the year on the shareholders' election for shares are set out in note 37. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2019 of HK18.0 cents (2018: HK18.0 cents) per share, totalling of HK$423,304,000 has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and Chief Executive's emoluments

The emoluments paid and payable to each of the directors and chief executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and Company Ordinance ("CO"), is as follows:

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2019				
Executive Directors:				
David CHIU	25	2,120	12	2,157
Dennis CHIU	25	2,912	4	2,941
Craig Grenfell WILLIAMS	25	5,124	145	5,294
Cheong Thard HOONG	25	9,693	18	9,736
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Peter Man Kong WONG (deceased on 11 March 2019)	220	–	–	220
Kwong Siu LAM	220	–	–	220
	760	19,849	179	20,788

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and Chief Executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2018				
Executive Directors:				
David CHIU	25	2,268	18	2,311
Dennis CHIU	25	3,921	76	4,022
Craig Grenfell WILLIAMS	25	5,233	149	5,407
Cheong Thard HOONG	25	8,601	18	8,644
Non-executive Director:				
Denny Chi Hing CHAN (resigned on 1 January 2018)	166	–	–	166
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Peter Man Kong WONG	220	–	–	220
Kwong Siu LAM	220	–	–	220
	926	20,023	261	21,210

Tan Sri Dato' David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors, Chief Executive, Non-executive Director and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses and other benefits, retirement benefits scheme contributions, and share-based payment expenses paid or payable to Executive Directors, Chief Executive and Non-executive Director shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Craig Grenfell WILLIAMS of HK$2,887,500 (2018: HK$2,980,000) and included in salaries and other benefits, which was determined with reference to his performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2019 and 31 March 2018.

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Certain executive and non-executive directors of the Company were granted options to subscribe for shares in the Company under the share option schemes adopted by the Company. Details of the share option schemes are disclosed in note 45.

(c) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2018: three) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2018: two) individual is as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	6,461	6,282
Retirement benefits scheme contributions	36	24
	6,497	6,306

The emolument of highest paid employees who are not a director of the Company was within the following band:

	2019 Number of employee	2018 Number of employee
HK$2,500,001 to HK$3,000,000	1	1
HK$3,000,001 to HK$4,000,000	1	1
	2	2

No emolument was paid to the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

15. INVESTMENT PROPERTIES

	HK$'000
At 1 April 2017	3,001,786
Additions	9,221
Reclassify to property, plant and equipment	(198,360)
Reclassify from property, plant and equipment and prepaid lease payments	42,840
Disposals	(42,465)
Increase in fair value	277,389
Exchange alignment	139,026
At 31 March 2018	3,229,437
Additions	553,445
Acquired on acquisition of subsidiaries	1,132,950
Reclassify from completed properties for sale	16,343
Disposals	(49,120)
Increase in fair value	672,530
Exchange alignment	(129,189)
At 31 March 2019	5,426,396

	2019 HK$'000	2018 HK$'000
The carrying amounts of investment properties which are stated at fair value are on land located:		
In HK:		
Long leases	70,200	105,630
Medium-term leases	1,738,174	1,626,813
Outside HK:		
Freehold	258,234	168,079
Long leases	160,618	166,415
Medium-term leases	3,199,170	1,162,500
	5,426,396	3,229,437

During the year ended 31 March 2019, the Group transferred certain completed properties for sale to investment properties at fair value of HK$16,343,000 (2018: property, plant and equipment and prepaid lease payments to investment properties fair value of HK$42,840,000).

15. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2018, upon the Group assuming the car park business in UK from the third party operator, the car park was reclassified from investment properties to property, plant and equipment at their fair value on the date of transfer.

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at 31 March 2019, 31 March 2018 and at the date of transfer have been arrived at on the basis of a valuation carried out on those date by the following independent firm of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited Colliers International (WA) Pty Ltd	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte Ltd	Member of the Singapore Institute of Surveyors and Valuers
UK	Chestertons Global Limited	Member of Royal Institution of Chartered Surveyors

In determining the fair value of the relevant properties, the Group engages independent qualified professional valuers ("Valuers") to perform the valuation. The management of the Company works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

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For the year ended 31 March 2019

15. INVESTMENT PROPERTIES (continued)

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2019 and 31 March 2018 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa.

Details of the significant unobservable input are as follows:

Class of property	Carrying amount HK$'000 2019	2018		
Income capitalisation approach			Capitalisation rates	Market rent
Office portion in HK	508,200	472,900	2% to 2.375% per annum (2018: 2.25% to 2.5% per annum)	HK$29 to HK$41.3 per square feet (2018: HK$28.5 to HK$40.4 per square feet)
Retail portion in HK	1,300,174	1,259,543	2.75% to 3.5% per annum (2018: 2.75% to 3.5% per annum)	HK$14 to HK$243.5 per square feet (2018: HK$12.5 to HK$240 per square feet)
Retail portion in the PRC	1,433,250	1,024,058	4.5% to 6.5% per annum (2018: 5% to 6.5% per annum)	Renminbi ("RMB") 37 to RMB266 per square metre (2018: RMB42 to RMB234 per square metre)
Office portion in the PRC	60,840	64,692	4.5% per annum (2018: 4.5% per annum)	RMB56 per square metre (2018: RMB54 per square metre)
Retail portion in Australia	270,049	180,808	4.5% to 12.5% per annum (2018: 4.75% to 10.0% per annum)	Australian Dollar ("A$") A$711 to A$2,200 per square metre (2018: A$674 to A$2,273 per square metre)
Direct comparison approach				Market unit rate
Car park in the PRC	86,580	73,750	N/A	RMB262,000 per car park (2018: RMB197,000 per car park)
Residential in the PRC	485,550	–	N/A	RMB14,015 per square metre
Retail portion in Singapore	148,803	153,686	N/A	Singapore Dollar ("S$") 40,031 per square metre (2018: S$40,031 per square metre)
Residential in Singapore	1,132,950	–	N/A	S$42,871 per square metre
	5,426,396	3,229,437		

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

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16. PROPERTY, PLANT AND EQUIPMENT

	Properties		Leasehold improvements, furniture, fixtures and equipment	
	Completed HK$'000	Under development HK$'000	HK$'000	Total HK$'000
COST				
At 1 April 2017	7,021,928	706,643	1,331,419	9,059,990
Additions	268,887	128,344	94,991	492,222
Transfer from investment properties	198,360	–	–	198,360
Transfer upon completion of development	601,565	(601,565)	–	–
Transfer to investment properties	(39,107)	–	–	(39,107)
Disposals	(5,413)	–	(23,130)	(28,543)
Exchange alignment	350,762	49,993	76,313	477,068
At 31 March 2018	8,396,982	283,415	1,479,593	10,159,990
Additions	95,651	1,035,512	62,971	1,194,134
Acquired on acquisition of subsidiaries	525,934	–	–	525,934
Transfer from properties under development	–	446,557	–	446,557
Disposals	–	–	(4,517)	(4,517)
Exchange alignment	(189,341)	(59,244)	(58,447)	(307,032)
At 31 March 2019	8,829,226	1,706,240	1,479,600	12,015,066
DEPRECIATION AND IMPAIRMENT				
At 1 April 2017	1,042,331	–	536,089	1,578,420
Provided for the year	202,151	–	143,605	345,756
Transfer to investment properties	(38,420)	–	–	(38,420)
Disposals	–	–	(19,371)	(19,371)
Exchange alignment	80,805	–	37,796	118,601
At 31 March 2018	1,286,867	–	698,119	1,984,986
Provided for the year	219,581	–	177,730	397,311
Disposals	–	–	(4,315)	(4,315)
Exchange alignment	(25,638)	–	(27,367)	(53,005)
At 31 March 2019	1,480,810	–	844,167	2,324,977
CARRYING VALUES				
At 31 March 2019	7,348,416	1,706,240	635,433	9,690,089
At 31 March 2018	7,110,115	283,415	781,474	8,175,004

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of hotels, other properties and car parks shown above comprise:

	2019 HK$'000	2018 HK$'000
Leasehold land and building in HK		
Long leases	290,457	300,002
Medium-term leases	2,945,046	2,989,785
Freehold land and building outside HK	3,442,917	3,001,140
Building on leasehold land outside HK		
Long leases	1,657,173	284,875
Medium-term leases	719,063	817,728
	9,054,656	7,393,530

Leasehold lands are depreciated over the terms of the lease of land. Completed buildings are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land of 25 to 65 years, whichever is the shorter. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$111,058,000 (2018: HK$112,791,000).

Included in leasehold improvements, furniture, fixtures and equipment is an aggregate carrying amount of HK$23,664,000 (2018: HK$18,764,000) in respect of assets held under finance leases.

17. PREPAID LEASE PAYMENTS

	2019 HK$'000	2018 HK$'000
Balance at beginning of the year	533,321	500,957
Amortisation	(10,387)	(9,626)
Transfer to investment properties	–	(3,322)
Exchange alignment	(25,698)	45,312
Balance at end of the year	497,236	533,321
The carrying value represents leasehold land outside HK:		
Long-term leases with lease period of 99 years	283,569	293,681
Medium-term leases with lease period of 35 years	213,667	239,640
	497,236	533,321
Analysed for reporting purposes as:		
Non-current asset	483,454	518,752
Current asset	13,782	14,569
	497,236	533,321

18. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2018: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

19. INTERESTS IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Unlisted investments, at cost	824,459	718,076
Share of post-acquisition results, net of dividends received	237,267	225,808
	1,061,726	943,884

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly 2019	2018	Principal activities
Bermuda Investments Limited	Ordinary	25%	25%	Property investment
Kanic Property Management Limited	Ordinary	50%	50%	Building management
Omicron International Limited*	Ordinary	30%	30%	Investment holding
Peacock Estates Limited	Ordinary	25%	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	25%	25%	Property development and investment

* Incorporated in the British Virgin Islands ("BVI") and operating in HK
+ Incorporated and operating in Australia

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

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19. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2019 was as follows:

	2019 HK$'000	2018 HK$'000
Current assets	742,238	746,959
Non-current assets	2,856,811	2,350,960
Current liabilities	(121,389)	(48,829)
Non-current liabilities	(317,476)	(449,250)

	2019 HK$'000	2018 HK$'000
Revenue	–	–
Loss after tax	(4,874)	(11,006)
Total comprehensive expense for the year	(4,874)	(11,006)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2019 HK$'000	2018 HK$'000
Net assets of the associate	3,160,184	2,599,840
Proportion of the Group's ownership interest in the associate	25%	25%
Carrying amount of the Group's interest in the associate	790,046	649,960

Aggregate information of associates that are not individually material:

	2019 HK$'000	2018 HK$'000
The Group's share of profit after tax	19,022	12,570
The Group's share of total comprehensive income	19,022	12,570
Aggregate carrying value of the Group's interest in these associates	271,680	293,924

19. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2019 HK$'000	2018 HK$'000
The unrecognised share of losses for the year	–	(707)
Cumulative unrecognised share of losses	(51,153)	(51,153)

20. INTERESTS IN JOINT VENTURES

(a) Joint ventures

	2019 HK$'000	2018 HK$'000
Unlisted investments, at cost	655,059	406,121
Share of post-acquisition results, net of dividends/ distributions received	6,015	4,301
Less: impairment	(5)	(5)
	661,069	410,417

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly 2019	2018	Principal activities
Guangdong Xin Shi Dai Real Estate Limited	PRC	50%	50%	Property development
Raeon International Limited	HK	25%	25%	Real estate agency
Festival Car Park Pty Ltd	Australia	25%	25%	Car park operation
QWB Residential Precinct Holdings Pty Ltd	Australia	50%	50%	Property development and investment
BC Group Holdings Limited ("BC Group")	Cayman Islands	50.66%	–	Provision of mortgage services
Destination Gold Coast Investments Pty Ltd	Australia	25%	25%	Hotel management
Cuscaden Homes Pte Limited	Singapore	10%	–	Hotel management

Note: The Group and the other joint venturers are contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

20. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures

(i) QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2019 was as follows:

	2019 HK$'000	2018 HK$'000
Current assets	14,997	9,469
Non-current assets	426,736	415,737
Current liabilities	(12,073)	(35,856)
The above amounts of assets include the following: Cash and cash equivalents	14,257	8,872

	2019 HK$'000	2018 HK$'000
Revenue	–	–
Loss after tax	–	–
Total comprehensive expense for the year	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2019 HK$'000	2018 HK$'000
Net assets of the joint venture	429,660	389,350
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	214,830	194,675

(ii) Investment in BC Group Holdings Limited (the "BC Group") arose from a series of re-structuring exercise undertaken by the management of BC Group which resulted in the disposal of the Group's interest in certain associates in return for a 50.66% equity interest in BC Group during the year. BC Group is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

20. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(ii) (continued)

The summarised financial information regarding the assets and liabilities of BC Group for the period from 28 February 2019 (date of acquisition) to 31 March 2019 was as follows:

	2019 HK$'000
Current assets	338,519
Non-current assets	3,553,987
Current liabilities	(114,458)
Non-current liabilities	(3,731,390)
The above amounts of assets and (liabilities) include the following:	
Cash and cash equivalents	268,774
Loan receivables	3,488,280
Notes	(3,685,180)
Revenue	4,145
Expenses	(9,285)
Loss and total comprehensive expense for the period	(5,140)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2019 HK$'000
Net assets of the joint venture	46,658
Proportion of the Group's ownership interest in the joint venture	50.66%
The Group's share of net assets of the joint venture	23,637
Goodwill	142,336
Carrying amount of the Group's interest in the joint venture	165,973

(iii) *Aggregate information of joint ventures that are not individually material:*

	2019 HK$'000	2018 HK$'000
The Group's share of profit after tax	–	–
The Group's share of total comprehensive income	–	–
Aggregate carrying value of the Group's interest in these joint ventures	280,266	215,742

20. INTERESTS IN JOINT VENTURES (continued)

(b) Joint operation

(i) During the year ended 31 March 2015, a subsidiary of the Group as developer (the "Developer") has entered into development agreement ("Agreement") with Urban Renewal Authority ("URA") in form of joint operation to engage in residential/commercial property development and sales in Hong Kong. Under the Agreement, the Developer is mainly responsible for the development of the project. Units in the development will be sold or disposed of by URA in accordance with the terms and conditions of the Agreement and sales proceeds arising therefrom will be distributed between URA and the Developer pursuant to the terms and conditions of the Agreement.

Assets with a carrying value of HK$258,667,000 (2018: HK$198,129,000) recognised in the consolidated financial statements as at 31 March 2019 in relation to the joint operation, mainly representing the property development costs and upfront payment to URA, and included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

(ii) During the year ended 31 March 2012, the Group entered into an agreement with a related company to jointly develop certain portion of the Group's freehold land with fair value, as agreed between the parties, of Malaysian Ringgit ("MYR") 65,000,000 (equivalent to HK$124,800,000). The related company is responsible for the provision of technical, commercial and financial management of the development on the land and marketing the properties on completion of their development and bears all the related cost and expenses of the development. The development activities and the sales of the completed properties are directed by the related company's board of directors, of which the Group and the related company have equal number of representatives throughout the joint operation period. The Group and the related company will share the profit or loss (representing revenue from sale less the fair value of the land, development costs and marketing expenses of the completed properties) from the development on a 50:50 basis.

Assets with a carrying amount of MYR8,800,000, equivalent to HK$16,965,000 (2018: MYR8,800,000, equivalent to HK$17,864,000) are recognised in the consolidated financial statements as at 31 March 2019 in relation to the joint operations, representing the cost of the freehold land and included in properties for development under current assets. Income and expenses of the joint operation for the year are insignificant.

21. INVESTMENT SECURITIES

	2019 HK$'000	2018 HK$'000
(i) Available-for-sale investments		
Unlisted:		
Equity securities, at cost	–	12,876
Club membership, at cost	–	688
Debt securities, at fair value	–	146,423
	–	159,987
(ii) Financial assets at FVTPL		
(a) Investments held for trading		
Listed equity securities	79,874	62,218
Listed debt securities	–	2,625,529
Unlisted debt securities	–	42,880
Investment funds	–	588,929
	79,874	3,319,556
(b) Financial assets designated at FVTPL		
Structured deposits	–	40,500
(c) Equity securities at FVTPL		
Unlisted equity securities	14,483	–
(d) Debt instruments at FVTPL		
Listed debt securities	2,076,376	–
Unlisted debt securities	409,959	–
	2,486,335	–
(e) Investment funds (Note)	774,618	–
(iii) Equity instruments at FVTOCI		
Unlisted equity securities	2,133	–
Equity securities listed overseas	1,065,011	–
	1,067,144	–
Total	4,422,454	3,520,043

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21. INVESTMENT SECURITIES (continued)

	2019 HK$'000	2018 HK$'000
Analysed for reporting purposes as:		
Non-current assets	1,081,626	13,564
Current assets	3,340,828	3,506,479
	4,422,454	3,520,043

Note: Investment funds represent pool investments, comprising equity and debts securities in various markets.

22. LOAN RECEIVABLES

	2019 HK$'000	2018 HK$'000
Loan receivables	253,497	92,316
Less: Amount due within one year and classified under current assets	(20,244)	(11,827)
Amount due after one year	233,253	80,489

Loan receivables mainly represent mortgage loans with carrying amount of HK$253,497,000 (2018: HK$82,292,000) and secured by the properties of the borrowers.

Included in loan receivables is an amount of HK$170,829,000 (2018: HK$20,531,000) which bear interest ranging at prime rate minus 1.5% for first two years and prime rate plus 0.5% for the remaining period; an amount of HK$46,750,000 (2018: HK$59,617,000) are interest-free for the first 3 years and bear interest at prime rate per annum and are repayable by instalment thereafter; an amount of HK$26,368,000 which bear interest ranging from prime rate to prime rate plus 2% for whole loan period and the remaining balance of HK$9,550,000 (2018: HK$12,168,000) are unsecured, interest-free and repayable on demand.

In determining the recoverability of loan receivables, the Group considers any change in the credit quality of the borrowers, the value of the underlying properties under mortgage, historical settlements of loan interests and other forward-looking information. Details of impairment assessment are set out in note 47.

23. PLEDGED DEPOSITS, RESTRICTED BANK DEPOSITS, DEPOSIT IN A FINANCIAL INSTITUTION, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 3.19% (2018: 0.00% to 3.21%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 3.27% (2018: 0.00% to 3.25%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits, carry interest at market rates ranging from 0.35% to 1.55% (2018: 0.35% to 1.05%), represent custody deposits paid in banks in relation to certain banking facility arrangements of the Group and deposits can be solely applied for settlement of development cost of designated property projects.

Deposit in a financial institution carries interest at a rate of 0.00% to 0.55% (2018: 0.00% to 0.50%) per annum.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 2.50% (2018: 0.00% to 2.40%) per annum.

24. PROPERTIES FOR SALE

Included in properties for sale are properties with carrying value of HK$10,735,435,000 (2018: HK$9,795,742,000) which are not expected to be realised within the next twelve months.

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade debtors, net of allowance for credit loss	138,809	123,034
Advance to contractors	685	11,310
Utility and other deposits	78,852	25,888
Prepayment and other receivables	194,807	204,722
Other tax recoverable	34,693	56,892
Deposit and stamp duty paid for the acquisition of property	20,000	100,828
	467,846	522,674

The following is an aged analysis of trade debtors, net of allowance for credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date:

	2019 HK$'000	2018 HK$'000
0–60 days	112,476	94,203
61–90 days	6,857	6,745
Over 90 days	19,476	22,086
	138,809	123,034

Trade debtors aged over 60 days are past due but are not impaired.

25. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

As at 31 March 2019, included in the Group's trade receivables balance are debtors with an aggregate carrying amount of HK$24,487,000 which are past due at the reporting date. Out of the past due balances, HK$18,344,000 has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the credit worthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances. Details of impairment assessment of trade and other receivables for the year ended 31 March 2019 are set out in note 47.

As at 31 March 2018, in determining the recoverability of trade debtors, the Group considers the subsequent settlement and any change in the credit quality of the debtors from the date credit was initially granted up to the end of each reporting period. There is no concentration of credit risk due to the large and unrelated customer base. The management believes that there is no further credit provision required in excess of the allowance already made. The Group does not hold any collateral over these balances.

Ageing of trade debtors which are past due but not impaired

	2018 HK$'000
1–30 days	6,745
Over 30 days	22,086
	28,831

Allowance for doubtful debts on the trade debtors and the movements during the year are as follows:

	2018 HK$'000
Balance at beginning of the year	10,688
Impairment losses recognised	11,387
Balance at end of the year	22,075

26. CUSTOMERS' DEPOSITS UNDER ESCROW

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

27. CONTRACT ASSETS

Contract assets represent the unbilled amount resulting from sale of properties recognised over time.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

Certain of the Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

28. CONTRACT COSTS

Contract costs capitalised as at 31 March 2019 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$94,781,000. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

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29. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Derivatives that are designated as hedging instruments carried at fair value:				
Cash flow hedges – Cross currency swap contracts (Note)	4,366	–	–	(22,170)
Held for trading derivatives that are not designated in hedge accounting relationships:				
Call/put options in unlisted equity securities and foreign currencies	–	468	–	–
Forward foreign exchange contracts	–	50	–	–
Cross currency swap contracts	99	–	–	(11,604)
Assets (liabilities) from profit guarantee arrangement	2,547	–	–	(5,876)
	7,012	518	–	(39,650)
Analysed for reporting purpose as:				
Current	4,646	518	–	(2,211)
Non-current	2,366	–	–	(37,439)
	7,012	518	–	(39,650)

Note: Cross currency swap contracts

These cross currency swap contracts were designated as hedging instruments against the variability of cash flows.

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30. CREDITORS AND ACCRUALS

	2019 HK$'000	2018 HK$'000
Trade creditors		
– Construction cost and retention payable	939,681	883,501
– Others	122,873	100,306
	1,062,554	983,807
Construction cost and retention payable for capital assets	36,038	69,453
Rental deposits and rental receipts in advance	73,728	85,104
Other payable and accrued charges	359,258	587,115
	1,531,578	1,725,479

The following is an aged analysis of the trade creditors, based on the invoice date:

	2019 HK$'000	2018 HK$'000
0–60 days	1,005,701	894,855
61–90 days	13,502	16,541
Over 90 days	43,351	72,411
	1,062,554	983,807

31. CONTRACT LIABILITIES

	2019 HK$'000	2018 HK$'000 (note)
Sales of properties	974,166	1,520,096

Note: The amount in this column is after the adjustment from the application of HKFRS 15. An amount of HK$1,204,973,000 was recognised as revenue for the year ended 31 March 2019.

The Group receives an amount ranging from 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. The amount is expected to be settled within the Group's normal operating cycle and is classified as current based on the Group's earliest obligation to transfer the properties to customers.

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32. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Amounts payable under finance leases:				
Within one year	7,763	6,582	6,697	5,629
In more than one year but not more than five years	13,610	12,431	12,476	11,518
	21,373	19,013	19,173	17,147
Less: Future finance charges	(2,200)	(1,866)	–	–
Present value of lease obligations	19,173	17,147	19,173	17,147
Less: Amount due within one year shown under current liabilities			(6,697)	(5,629)
Amount due after one year			12,476	11,518

It is the Group's policy to lease certain of its motor vehicles and equipment under finance leases. The average lease terms range from 1 to 5 years. The average borrowing rates for the year is 6.71% (2018: 6.69%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The fair value of the Group's finance lease obligations, determined based on the present value of the estimated future cash flow discounted using the prevailing market rate, at the end of the reporting period approximates to their carrying amount.

33. BANK AND OTHER BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank loans	17,034,260	11,788,642
Other loans	835,824	182,756
Less: front-end fee	(31,541)	(23,976)
	17,838,543	11,947,422
Analysed for reporting purpose as:		
Secured	15,050,084	10,531,398
Unsecured	2,820,000	1,440,000
	17,870,084	11,971,398
Current liabilities	4,235,896	5,285,719
Non-current liabilities	13,602,647	6,661,703
	17,838,543	11,947,422
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:		
On demand or within one year	3,199,157	4,103,156
More than one year, but not exceeding two years	4,222,741	1,845,979
More than two years, but not exceeding five years	10,180,824	5,365,854
More than five years	267,362	656,409
	17,870,084	11,971,398

The carrying amounts of the borrowings include an amount of HK$1,044,413,000 (2018: HK$1,193,830,000) which is not repayable within one year based on scheduled repayment dates has, however, been shown under current liabilities as the counterparties have discretionary rights to demand immediate repayment.

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33. BANK AND OTHER BORROWINGS (continued)

Currencies	Interest rates	2019 HK$'000	2018 HK$'000
HK$	Hong Kong Interbank Offered Rates ("HIBOR") plus 0.75% to 2.1% (2018: HIBOR plus 1.00% to 3.00%)	8,920,580	6,623,210
RMB	100% of 5 years or above People's Bank of China Prescribed Interest Rate ("PBOC PIR") (2018: 100% of 1 year PBOC PIR to 130% of 1 to 3 years PBOC PIR)	564,560	701,713
S$	Singapore Swap Offered Rate ("S$ SOR") plus 0.68% to 1.1% (2018: S$ SOR plus 1.10% to 1.20%)	4,152,572	2,234,410
MYR	Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% to plus 1.50% (2018: Malaysia BLR minus 1.50% to plus 1.50%)	94,788	244,415
A$	Australia Bank Bill Swap Reference Rate ("Australia BBSW") plus 1.40% to 1.55% (2018: Australia BBSW plus 1.40% to 2.50%)	3,155,739	1,368,193
GBP	London Interbank Offered Rate ("LIBOR") plus 2.00% to 2.75% (2018: LIBOR plus 2.00% to 2.80%)	888,033	799,457
EURO ("EUR")	Czech Republic Lombard Rate (Czech Republic LR) plus 1.95% to 3.1%	93,812	–
		17,870,084	11,971,398

34. AMOUNTS DUE TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

The amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

The amount due to a shareholder of a non-wholly owned subsidiary under non-current liabilities represents amount due to a shareholder for financing the property development project in Singapore. The loan is unsecured, interest-free and due to a shareholder of FEC Skyline Pte. Ltd. ("FEC Skyline"), a 70% subsidiary of the Company. In accordance with the contractual terms of the shareholders' agreements, the amount is repayable only when FEC Skyline has available cash, which represent cash proceeds receive from the business after payment of operating expenses as provided in the annual budget including but not limited to bank loans and/or other financial institutions which are due for repayment together with the accrued interest. The expected repayment date of the amount due to a shareholder of a non-wholly owned subsidiary is on August 2020 and the difference between the principal amount of the advance and its fair value at initial recognition amounting to HK$19,681,000 has been included in the non-controlling interest as deemed capital contribution arising from interest-free loan advanced by a non-controlling shareholder during the year ended 31 March 2017.

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35. NOTES AND BONDS

	2023 Notes HK$'000	2021 Notes HK$'000	2018 Bonds HK$'000	Total HK$'000
At 1 April 2017	–	2,310,890	819,652	3,130,542
Issue of new notes	1,168,313	–	–	1,168,313
Less: transaction costs directly attributable to issue	(11,930)	–	–	(11,930)
Interest charged during the year	21,210	91,586	54,236	167,032
Interest paid during the year	–	(81,848)	(52,783)	(134,631)
Interest payable due within 12 months and included in other payable	(20,381)	(5,865)	–	(26,246)
Exchange adjustments	6,125	20,858	86,890	113,873
At 31 March 2018	1,163,337	2,335,621	907,995	4,406,953
Redemption upon maturity	–	–	(907,995)	(907,995)
Interest charged during the year	54,783	92,235	–	147,018
Interest paid during the year	(11,496)	(76,849)	–	(88,345)
Interest payable due within 12 months and included in other payable	(41,107)	(11,502)	–	(52,609)
Exchange adjustments	1,489	2,988	–	4,477
At 31 March 2019	1,167,006	2,342,493	–	3,509,499

2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of US$150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2019, the aggregate principal amount of the 2023 Notes outstanding was US$150,000,000 (equivalent to HK$1,176,000,000) (2018: US$150,000,000 (equivalent to HK$1,174,500,000)).

2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of US$300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2019, the aggregate principal amount of the 2021 Notes outstanding was US$300,000,000 (equivalent to HK$2,352,000,000) (2018: US$300,000,000 (equivalent to HK$2,349,000,000)).

35. NOTES AND BONDS (continued)

2018 Bonds

On 3 April 2013, Dorsett issued bonds with aggregate principal amount of RMB850,000,000 (equivalent to HK$1,062,500,000) at the issue price of 100% of the principal amount with maturity date on 3 April 2018 (the "2018 Bonds") to independent third parties. The 2018 Bonds bear interest at 6.17% per annum payable semi-annually. Dorsett partially repurchased a principal amount of RMB39,660,000 (equivalent to HK$49,972,000). In addition, the Company, through its subsidiary, purchased 2018 Bonds with the principal amount of RMB83,030,000 (equivalent to HK$101,712,000). As at 31 March 2018, the outstanding principal amount of 2018 Bonds was RMB727,310,000 (equivalent to HK$909,138,000). The 2018 Bonds were fully redempted upon maturity.

The principal terms of 2023 Notes, 2021 Notes and 2018 Bonds:

a) Other than during the closed period and subject to the terms of the paying agency agreement in respect of the 2023 Notes, 2021 Notes and 2018 Bonds, the bonds are transferable without restrictions.

b) Unless previously redeemed or purchased and cancelled, the Company and Dorsett will redeem each 2023 Notes, 2021 Notes and 2018 Bonds at 100% at its principal amount together with unpaid accrued interest on the maturity date.

c) At any time the Company and Dorsett may, having given not less than 15 nor more than 30 days' notice to the noteholders or 30 nor more than 60 days' notice to the bondholders in accordance with the terms and conditions of the 2023 Notes, 2021 Notes and 2018 Bonds (which notice shall be irrevocable) redeem all, and not some only, of the 2023 Notes, 2021 Notes and 2018 Bonds at their principal amount together with interest accrued to the date fixed for redemption on the redemption date as a result of any change in, or amendment to, the applicable tax laws or regulations of the Cayman Islands or Hong Kong.

d) When a change of control occurs with respect to the Company and Dorsett, the noteholder of 2023 Notes, 2021 Notes and bondholder of 2018 Bonds will have the right at such holder's option, to require the Company and Dorsett to redeem all or some only of that 2023 Notes and 2021 Notes at 100% and 2018 Bonds at 101% of their principal amount together with interest accrued to the date fixed for redemption.

e) The 2023 Notes, 2021 Notes and 2018 Bonds will constitute direct, unsubordinated, unconditional and (subject to the terms and conditions of the 2023 Notes, 2021 Notes and 2018 Bonds) unsecured obligations of the Company and Dorsett and shall at all times rank pari passu and without any preference or priority among themselves.

Details of the issue of the 2023 Notes, 2021 Notes and 2018 Bonds were disclosed in Company's circular dated 7 November 2017, 25 August 2016 and Dorsett's circular dated 25 March 2013, respectively.

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36. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Others HK$'000 (note)	Total HK$'000
At 1 April 2017	86,290	147,656	60,726	35,506	(64,659)	97,963	363,482
Charge (credit) to profit or loss	2,885	9,415	–	(1,245)	(5,134)	125,120	131,041
Charge to assets revaluation reserve	–	–	9,000	–	–	–	9,000
Exchange alignment	(597)	19,259	6,724	–	–	5,867	31,253
At 31 March 2018	88,578	176,330	76,450	34,261	(69,793)	228,950	534,776
Adjustments (note 2)	–	–	–	–	–	16,026	16,026
At 1 April 2018 (restated)	88,578	176,330	76,450	34,261	(69,793)	244,976	550,802
(Credit) charge to profit or loss	(2,411)	147,369	–	(4,950)	236	72,509	212,753
Acquisition of subsidiaries (note 38(a))	–	–	–	15,921	–	–	15,921
Exchange alignment	83	(17,246)	(6,002)	(319)	1,536	(11,940)	(33,888)
At 31 March 2019	86,250	306,453	70,448	44,913	(68,021)	305,545	745,588

Note: Others represent the temporary difference arising from the deduction of the interest expenses and development expenditure of overseas subsidiaries at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2019 HK$'000	2018 HK$'000
Deferred tax assets	(49,640)	(48,410)
Deferred tax liabilities	795,228	583,186
	745,588	534,776

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose. No deferred tax is recognised in respect to the changes in fair value of the investment properties located in Hong Kong and Singapore, as those properties are presumed to be recovered entirely through sales.

At 31 March 2019, the Group has unused tax losses of HK$1,447,678,000 (2018: HK$1,384,764,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$292,873,000 (2018: HK$391,825,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$1,154,805,000 (2018: HK$992,939,000) due to the unpredictability of future profit streams.

36. DEFERRED TAXATION (continued)

At 31 March 2019, the Group has deductible temporary difference in relation to accelerated depreciation of property, plant and equipment amounted to HK$395,769,000 (2018: HK$356,441,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC and Australia of HK$3,875,961,000 (2018: HK$3,830,419,000) generated after 1 January 2008 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

37. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2017	2,238,370,717	223,837
Issue of shares in lieu of cash dividends (i)	51,965,423	5,197
Issue upon exercise of share options at HK$2.55 per share	11,450,000	1,145
At 31 March 2018	2,301,786,140	230,179
Share repurchase	(13,619,000)	(1,362)
Issue of shares in lieu of cash dividends (ii)	62,023,162	6,202
Issue upon exercise of share options at HK$2.55 per share	1,500,000	150
At 31 March 2019	2,351,690,302	235,169

(i) On 8 February 2018 and 9 October 2017, the Company issued and allotted 11,961,510 and 40,003,913 new fully paid shares of HK$0.10 each at HK$4.718 and HK$4.010 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2018 interim dividend and 2017 final dividend pursuant to the scrip dividend scheme announced by the Company on 27 November 2017 and 13 June 2017 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 14 February 2019 and 11 October 2018, the Company issued and allotted 16,412,149 and 45,611,013 new fully paid shares of HK$0.10 each at HK$3.262 and HK$4.040 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2019 interim dividend and 2018 final dividend pursuant to the scrip dividend scheme announced by the Company on 28 December 2018 and 3 September 2018 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

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37. SHARE CAPITAL (continued)

(iii) During the year ended 31 March 2019, the Company, through its subsidiary, repurchased certain of its own shares as follows:

Month of repurchase	No. of ordinary share purchased	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$'000
May 2018	5,000,000	4.38	4.67	21,800
August 2018	3,700,000	4.00	4.40	15,540
September 2018	2,150,000	3.78	4.18	8,084
January 2019	2,769,000	3.26	3.50	9,138

The shares were cancelled during the year and accordingly the issued share capital and the share premium was reduced by the nominal value of these shares and the premium paid on repurchase respectively.

All the shares issued during the two years ended 31 March 2019 rank pari passu in all respects with the existing shares in the Company.

During the year, except the amount disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

38. ACQUISITION/DISPOSAL OF SUBSIDIARIES

(a) Acquisition of business

On 30 April 2018, the Group acquired the entire share capital of TWC, a company incorporated in United States of America. The principal activity of TWC is hospitality and gaming business. The acquisition was accounted for using the purchase method.

	Carrying amount in the acquiree's financial records HK$'000	Fair value adjustment HK$'000	Fair value of net assets HK$'000
Net assets acquired:			
Property, plant and equipment	445,986	79,948	525,934
Debtors, deposits and prepayments	64,486	–	64,486
Bank balances and cash	55,339	–	55,339
Creditors and accruals	(38,733)	–	(38,733)
Bank borrowings	(153,825)	–	(153,825)
Deferred tax liabilities	(3,278)	(12,643)	(15,921)
	369,975	67,305	437,280
Bargain purchase gain			(108,000)
Consideration satisfied by cash			329,280
Net cash outflow arising on acquisition:			
Cash consideration			329,280
Cost incurred in connection with the acquisition			3,386
Bank balances and cash acquired			(55,339)
			277,327

The bargain purchase gain represents the excess of the acquirer's interest in the net fair value of assets over the purchase consideration attributable to the sale by the exiting shareholders of the acquiree for realisation of their investment due to the anticipation of the change in the gaming regulatory and operating environment in Czech Republic.

Had the acquisition been completed on 1 April 2018, the directors of the Company would not have expected a material impact to the Group's revenue and profit for the year as the revenue and losses contributed by TWC from 1 April up to 30 April 2018 (date of acquisition) was insignificant to the Group.

38. ACQUISITION/DISPOSAL OF SUBSIDIARIES (continued)

(b) Acquisition of assets

In July 2018, the Group acquired the entire share capital of Highest Reach Investments Limited, which indirectly owned a property known as 21 Anderson Royal Oak Residence, located at 21 Anderson Road in Singapore. The assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 *Business Combinations* and therefore, the acquisition was accounted for as assets acquisition.

The asset acquired and liabilities assumed in the transaction are as follows:

	HK$'000
Investment properties	1,132,950
Debtors, deposits and prepayments	419
Bank balance and cash	42,650
Creditors and accruals	(4,405)
Bank borrowings	(595,471)
Net assets of the subsidiaries acquired	576,143
Total consideration satisfied by:	
Cash consideration paid	576,143
Net cash outflow arising on acquisition:	
Cash consideration paid	576,143
Bank balances and cash acquired	(42,650)
	533,493

(c) Disposal of a subsidiary

In May 2017, the Group disposed of the entire equity interests in Double Advance Group Limited, which was classified as assets and liabilities held for disposal at 31 March 2017, and assigned the shareholder's loan made to that subsidiary. The net assets disposed of in the transaction were amounted to HK$107,091,000 for cash consideration received of HK$407,614,000. Net cash inflow arising on disposal was amounted to HK$400,605,000.

39. MAJOR NON-CASH TRANSACTIONS

The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$237,815,000 (2018: HK$216,834,000).

The Group entered into finance lease arrangements for acquisition of asset with a total capital value at the inception of the leases of HK$2,200,000 (2018: HK$9,934,000).

As mentioned in note 20(a)(ii), BC Group was set up as a holding company and is integral to the whole restructuring scheme involving certain associates of the Group. As part of the scheme, the Group's interests in certain associates were disposed to BC Group for a consideration of A$8,900,000 resulting in a gain on disposal of associates of HK$51,677,000 being recognised in the profit or loss during the year. On the same day, the call options (as amended) held by the Group in the associates were exercised, entitling the Group to subscribe for shares in BC Group for an amount equivalent to the market value of the call options held by the Group in the associates. In addition, the Group recognised a fair value gain on the call options of HK$123,847,000 in the profit or loss with the corresponding amount debited as deemed cost of the Group's interest in BC Group. Upon completion of the restructuring, the Group holds 50.66% equity interest in BC Group and the investment is classified as interests in joint ventures by the Group based on the decision making arrangement of the shareholders' deed where decision on operating and financial policies or activities of BC Group and its subsidiaries requires unanimous consent of the Group and other shareholders. BC Group and its subsidiaries are principally involved in the provision of mortgage services.

40. CHARGE ON ASSETS

Bank and other borrowings of HK$15,050,084,000 (2018: HK$10,531,398,000) and obligations under finance leases of HK$19,173,000 (2018: HK$17,147,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2019 HK$'000	2018 HK$'000
Investment properties	2,416,776	2,058,974
Property, plant and equipment	5,612,513	6,429,653
Prepaid lease payments	497,236	533,321
Properties for sale	11,774,893	6,985,792
Bank deposits	35,940	22,023
Investment securities	1,073,723	432,340
	21,411,081	16,462,103

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

41. CAPITAL COMMITMENTS

	2019 HK$'000	2018 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	877,949	1,596,141
Commitment to provide credit facility to a joint venture	65,000	–
Others	28,273	30,714
	971,222	1,626,855

42. OPERATING LEASE ARRANGEMENTS

The Group as lessor:

At the end of the reporting period, investment properties and properties for sale with carrying amount of HK$4,293,446,000 (2018: HK$3,187,707,000) and HK$19,994,000 (2018: HK$20,222,000) respectively were let out under operating leases. Gross rental income earned during the year is HK$155,331,000 (2018: HK$139,003,000) of which HK$138,765,000 (2018: HK$138,948,000) was derived from letting of investment properties.

At the end of the reporting period, the Group had contracted with tenants for the future minimum lease payments under non-cancellable operating leases which fall due:

	2019 HK$'000	2018 HK$'000
Within one year	118,639	101,837
In the second to fifth year inclusive	200,400	239,427
More than five years	83,839	108,488
	402,878	449,752

Leases are negotiated and rentals are fixed for terms ranging from one to twenty years (2018: one to twenty years).

The Group as lessee:

Minimum lease payments paid under operating leases during the year.

	2019 HK$'000	2018 HK$'000
Premises	413,817	366,768
Equipment	584	2
	414,401	366,770

At the end of the reporting period, the Group had commitments for future minimum lease payments for premises under non-cancellable operating leases which fall due:

	2019 HK$'000	2018 HK$'000
Within one year	100,550	80,568
In the second to fifth year inclusive	255,380	192,444
More than five years	56,292	27,453
	412,222	300,465

Leases are negotiated for an average term of two years and rentals are fixed over the lease period.

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions with related parties:

	2019 HK$'000	2018 HK$'000
Provision of building management service by associates	2,342	2,771
Provision of consultancy service to joint ventures	2,307	–
Provision of underwriting service to joint ventures	35,736	–

Details of the balances with associates, joint ventures, shareholders of non-wholly owned subsidiaries, an investee company and related companies as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) The Group has entered into three hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2019, hotel management services income of HK$1,914,000 (2018: HK$1,794,000) was received under these contracts.

(c) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 14.

44. AMOUNTS DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, joint ventures, an investee company and related companies are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

In respect of the amounts classified under non-current assets, the Group does not expect repayment within the next twelve months from the end of the reporting period.

In respect to the amounts classified under non-current liabilities, the Group is not required to settle the balance within twelve months from the end of the reporting period.

45. SHARE OPTION SCHEMES

On 31 August 2012, the Company adopted a new share option scheme and the old share option scheme of the Company adopted on 28 August 2002 was expired on 28 August 2012 (collectively referred to as the "FECIL Share Option Schemes"). The FECIL Share Option Schemes were approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Schemes, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Schemes is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

Share options were granted by the Company on 25 August 2006, 8 May 2009 and 27 March 2013, at an initial exercise price at HK$3.290, HK$1.500 and HK$2.550 per share respectively to directors and employees of the Company and its subsidiaries.

At 31 March 2019, the number of options which remained outstanding under the FECIL Share Option Schemes was nil (2018: 1,500,000) which, if exercise in full, would represents none (2018: 0.07%) of the enlarged capital of the Company.

Details of options granted are as follows:

Options granted on 27 March 2013

Tranche 1	27.3.2013 to 28.2.2014	2.3.2014 to 28.2.2020	2.550
Tranche 2	27.3.2013 to 28.2.2015	2.3.2015 to 28.2.2020	2.550
Tranche 3	27.3.2013 to 29.2.2016	2.3.2016 to 28.2.2020	2.550
Tranche 4	27.3.2013 to 28.2.2017	2.3.2017 to 28.2.2020	2.550

The movements in the options granted to employees in aggregate during the two years ended 31 March 2018 and 31 March 2019 are as follows:

Option type	Date of grant	At 1.4.2017	Exercised during the year	At 31.3.2018	Exercised during the year	At 31.3.2019
Tranche 1	27.3.2013	925,000	(700,000)	225,000	(225,000)	–
Tranche 2	27.3.2013	2,500,000	(2,200,000)	300,000	(300,000)	–
Tranche 3	27.3.2013	3,125,000	(2,750,000)	375,000	(375,000)	–
Tranche 4	27.3.2013	6,400,000	(5,800,000)	600,000	(600,000)	–
		12,950,000	(11,450,000)	1,500,000	(1,500,000)	–
Weighted average exercisable price		2.550	2.550	2.550	2.550	–
Number of options exercisable at the end of the year		12,950,000		1,500,000		–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

45. SHARE OPTION SCHEMES (continued)

Total consideration received by the Group for exercising the options granted amount to approximately HK$3,826,000 (2018: HK$29,198,000).

The weighted average closing price of the Company's share immediately before the date(s) on which the options were exercised is HK$4.00 (2018: HK$3.96).

The fair value of the options under FECIL Share Option Schemes at the date of grant determined using the Binomial model.

The variables and assumptions used in computing the fair value of the share options are based on the management's best estimate. The value of an option varies with different variables of a number of subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

46. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

Total retirement benefits expenses charged to profit or loss amounted to HK$52,892,000 in the current year (2018: HK$46,875,000).

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For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Available-for-sale investments	–	159,987
Financial assets at FVTPL	3,355,310	3,360,056
Equity instruments at FVTOCI	1,067,144	–
Financial assets at amortised cost	3,823,541	–
Loans and receivables (including cash and cash equivalents)	–	5,772,749
Derivative financial instruments	7,012	518
	8,253,007	9,293,310
Financial liabilities		
Derivative financial instruments	–	39,650
Amortised cost	23,146,380	18,032,832
	23,146,380	18,072,482

b. Financial risk management objectives and policies

Details of the Group's financial instruments are disclosed above and in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and impairment assessment, and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and variable-rate borrowings. In addition, the Group is also exposed to interest rate risks in relation to investments in its debt securities which are measured at FVTPL.

Interest rate sensitivity analysis

The sensitivity analysis considers only borrowings which have significant impact on the consolidated financial statements. The analysis is prepared assuming that the borrowings outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period.

If interest rates had been increased/decreased by 50 basis points (2018: 50 basis points) and all other variables were held constant, the Group's profit after tax would have decreased/increased by HK$42,716,000 (2018: HK$21,629,000) and the interest capitalised would have increased/decreased by HK$36,255,000 (2018: HK$33,167,000).

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering into forward foreign exchange contracts and cross-currency swap contracts to mitigate the impact of fluctuating foreign currency rates.

The carrying amount of the Group's foreign currency denominated monetary items, at the end of the reporting period are as follows:

	2019 HK$'000	2018 HK$'000
Assets		
A$	14,309	244,109
Japanese Yen ("JPY")	5,123	5,123
RMB	946	1,006
US$	752	7,661
EUR	81,871	105,643
S$	104,654	53,907
GBP	159,822	211,546

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than US$ for the individual group entity in Hong Kong since HK$ are pegged to US$ under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and US$. The following table details the Group's sensitivity to a 10% (2018: 10%) weakening in the HK$ against the relevant foreign currencies other than US$, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies and adjusts their translation at the year end if HK$ weakens 10% against the relevant foreign currency. For a 10% strengthens in HK$ against the relevant foreign currencies, these would be an equal and opposite impact on profit.

	Increase in profit after tax	
	2019 HK$'000	2018 HK$'000
A$	1,002	17,088
JPY	428	428
RMB	71	75
US$	63	640
EUR	6,836	8,821
S$	8,686	4,474
GBP	12,786	16,924

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk

The Group is exposed to equity price risk and market price risk arising from financial assets at FVTPL and equity instruments at FVTOCI.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt price risk at the end of the reporting period.

If the price of the respective equity and debt securities have been 5% (2018: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$139,480,000 (2018: HK$140,282,000) as a result of the changes in fair value of financial assets at FVTPL.

- investment revaluation reserve would have increased/decreased by HK$53,355,000 (2018: HK$7,999,000) as a result of the changes in fair value of equity instrument at FVTOCI (2018: available-for-sale investments).

Credit risk and impairment assessment

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to discharge their obligations in relation to each class of recognised financial asset are the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group also invests in debt securities which expose the Group to credit risk. The Investment Committee regularly reviews the portfolio of debt securities and assesses the credit quality of the issuers. In the regard, the directors of the Company consider that the credit risk relating to debt securities held for trading is not significant.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers, except for amounts due from an investee company, associates and joint ventures and loan receivables, which in aggregate, constitute over 8% (2018: 4%) of the total financial assets. The Group actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on the outstanding balances.

Trade debtors and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has policies in place to ensure the sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on trade balances based on past due status. Contract assets are assessed on an individual basis for impairment purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Loan receivables/amounts due from related parties/bank balances and deposits

The credit risk of loan receivables and amounts due from related parties is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company consider that the probability of default is minimal after assessing the counter-parties financial background and underlying assets held by the related parties.

The credit risks on pledged deposits, restricted bank deposits, deposit in a financial institution, and bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade debtors/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount HK$'000
Financial assets at amortised cost					
Trade debtors	25	N/A	(Note 1)	Lifetime ECL (not credit impaired)	144,572
			Loss	Credit-impaired	24,353
Loan receivables	22	N/A	Low risk (Note 2)	12-month ECL	253,497
Amounts due from related parties	44	N/A	Low risk (Note 2)	12-month ECL	390,580
Pledged deposits/restricted bank deposits	23	above A (Note 3)	N/A	12-month ECL	211,665
Bank balances/deposit in a financial institutions	23	above A (Note 3)	N/A	12-month ECL	2,472,165
Other receivables	25	N/A	Low risk (Note 2)	12-month ECL	160,160
Contract assets	27	N/A	(Note 1)	Lifetime ECL (not credit impaired)	215,565
Customers' deposits under escrow	26	N/A	Low risk (Note 2)	12-month ECL	196,665

Notes:

1. Trade debtors and contract assets

   For trade debtors and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired and contract assets, the Group determines the expected credit losses on these debtors by using a provision matrix, grouped by debtors' aging. Contract assets are assessed individually for impairment.

   As part of the Group's credit risk management, the Group applies debtors' aging for its customers. The exposure to credit risk for debtors which are assessed based on provision matrix as at 31 March 2019 within lifetime ECL (not credit impaired).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

1. Trade debtors and contract assets (continued)

   During the year ended 31 March 2019, the Group provided HK$5,763,000 impairment allowance for trade debtors, based on the provision matrix. Impairment allowance of HK$2,278,000 were made on credit impaired debtors.

   Contract assets are the unbilled amount resulting from sales of properties when revenue exceeds the amount billed to the buyers. The directors of the Company consider the exposure of credit risk of contract assets is low after taking into account the value of the underlying properties, historical settlement of the counterparties and other forward-looking information. The fair value for the underlying properties is higher than the outstanding amount of the contract assets at the end of the reporting period. The loss given default of the contract assets is considered as insignificant to the Group, and no allowance of credit loss is provided for the contract assets.

2. Loan receivables/amounts due from related parties/customers' deposits under escrow/other receivables

   For the purposes of internal credit risk management, the Group uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

   Loan receivables are secured by property interests. The directors of the Company consider the exposure to credit risk of these loan receivables is low after taking into account the value of the collateral, historical settlements of loan interests and other forward-looking information. The fair value of the collateral is higher than the outstanding amount of these receivables at the end of the reporting period. The loss given default and 12-month ECL of these loan receivables is considered as insignificant to the Group, and no allowance of credit loss is provided for these loan receivables.

   For amounts due from related parties, the directors of the Company consider the exposure to credit risk of these amounts is low after taking into consideration of the fair values of the underlying assets held by the related parties, the outlook of their future operations and the expected operating cash flows of the related parties.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

2. Loan receivables/amounts due from related parties/customers' deposits under escrow/other receivables (continued)

   Customers' deposits under escrow represents the portion of the sale proceeds being held in the escrow accounts. The funds are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities. The directors consider the exposure of credit risk is low.

   For other receivables, the directors of the Company consider the exposure of credit risk, historical settlement and other forward-looking information. The rate of default of 12-month ECL of the other receivables range from 2% to 3% and allowance of credit loss of HK$4,237,000 was recognised during the year.

3. For pledged deposits, restricted bank deposits, bank balances and deposit in a financial institutions, the ECL is assessed by reference to probability of default and loss credit rating grade published by international credit agencies.

Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	On demand or within one year HK$'000	Over due one to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2019							
Creditors	N/A	1,315,449	–	–	–	1,315,449	1,315,449
Other liabilities	N/A	–	8,095	4,176	22,955	35,226	35,226
Amount due to a related company	N/A	623	–	–	–	623	623
Amounts due to associates	N/A	28,057	–	–	–	28,057	28,057
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	7,786	392,024	–	–	399,810	399,810
Bank and other borrowings	2.88	4,647,753	8,480,343	5,775,210	173,825	19,077,131	17,838,543
Obligations under finance leases	2.70	7,527	13,847	–	–	21,374	19,173
Notes and bonds	4.00	1,079,523	2,584,945	1,235,154	–	4,899,622	3,509,499
		7,086,718	11,479,254	7,014,540	196,780	25,777,292	23,146,380

	Weighted average interest rate %	On demand or within one year HK$'000	Over due one to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2018							
Creditors	N/A	1,351,313	–	–	–	1,351,313	1,351,313
Amount due to a related company	N/A	19,095	–	–	–	19,095	19,095
Amounts due to associates	N/A	27,149	–	–	–	27,149	27,149
Amounts due to joint ventures	N/A	3,177	–	–	–	3,177	3,177
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	8,232	269,491	–	–	277,723	277,723
Bank and other borrowings	2.88	5,545,694	5,294,029	1,596,404	151,585	12,587,712	11,947,422
Obligations under finance leases	2.70	6,582	12,431	–	–	19,013	17,147
Notes and bonds	4.45	1,050,548	281,882	2,493,561	1,180,726	5,006,717	4,406,953
		8,011,790	5,857,833	4,089,965	1,332,311	19,291,899	18,049,979

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Bank and other borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2019 and 31 March 2018, the aggregate undiscounted principal amounts of these bank and other borrowings amounted to HK$1,813,162,000 and HK$2,529,554,000, respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such term loans are expected to be repaid in accordance with the loan repayment schedules which are repayable by yearly instalment up to September 2023 (2018: September 2023). On this basis, the interest and principal cash flows for the variable interest rate instruments would be as follows:

	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cashflow HK$'000	Carrying amount HK$'000
At 31 March 2019						
Variable interest rate instruments	**3,625,105**	**9,032,433**	**6,232,078**	**287,824**	**19,177,440**	**17,838,543**
At 31 March 2018						
Variable interest rate instruments	4,222,325	5,651,879	2,394,188	270,210	12,538,602	11,947,422

The cash flows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities excluding certain financial instruments are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
		31.3.2019 HK$'000	31.3.2018 HK$'000		
1a)	Listed equity securities classified as financial assets at FVTPL	79,874	62,218	Level 1	Quoted bid prices in an active market
1b)	Listed equity securities classified as equity instrument at FVTOCI	1,065,011	–	Level 1	Quoted bid prices in an active market
1c)	Unlisted equity securities classified as financial assets at FVTPL (2018: available-for-sale investments)	14,483	12,876	Level 2	Discounted cash flows Future cash flows are estimated based on weighted average cost of capital, growth rate of the investee companies and earnings
1d)	Unlisted equity securities classified as equity instruments at FVTOCI	2,133	–	Level 3	Discounted cash flows Future cash flows are estimated based on weighted average cost of capital, growth rate of the investee companies and earnings
2a)	Listed debt securities classified as financial assets at FVTPL	2,076,376	2,625,529	Level 1	Quoted bid prices in an active market
2b)	Unlisted debt securities classified as financial assets at FVTPL	50,581	42,880	Level 2	Discounted cash flows Future cash flows are estimated based on applying the interest yield curves of different types of bonds as the key parameter

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For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31.3.2019 HK$'000	31.3.2018 HK$'000		
2c) Unlisted debt securities classified as financial assets at FVTPL (2018: debt securities classified as available-for-sale investments)	359,378	146,423	Level 3	Discounted cash flow Future cash flows are estimated based on applying the interest yield curves of different types of mortgage loans as the key parameter
3) Investment funds classified as financial assets at FVTPL	774,618	588,929	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
4) Structured deposits classified as financial assets at FVTPL	–	40,500	Level 3	Discounted cash flows Future cash flows are estimated based on applying the expected yields of money market instruments and debt instruments invested by banks and a discount rate that reflects the credit risk of the banks
5) Call/put options in unlisted equity securities and foreign currencies classified as derivative financial instruments	–	Assets – 468	Level 2	Discounted cash flows Future cash flows are estimated based on applying the expected yields of foreign currency and equity security by banks and a discount rate that reflects the credit risk of the banks
6) Forward foreign exchange contracts classified as derivative financial instruments	–	Asset – 50	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange rates (from observable forward exchange rate at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31.3.2019 HK$'000	Fair value as at 31.3.2018 HK$'000	Fair value hierarchy	Valuation technique and key inputs
7) Cross currency swap contracts classified as derivative financial instruments designated as hedging instruments	Assets – 4,366	Liabilities – (22,170)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties
8) Cross currency swap contracts classified as derivative financial instruments	Assets – 99	Liabilities – (11,604)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward exchange and interest rates, discounted at a rate that reflects the credit risk of various counterparties
9) Assets/(Liabilities) arising from profit guarantee arrangement	Assets – 2,547	Liabilities – (5,876)	Level 3	Income approach Discounting future debt free cash flows available for distribution to the owners to their present worth at market-derived rates of return appropriate for the risks and hazards of investing in similar business.

There were no transfers between Levels 1, 2 and 3 during the years ended 31 March 2019 and 31 March 2018.

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Structured deposits HK$'000	(Assets)/ liabilities arising from profit guarantee arrangement HK$'000	Unlisted debt securities classified as available–for-sales HK$'000	Unlisted equity securities HK$'000	Unlisted debt securities classified as financial assets as FVTPL HK$'000
As 1 April 2017	33,900	–	–	–	–
Addition	6,600	20,000	146,423	–	–
Fair value movement	–	(14,124)	–	–	–
As 1 April 2018	40,500	5,876	146,423	–	–
Effect of HKFRS 9 – reclassification	–	–	(146,423)	–	146,423
Redemption	166,205	–	–	2,133	212,955
Disposal	(207,936)	–	–	–	–
Fair value movement	1,231	(8,423)	–	–	–
As 31 March 2019	–	(2,547)	–	2,133	359,378

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of structured deposits classified as financial assets at fair value through profit or loss and equity securities at fair value through other comprehensive income, as the management considers that the exposure is insignificant to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank and other borrowings HK$'000 (Note 33)	Notes and bonds HK$'000 (Note 35)	Dividend payable HK$'000	Amounts due to related companies HK$'000 (Note 44)	Amount due to associates HK$'000 (Note 44)	Amount due to a joint venture HK$'000 (Note 44)	Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (Note 34)	Obligations under finance leases HK$'000 (Note 32)	Other liabilities HK$'000	Total HK$'000
At 1 April 2017	10,131,685	3,130,542	–	16,815	7,186	–	273,647	11,369	–	13,571,244
Financing cash flows	1,113,881	998,722	(212,109)	2,280	19,963	3,177	3,477	(4,156)	–	1,925,235
Non-cash changes	–	–	(216,863)	–	–	–	–	9,934	–	(206,929)
Finance costs	344,679	154,954	–	–	–	–	–	–	–	499,633
Dividends recognised as distribution	–	–	428,972	–	–	–	–	–	–	428,972
Foreign exchange translation	357,177	122,735	–	–	–	–	599	–	–	480,511
At 31 March 2018	11,947,422	4,406,953	–	19,095	27,149	3,177	277,723	17,147	–	16,698,666
Financing cash flows	4,901,689	(1,048,949)	(268,432)	(17,691)	2,509	(3,177)	122,087	(5,972)	33,109	3,715,173
Acquisition of a subsidiary	749,296	–	–	–	–	–	–	–	–	749,296
Non-cash changes	–	–	(237,815)	–	–	–	–	2,200	–	(235,615)
Finance costs	580,729	147,018	–	–	–	–	–	–	–	727,747
Dividends recognised as distribution	–	–	506,247	–	–	–	–	–	–	506,247
Foreign exchange translation	(340,593)	4,477	–	(781)	(1,601)	–	–	5,798	2,117	(330,583)
At 31 March 2019	17,838,543	3,509,499	–	623	28,057	–	399,810	19,173	35,226	21,830,931

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current Asset		
Interests in subsidiaries	9,670,548	9,718,921
Current Asset		
Bank balances, deposits and cash	15,229	9,160
	15,229	9,160
Current Liabilities		
Creditors and accrued charges	32,135	32,091
Bank borrowings	–	124,000
	32,135	156,091
Net Current Liabilities	(16,906)	(146,931)
Total Assets Less Current Liabilities	9,653,642	9,571,990
Capital and Reserves		
Share capital	235,169	230,179
Share premium	4,479,650	4,297,682
Reserves	670,536	687,040
	5,385,355	5,214,901
Non-current Liabilities		
Loan from a subsidiary	702,000	812,500
Amount due to a subsidiary	56,535	45,378
Notes and bonds	3,509,499	3,498,958
Deferred tax liabilities	253	253
	4,268,287	4,357,089
	9,653,642	9,571,990

* The director of the Company considered that the application of the new and amendments to HKFRSs in the current year has no material impact on the Company's result and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2017	223,837	4,033,779	28,458	25,454	628,830	3,333	4,943,691
Profit and other comprehensive income for the year	–	–	–	–	–	454,150	454,150
Dividends	–	–	–	–	–	(428,972)	(428,972)
Share issued in lieu of cash dividend	5,197	211,637	–	–	–	–	216,834
Shares issued upon exercise of share options	1,145	52,266	–	(24,213)	–	–	29,198
At 31 March 2018	230,179	4,297,682	28,458	1,241	628,830	28,511	5,214,901
Profit and other comprehensive income for the year	–	–	–	–	–	490,984	490,984
Dividends	–	–	–	–	–	(506,247)	(506,247)
Repurchase of ordinary shares	(1,362)	(54,562)	1,362	–	–	(1,362)	(55,924)
Share issued in lieu of cash dividend	6,202	231,613	–	–	–	–	237,815
Shares issued upon exercise of share options	150	4,917	–	(1,241)	–	–	3,826
At 31 March 2019	235,169	4,479,650	29,820	–	628,830	11,886	5,385,355

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2019	2018	Principal activities
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	1 share of A$1	100	100	Property development
Indirect subsidiaries					
124 York Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
13 Roper Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
13 Roper Street Trust	Australia	N/A	77.75	77.75	Car park operation
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
21st Century Resorts a.s.	Czech Republic	23,533 shares of CZK1,000	100	-	Investment holding and property owner
19 Bank Street Trust	Australia	N/A	77.75	77.75	Car park operation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2019	2018	
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
344 Queen Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
94 York Street Trust	Australia	N/A	77.75	77.75	Car park operation
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development
Amphion Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Anderson International Properties Pte Ltd	Singapore	1,000 shares of S$1	100	–	Property investment
Anderson Raffles Limited	Mauritius	5,000,000 shares of US$1	100	–	Investment holding
Angel Meadows (FEC) Limited	UK	100 shares of £1	100	100	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apex Path Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Apexwill Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Asian Harvest Investments Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Australian Property Management Pty Ltd	Australia	1 share of A$1	77.75	77.75	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Black Capital Finance Services Pty Ltd	Australia	125,000 shares of A$1	60	–	Loan financing
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	88.85	–	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI	100 shares of US$1	100	100	Investment holding
Care Park (Albert Street) Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	30,000 shares of HK$100	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development
Cheong Sing Property Development Limited	HK	500 shares of HK$100	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$8,800,000	100	100	Hotel management
Chun Wah Holdings Limited	HK	200 shares of HK$1	100	100	Property development
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2019	2018	Principal activities
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Crouch End (FEC) Limited	UK	1 share of £1	100	–	Property development
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Property development
Dorsett Hospitality International Limited	Cayman Islands	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR2	100	100	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Drakar Limited	Isle of Man/ UK	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Esmart Management Limited	HK	2 shares of HK$1	100	100	Hotel management
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	The Netherlands	99,000 shares of US$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Properties Pty Limited	Australia	12 shares of A$1 225 redeemable preference shares of A$44.44	100	100	Investment holding and property investment
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12 shares of A$1 375 redeemable preference shares of A$10,000	100	100	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2019	2018	Principal activities
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Development Management Limited	UK	1 share of £1	100	100	Property development
FEC Financing Solutions Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Holdings Pte. Ltd.	Singapore	1,000,000 shares of S$1	100	100	Investment holding
FEC Hotel Investments Pte. Ltd.	Singapore	2 shares of S$1	100	100	Investment holding and property development
FEC Overseas (Singapore) Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Skyline Pte. Ltd.	Singapore	4,000,000 shares of S$1	70	70	Property development
FEC Skypark Pte. Ltd.	Singapore	3,000,000 shares of S$1	80	–	Property development
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	120,000 shares of DFL1	100	100	Investment holding
FEC Suites Pte. Ltd.	Singapore	1,000,000 share of S$1	100	100	Property development
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
FECFW 1 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	77.75	77.75	Car park operation
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Highest Reach Investments Limited	BVI	494,808 shares of US$1	100	–	Investment holding
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares of £1	100	100	Investment holding
Launceston York Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
Madison Lighters and Watches Company Limited	HK	4 shares of HK$1	100	100	Investment holding
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 MYR1	100	100	Hotel operation
Midtown at Upper West Side Pty Ltd	Australia	2 shares of A$1	100	100	Investment holding
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2019	2018	Principal activities
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Raffles Legend Properties Pte Ltd	Singapore	1 share of S$1	100	–	Property investment
Regency Hotels Proprietary Limited	Australia	100 shares of A$1	100	100	Investment holding
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation
Roper Debt Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
SC98A s.r.o.	Czech Republic	1 share of CZK100,000	100	-	Investment holding
Scarborough Development Limited	HK	2 shares of HK$1	100	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	77.75	77.75	Car park operation
Shepparton Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Spencer Green Pty Ltd	Australia	1 share of A$1	100	100	Property development
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Success Range Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property investment
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Tracia Limited	Isle of Man/ UK	1 share of £1	100	100	Investment holding
Trans World Corporation	Czech Republic	22,968 shares of CZK1	100	–	Gaming and hotel operation
Trans World Hotels & Entertainment a.s.	Czech Republic	400 shares of CZK75,000 and 100 shares of CZK700,000	100	-	Gaming and hotel owner and operator
Trans World Hotels Austria GmbH	Austria	1 share of EUR40,000	100	-	Hotel owner and operator
Trans World Hotels Germany GmbH	Germany	1 share of EUR20,000	100	-	Hotels owner and operator
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Victoria Land Pty Limited	Australia	12 share of A$1	100	100	Management services
Well Distinct Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2019	2018	
武漢港澳中心物業管理有限公司(iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
上海帝盛酒店有限公司(iii)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for the 2018 Bonds issued by Dorsett on 3 April 2013 and fully redeemed in the current year, none of the other subsidiaries had issued any debt securities at the end of the year.

LIST OF PRINCIPAL PROPERTIES

PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

Codes of "Types of Property":

O — Office
R — Residential
S — Shops
CP — Car Park
H — Hospitality and Gaming
A — Agricultural
F — Ancillary Facilities

Name of property and location	Group's interest
Shanghai	
1. 133 units of shoplots in Jinqiu Xintiandi Lane 809 Jinqiu Road, Baoshan District	98.2%
2. Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 17I California Garden, Jinqiu Road, Baoshan District	98.2%
3. 306 car parking bays California Garden, Jinqiu Road, Baoshan District	98.2%
4. King's Manor Area 16, California Garden, Jinqiu Road, Baoshan District	98.2%
5. The Royal Crest II Area 17 II, California Garden, Jinqiu Road, Baoshan District	98.2%
6. Area 12 to 15 and 18, California Garden, Jinqiu Road, Baoshan District	98.2%
7. Land parcel no. E1B-01, W12-1601 Qilian Community, Baoshan District	98.2%
Guangzhou	
1. New Time Plaza Jian She Heng Road Yue Xiu District	50%
2. Gan Tang Yuan Huadidadao East Li Wan District	100%
3. Royal Riverside 10 Miaoqianjie North, Chajiao Li Wan District	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m²)	Types of property	Stage of completion	Expected completion (financial year)
23,444	S	Completed	Existing
21,942	F	Completed	Existing
12,563	CP	Completed	Existing
4,607	R	Completed	Existing
5,259	R	Completed	Existing
—	R	Planning stage	N/A
53,301	R	Planning stage	N/A
21,343	R	Planning stage	N/A
47,080	R	Planning stage	N/A
27,093	R & S	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Hong Kong		
1.	Star Ruby Ground and 1st Floors, No. 1 San Wai Street Hung Hom	100%
2.	16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors Flat Roof on 24th Floor), Far East Consortium Building 121 Des Voeux Road Central	100%
3.	Far East Consortium Building 204–206 Nathan Road Tsim Sha Tsui	100%
4.	Fung Lok Wai, Yuen Long	25.33%
5.	Various shops on LG/F and UG/F Tsuen Wan Gardens Phase 1 15–23 Castle Peak Road Tsuen Wan	100%
6.	Route TWISK, Chuen Lung Tsuen Wan	100%
7.	Manor Parc No. 3 Tan Kwai Tsuen Lane Yuen Long	100%
8.	Various lots, Pak Kong Sai Kung	100%
9.	Yau Kam Tau,Tsuen Wan	100%
10.	Basement to 5th Floor Nos. 135–143, Castle Peak Road Tsuen Wan	100%
11.	Aspen Crest Nos. 68–86A Wan Fung Street Wong Tai Sin, Kowloon	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
1,362	R & S	Completed	Existing
2,474	O	Completed	Existing
3,549	S & O	Completed	Existing
—	R	Planning stage	N/A
3,908	S	Completed	Existing
5,400	R	Planning stage	N/A
4,651	R	Completed	Existing
—	A	Planning stage	N/A
—	A	Planning stage	N/A
3,469	S & O	Completed	Existing
835	S	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
12.	The Garrison Mei Tin Road, Tai Wai, Shatin New Territories	100%
13.	Marin Point No. 31 Shun Lung Street Sha Tau Kok, New Territories	100%
14.	Astoria Crest No. 229/231 Hai Tan Street, Sham Shui Po, Kowloon [i]	100%
15.	Sha Tin Heights Sha Tin, New Territories	100%
Australia		
1.	The FIFTH 605–611 Lonsdale Street Melbourne, Victoria	100%
2.	The Towers at Elizabeth Quay Edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth, Western Australia	100%
3.	West Side Place 244–276 Spencer Street Melbourne, Victoria	100%
4.	Perth Hub Lot 2 and Lot 3A Wellington Street and Milligan Street, Perth, Western Australia	100%
5.	Queen's Wharf Brisbane, Queensland – Tower 4 – Tower 5 – Tower 6	 50% 50% 50%
6.	The Star Residences Casino Drive, Broadbeach Island Gold Coast, Queensland – Tower 1 – Tower 2 – Epsilon – Towers 3 to 5	 33.3% 33.3% 33.3%
7.	Rebecca Walk Flinders Street Melbourne, Victoria	100%
8.	Upper West Side 313–349 Lonsdale Street Melbourne, Victoria	100%

Notes:

(i) A development project of URA, the Company has the development right of this project.

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
3,208	S & R	Under construction	2020
8,095	S & R	Completed	Existing
2,244	S & R	Under construction	2020
7,760	R	Under construction	N/A
297	S	Completed	Existing
29,866	R & S	Partially completed	Existing/2020
212,392	R & S	Under construction	2021 and onwards
22,038	R & S	Planning stage	2022
149,478	R & S R & S R & S	Under construction Planning stage Planning stage	2022 N/A N/A
151,582	R & S	Under construction Planning stage Planning stage	2022 2023 N/A
809	S	Completed	Existing
2,722	S	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Malaysia		
1.	Mukim of Kerling District of Hulu Selangor Selangor Darul Ehsan	90%
2.	Dorsett Bukit Bintang Lot 470, Jalan Imbi Kuala Lumpur	100%
Singapore		
1.	ARTRA 10 Alexandra View	70%
2.	Holland Road District 10, Singapore	80%
3.	Cuscaden Road District 9, Singapore	10%
4.	21 Anderson Road Singapore	100%
UK		
1.	Consort Place 63–69 Manilla Street & 50 Marsh Wall London	100%
2.	Hornsey Town Hall the Broad Way, Crouch End, London	100%
3.	MeadowSide Angel Meadows, Aspin Lane, Manchester	100%
4.	Northern Gateway Manchester	
	– Addington Street	100%
	– Victoria Riverside	100%
	– Others	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
422,907[i]	A	Planning stage	N/A
2,869	R	Completed	Existing
21,788	S & R	Under construction	2021
22,354	R	Planning stage	2023
17,625	R	Planning stage	2023
7,948	R	Completed	Existing
36,842	R & S	Planning stage	2023
10,550	R & O	Planning stage	2021
51,849	S & R	Under construction	2021 and onwards
4,404	R	Planning stage	N/A
36,801	R	Planning stage	N/A
111,654	Planning	Planning stage	N/A

(i) This represents site area.

LIST OF PRINCIPAL PROPERTIES

HOSPITALITY AND GAMING

Name of property and location	Group's interest
Hong Kong	
1. Dorsett Wanchai, Hong Kong Nos. 387–397 Queen's Road East Wan Chai	100%
2. Cosmo Hotel Hong Kong Nos. 375–377 Queen's Road East Wan Chai	100%
3. Lan Kwai Fong Hotel@Kau U Fong No. 3 Kau U Fong Central	100%
4. Silka Far East, Hong Kong Nos. 135–143 Castle Peak Road Tsuen Wan	100%
5. Silka Seaview, Hong Kong No. 268 Shanghai Street Yau Ma Tei	100%
6. Dorsett Mongkok, Hong Kong No. 88 Tai Kok Tsui Road Tai Kok Tsui	100%
7. Dorsett Kwun Tong, Hong Kong No. 84 Hung To Road Kwun Tong	100%
8. Dorsett Tsuen Wan, Hong Kong No.28 Kin Chuen Street Kwai Chung	100%
9. Silka Tsuen Wan, Hong Kong No. 119 Wo Yi Hop Road Kwai Chung	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
15,895	H	Completed	Existing
5,546	H	Completed	Existing
5,646	H	Completed	Existing
5,180	H	Completed	Existing
6,065	H	Completed	Existing
6,225	H	Completed	Existing
11,147	H	Completed	Existing
21,467	H	Completed	Existing
12,688	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
China		
1.	Dorsett Grand Chengdu No. 168 Xiyulong Street Qingyang District Chengdu Sichuan Province	100%
2.	Dorsett Wuhan Hong Kong & Macao Centre No. 118 Jianghan Road Hankou Wuhan Hubei Province	100%
3.	Dorsett Shanghai No. 800 Hua Mu Road Pudong New Area Shanghai	100%
4.	Lushan Resort Wenquan Zhen Xingzi Xian Jiujiang City Jiangxi Province	100%
Malaysia		
1.	Dorsett Kuala Lumpur 172, Jalan lmbi 55100 Kuala Lumpur Malaysia	100%
2.	Dorsett Grand Subang Jalan SS 12/1, 47500 Subang Jaya Selangor Darul Ehsan Malaysia	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
67,617	H	Completed	Existing
67,307	H&S	Completed	Existing
18,149	H&S	Completed	Existing
35,220	H	Completed	Existing
27,753	H	Completed	Existing
43,264	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
3.	Dorsett Grand Labuan 462, Jalan Merdeka, 87029 Federal Territory of Labuan Malaysia	100%
4.	Silka Maytower Kuala Lumpur No 7 Jalan Munshi Abdullah 50100 Kuala Lumpur Malaysia	100%
5.	Silka Johor Bahru Lot 101375 Jalan Masai Lama Mukim Plentong 81750 Johor Malaysia	100%
6.	Dorsett Residences Bukit Bintang 172 A Jalan Imbi 55100 Bukit Bintang Kuala Lumpur, Malaysia	100%
7.	J Hotel Jalan Jati, Off Jalan Imbi, 55100, Kuala Lumpur, Malaysia	100%
Singapore		
1.	Dorsett Singapore 333 New Bridge Road 088 765 Singapore	100%
UK		
1.	Dorsett Shepherds Bush, London 58 Shepherd's Bush Green London	100%
2.	Dorsett City, London 9 Aldgate High Street London	100%
3.	Dorsett Shepherds Bush II, London 56 Shepherd's Bush Green London	100%
4.	Consort Place 63-69 Manilla Street & 50 Marsh Wall London	100%
5.	Hornsey Town Hall The Broadway Crouch End London	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
21,565	H	Completed	Existing
5,623	H	Completed	Existing
8,804	H	Completed	Existing
6,447	H	Completed	Existing
5,349	H	Under construction	2020
16,226	H&S	Completed	Existing
14,651	H	Completed	Existing
9,647	H	Completed	Existing
4,169	H	Under construction	2021
8,866	H	Under construction	2023
2,746	H	Under construction	2021

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
Australia		
1.	Ritz-Carlton Tower 1, West Side Place, Melbourne Australia	100%
2.	Ritz-Carlton Elizabeth Quay, Perth Australia	100%
3.	Queen's Wharf Brisbane Australia	25%
4.	Sheraton Grand Mirage Resort 71 Sea World Drive, Main Beach, Gold Coast, Queensland	25%
5.	Dorsett Melbourne Tower 3, West Side Place, Melbourne Australia	100%
6.	Dorsett at Perth City Link City Link, Perth Australia	100%
7.	Dorsett Gold Coast Casino Drive, Broadbeach Queensland, Australia	33.3%
8.	The Star Residences – Epsilon Casino Drive, Broadbeach Island, Broadbeach, Queensland	33.3%
9.	Dorsett Sydney Union Street, Pyrmont, Sydney Australia	50%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
36,817	H	Under construction	2022
29,183	H	Under construction	2020
110,412	H	Under construction	2023/2024
58,847	H	Completed	Existing
19,516	H	Planning stage	2022
15,280	H	Planning stage	2023
15,610	H	Under construction	2023
12,771	H	Planning stage	2023
2,573[(i)]	H	Planning stage	N/A

(i) This represents site area.

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
Europe	
1. Hotel Columbus Seligenstadt, Germany	100%
2. Hotel Freizeit Auefeld Hann Münden, Germany	100%
3. Hotel Kranichhöhe Much, Germany	100%
4. Hotel Donauwelle Linz, Austria	100%
5. Hotel Savannah Czech-Austrian Border	100%
6. Ceska Kubice Czech-German Border	100%
7. Dolni Dvoriste Czech-Austrian Border	100%
8. Hate Casino Czech-Austrian Border	100%

LIST OF PRINCIPAL PROPERTIES

Approximate floor area (m^2)	Types of property	Stage of completion	Expected completion (financial year)
7,124	H	Completed	Existing
30,654	H	Completed	Existing
11,987	H	Completed	Existing
9,897	H	Completed	Existing
9,443	H	Completed	Existing
2,943	H	Completed	Existing
3,479	H	Completed	Existing
3,295	H	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

CAR PARK PROPERTY

Name of property and location	Group's interest
Australia	
1. 12 Blyth Street/13–19 Bank Street Adelaide, South Australia Australia	77.75%
2. Central Square 25 Doveton Street South Ballarat, Victoria Australia	77.75%
3. Fenton Street Devonport, Tasmania Australia	77.75%
4. Gasworks Willis Street Launceston, Tasmania Australia	77.75%
5. Hub Arcade 15–23 Langhorne Street Dandenong, Victoria Australia	77.75%
6. 133–141 Melville Street Hobart, Tasmania Australia	77.75%
7. 2–6 Mundy Street Bendigo, Victoria Australia	77.75%
8. Northbank Place 507–581 Flinders Street Melbourne, Victoria Australia	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
350 car parking bays	CP	Completed	Existing
634 car parking bays	CP	Completed	Existing
26 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
189 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
44 car parking bays	CP	Completed	Existing
200 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
9. Quadrant Plaza 94 York Street Launceston, Tasmania Australia	77.75%
10. Dell Lane, Launceston, Tasmania Australia	77.75%
11. 344 Queen Street Brisbane, Queensland Australia	77.75%
12. 15 Roper Street Adelaide, South Australia Australia	77.75%
13. 14–40 Stewart Street Shepparton, Victoria Australia	77.75%
14. 360 St Kilda Road Melbourne, Victoria Australia	77.75%
15. Toorak Place 521 Toorak Road Toorat, Victoria Australia	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
369 car parking bays	CP	Completed	Existing
4 car parking bays	CP	Completed	Existing
51 car parking bays	CP	Completed	Existing
715 car parking bays	CP	Completed	Existing
335 car parking bays	CP	Completed	Existing
180 car parking bays	CP	Completed	Existing
48 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location	Group's interest
16. Watergate 767 Bourke Street Docklands, Victoria Australia	77.75%
17. York Street Central 124 York Street Launceston, Tasmania Australia	77.75%
18. 9 Yarra Street, South Yarra, Victoria Australia	77.75%
19. Festival Car Park 53 Charlotte Street Brisbane, Australia	19.44%
20. Eden 677 Victoria Street Abbotsford, Victoria, Australia	77.75%
21. Monkey Bar 20 Endeavour Street Chatswood, New South Wales, Australia	77.75%
22. Bianca 120 Bay Street, Port Melbourne, Victoria, Australia	77.75%
23. Tip Top Edward Street, East Brunswick Melbourne, Australia	77.75%
Malaysia	
1. Plaza Damas, Sri Hartamas Kuala Lumpur Malaysia (Basement car park)	100%
2. Windsor Tower Service Apartments, Sri Hartamas Kuala Lumpur, Malaysia	100%

LIST OF PRINCIPAL PROPERTIES

Site area or no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
111 car parking bays	CP	Completed	Existing
50 car parking bays	CP	Completed	Existing
100 car parking bays	CP	Completed	Existing
383 car parking bays	CP	Completed	Existing
121 car parking bays	CP	Completed	Existing
250 car parking bays	CP	Completed	Existing
141 car parking bays	CP	Completed	Existing
40 car parking bays	CP	Completed	Existing
1,718 car parking bays	CP	Completed	Existing
348 car parking bays	CP	Completed	Existing

LIST OF PRINCIPAL PROPERTIES

Name of property and location		Group's interest
New Zealand		
1.	Knox Street, 41 Hood Street, Hamilton	77.75%
2.	16 Mowbray Street, Wellington	77.75%
3.	70 Tory Street Wellington	77.75%
UK		
1.	Car Park at Manchester Airport Boundary Farm, Styal Road, Manchester	88.88%
Hungary		
1.	Akacfa Parkolohaz 12–14 Akácfa Street District VII, Budapest	77.75%
2.	Hollo (Parkolohaz) 6 Holló Street District VII,Budapest	77.75%
3.	Kertesz Parkolohaz 24–28 Kertész Street District VII, Budapest	77.75%
4.	Szekely Parkolohaz 3 Székely Mihály street District VI, Budapest	77.75%
5.	Opera (Zichy) Parkolohaz 9 Zichy Jenö street District VI, Budapest	77.75%
6.	Weiner Parkolohaz 16 Weiner Leó street District VI, Budapest	77.75%

LIST OF PRINCIPAL PROPERTIES

Site area/ no. of car parking bay	Types of property	Stage of completion	Expected completion (financial year)
443 car parking bays	CP	Completed	Existing
53 car parking bays	CP	Completed	Existing
474 car parking bays	CP	Completed	Existing
1,800 car parking bays	CP	Completed	Existing
106 car parking bays	CP	Completed	Existing
255 car parking bays	CP	Completed	Existing
197 car parking bays	CP	Completed	Existing
308 car parking bays	CP	Completed	Existing
394 car parking bays	CP	Completed	Existing
132 car parking bays	CP	Completed	Existing

GLOSSARY

"2019 AGM"	the forthcoming annual general meeting of the Company to be held on Thursday, 12 September 2019 at 11:30 a.m. at Xinhua Room, Mezzanine Floor, Dorsett Wanchai Hong Kong, 387–397 Queen's Road East, Wanchai, Hong Kong.
"ARR"	average room rate.
"Articles"	Articles of Association of the Company, as amended from time to time.
"Associate"	has the meaning ascribed to it under the Listing Rules.
"AUD"	Australian dollars, the lawful currency of Australia.
"BC Group"or "BCG"	BC Group Holdings Limited, a company incorporated in the Cayman Islands and which is the holding company of BC Securities following the reorganisation referred to the announcement of the Company dated 21 February 2019.
"BC Securities"	BC Securities Pty Ltd, BC Finance Services Pty Ltd, BC Investment Group Pty Ltd, BC Investment Group (HK) Limited, BC Securities (HK) Limited and their respective subsidiaries, whose principal business is the provision of regulated first mortgage finance to international buyers of residential properties.
"BCG Business"	international mortgage finance platform under the brand of BCG.
"Board"	the board of Directors.
"BVI"	the British Virgin Islands.
"CAGR"	compound annual growth rate.
"Care Park"	Care Park Group Pty. Ltd., a company incorporated in Australia with limited liability, an indirect non wholly-owned Subsidiary.
"CBD"	central business district.
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules.
"Companies Law"	Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
"Company" or "FEC" or "FECIL"	Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 35).
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules.
"CTF"	Chow Tai Fook Group.
"Czech"	the Czech Republic.
"CZK"	Czech Koruna, the lawful currency of Czech.
"Director(s)"	the director(s) of the Company.

GLOSSARY

"Dorsett"	Dorsett Hospitality International Limited (formerly know as Kosmopolito Hotels International Limited), a company incorporated in the Cayman Islands and a listed subsidiary of the Company until it was privatized (previous stock code: 2266) and became an indirect wholly-owned Subsidiary in October 2015.
"Dorsett Group"	Dorsett and its subsidiaries.
"Dorsett Share Option Scheme"	the share option scheme of Dorsett adopted on 10 September 2010.
"EUR"	Euro, the lawful currency of the eurozone.
"FECIL Share Option Schemes"	the share option schemes of the Company adopted pursuant to the resolutions passed by the Shareholders on 28 August 2002 and 31 August 2012.
"FY"	financial year ended/ending 31 March.
"GBP" or "£"	pounds sterling, the lawful currency of the United Kingdom.
"GDV"	gross development value.
"GFA"	gross floor area.
"Group"	the Company and its Subsidiaries.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"HKICPA"	the Hong Kong Institute of Certified Public Accountants.
"Hong Kong" or "HK" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC.
"LC"	local currency.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange.
"Macquarie"	Macquarie Principal Finance Group.
"MCC"	Manchester City Council.
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
"MYR"	Malaysian Ringgit, the lawful currency of Malaysia.
"OCC"	overall occupancy rate.
"Percentage Ratio"	has the meaning ascribed to such term in Rule 14.07 of the Listing Rules.
"PRC" or "Mainland China" or "China"	other regions in the People's Republic of China, and for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC.
"QWB Project"	Queen's Wharf Project in Brisbane.

GLOSSARY

"RevPAR"	revenue per available room.
"RMB"	Chinese Yuan, Renminbi, the lawful currency of the PRC.
"Securities"	as the securities as defined in Schedule 1 to the SFO.
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).
"SGD"	Singapore dollars, the lawful currency of Singapore.
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company.
"Shareholder(s)"	holder(s) of Share(s).
"sq. ft."	square feet.
"sq. m."	square meters.
"SRF"	Strategic regeneration framework.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Subsidiary(ies)"	the subsidiary(ies) of the Company.
"The Star"	The Star Entertainment Group Limited.
"TWC"	Trans World Corporation.
"TWC Hotel Group"	hotels under TWC.
"UK"	the United Kingdom.
"URA"	Urban Renewal Authority.
"USD" or "US$"	United States dollars, the lawful currency of the United States of America.
"VOC"	volatile organic compounds.
"Year" or "FY2019"	the financial year of the Company from 1 April 2018 to 31 March 2019.
"%"	per cent.

This annual report, in both English and Chinese versions, is available on the Company's website at www.fecil.com.hk.

Shareholders who have chosen to receive the corporate communications of the Company (the "Corporate Communications") in either English or Chinese version may request for a copy in the other language. The annual report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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