1. GENERAL

The Company is a public limited liability company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of the registered office and principal place of business of the Company is disclosed in the section headed "Corporate information" in the annual report.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as "Group") are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 28.

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

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

Amendments to HKAS 7 *"Disclosure Initiative"*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 33. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 33, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1st January, 2018
2 Effective for annual periods beginning on or after 1st January, 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1st January, 2021

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 *"Financial Instruments"*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are related to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 30th June, 2018, the Directors of the Company anticipates the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Listed equity securities classified as available-for-sale investments carried at fair value as disclosed in note 17. These securities qualified for designation as measured at FVTOCI under HKFRS 9, however, the fair value gains or losses accumulated in the investments revaluation reserve amounting to HK$285,688,521 as at 1st July, 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from the current treatment. This will affect the amounts recognised in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 9 *"Financial Instruments"* *(Continued)*

Impairment:

In general, the Directors anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the Directors, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1st July, 2018 would not be significantly different to the accumulated amount recognised under HKAS 39.

HKFRS 15 *"Revenue from Contracts with Customers"*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "*Revenue*", HKAS 11 "*Construction Contracts*" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity 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. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognized in the respective reporting periods.

2. APPLICATION OF NEW AND REVISED TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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 a customer. 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.

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 other operating lease payments 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.

In contrast to lessee accounting, 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 30th June, 2018, the Group as lessee has non-cancellable operating lease commitments of HK$358,721 as disclosed in note 25. A preliminary assessment indicates that these arrangements will meet the definition of a lease. 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.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

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 include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, 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, 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 or value in use in HKAS 36.

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 significant 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates 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, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Interests in associates *(Continued)*

Goodwill

Goodwill arising on an acquisition of an associate for which the agreement date is before 1st July, 2005 represents the excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate recognised at the date of acquisition. From 1st July, 2005 onwards, the Group has discontinued amortisation of goodwill, and such goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Goodwill arising on an acquisition of an associate (which is accounted for using the equity method) is included in the cost of the investment of the relevant associate and assessed for impairment as part 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 acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes and includes the following items:

Revenue from room rental, food and beverage sales and other ancillary services in the hotel are recognised when the relevant services have been rendered.

Income from operation of clubhouse and management of hotels are recognised when services are rendered.

Dividend income from investment is recognised when the shareholders' rights to receive payment have been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the 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.

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant leases.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and building held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation and amortisation are provided so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. 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.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Hotel inventories

Hotel inventories are stated in the consolidated statement of financial position at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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. 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 as an expense in the year in which they are incurred.

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 a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease 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. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. 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.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered services entitling them to the contributions.

Taxation

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

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

Deferred taxation 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 taxation liabilities are generally recognised for all taxable temporary differences. Deferred taxation assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in associates, 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 taxation 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 taxation assets is reviewed at the end of the 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 taxation 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 is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred taxation 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.

Current and deferred taxation are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case, the current and deferred taxation are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

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 trade and other receivables, amounts due from associates and time deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

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

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, 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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable 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 losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities 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 entered into and the definitions of a financial liability and an equity instrument.

Effective interest method

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

Financial liabilities

Financial liabilities (including trade and other payables and amount due to an associate) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the relevant contract are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following is the key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of asset within the next financial year.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment assessments on hotel properties

The Group's and its associates' hotel properties ("hotel properties") are stated at cost less depreciation and less impairment, if any, in the respective financial statements. At the end of the reporting period, the Group reviews the carrying amounts of the hotel properties to determine whether those assets have suffered an impairment loss. If such indicator exists, the management relies on the valuation reports prepared by an independent professional valuer (the "Valuer") by income capitalization approach to determine the recoverable amount of the hotel properties.

The directors of the Company have exercised judgments and are satisfied that the assumptions used and significant inputs including market capitalization rates and estimated revenue per available room used in the valuation of the hotel properties are reflective of the current market conditions. Any changes to these assumptions and significant inputs may result in changes of the recoverable amount of the hotel properties and cause a material adjustment to the carrying amount of hotel properties within the next financial year.

As at 30th June, 2018, no impairment of the hotel properties *(note 15)* was recognised in the consolidated financial statements *(2017: nil)*.

5. REVENUE

	2018 ***HK$***	2017 *HK$*
Hotel operation	**277,299,815**	266,594,833
Club operation and hotel management	**19,350,835**	18,655,342
Dividend income from available-for-sale financial assets	**17,018,376**	15,651,830
	313,669,026	300,902,005

6. SEGMENT INFORMATIONS

Information reported to the Executive Directors of the Company, being the chief operating decision makers, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's reportable and operating segments under HKFRS 8 are as follows:

1. Hotel operation – City Garden Hotel
2. Investment holding – holding strategic available-for-sale investments
3. Hotel operation – operated through investments in associates of the Group, including Conrad Hong Kong and The Royal Pacific Hotel & Towers
4. Others – club operation and hotel management

6. SEGMENT INFORMATIONS *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment for the years:

	Segment revenue		Segment results	
	2018	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*
Hotel operation				
– City Garden Hotel	**277,299,815**	266,594,833	**103,499,271**	102,580,996
Investment holding	**17,018,376**	15,651,830	**16,008,190**	15,634,136
Hotel operation – share of results of associates	**–**	–	**259,379,044**	231,116,252
Others – club operation and hotel management	**19,350,835**	18,655,342	**3,731,919**	2,474,381
	313,669,026	300,902,005		
Total segment results			**382,618,424**	351,805,765
Other losses, gains and income			**(2,727,977)**	3,744,059
Administrative and other expenses			**(60,602,939)**	(54,681,047)
Finance income, net			**16,793,682**	11,076,546
Share of results of associates				
– administrative and other expenses			**(101,975,595)**	(99,717,487)
– finance income			**697,769**	486,305
– income tax expense			**(26,548,461)**	(22,224,365)
			(127,826,287)	(121,455,547)
Profit before taxation			**208,254,903**	190,489,776

All of the segment revenue reported above are from external customers. There was no inter-segment revenue for both years.

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of certain administrative expenses, other losses, gains and income, other expenses and finance costs net of finance income. The segment results of hotel operation operated through investments in associates includes revenue and direct expenses without allocation of associates' administrative and other expenses, finance income and income tax expense of the associates. This is the measure reported to the chief operating decision makers for the purposes of resources allocation and performance assessment.

6. SEGMENT INFORMATIONS *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2018	2017
	HK$	*HK$*
Segment assets		
Hotel operation – City Garden Hotel	**1,289,965,028**	1,336,680,887
Investment holding	**922,467,186**	1,181,710,728
Hotel operation – interests in associates	**1,183,946,846**	1,211,437,589
Others – club operation and hotel management	**1,782,077**	1,379,848
Total segment assets	**3,398,161,137**	3,731,209,052
Amounts due from associates	**116,071,771**	108,932,135
Unallocated assets	**1,174,610,326**	883,625,457
Consolidated assets	**4,688,843,234**	4,723,766,644

	2018	2017
	HK$	*HK$*
Segment liabilities		
Hotel operation – City Garden Hotel	**25,901,229**	22,717,048
Investment holding	**12,000**	12,000
Others – club operation and hotel management	**2,899,010**	1,804,471
Total segment liabilities	**28,812,239**	24,533,519
Amount due to an associate	**2,065,765**	1,524,045
Unallocated liabilities	**21,240,136**	20,576,419
Consolidated liabilities	**52,118,140**	46,633,983

For the purposes of assessing segment performance and allocating resources between segments, all assets are allocated to reportable segments other than the Group's corporate assets, amounts due from associates, and time deposits, bank balances and cash and all liabilities are allocated to reportable segments other than the Group's corporate liabilities, amount due to an associate, taxation payable and deferred taxation.

6. SEGMENT INFORMATIONS *(Continued)*

Other segment information

	Addition to non-current assets *(Note)*	
	2018	2017
	HK$	*HK$*
Amounts included in the measure of segment assets:		
Hotel operation – City Garden Hotel	**5,276,780**	9,102,542
Others – club operation and hotel management	**9,600**	56,932
	5,286,380	9,159,474

	Depreciation and amortisation of property, plant and equipment		Write off/(gain on disposal) of property, plant and equipment	
	2018	2017	**2018**	2017
	HK$	*HK$*	***HK$***	*HK$*
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss:				
Hotel operation – City Garden Hotel	**51,804,366**	45,385,196	**(122)**	75
Others – club operation and hotel management	**41,684**	46,836	**–**	–
	51,846,050	45,432,032	**(122)**	75

Note: Non-current assets include property, plant and equipment only.

Geographical information

All of the activities of the Group are based in Hong Kong and all of the Group's revenue and contribution to profit for the year are derived from Hong Kong. All the assets of the Group are located in Hong Kong.

7. FINANCE INCOME

The amount represents interest income on time deposits and bank balances.

8. FINANCE COSTS

The amount represents interest on other unsecured loans wholly repayable within five years.

9. PROFIT BEFORE TAXATION

	2018	2017
	HK$	*HK$*
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments *(note 11)*	**938,680**	1,066,000
Other staff costs	**106,569,164**	98,773,581
Contributions to retirement benefit scheme (other than directors) *(note 31)*	**4,241,499**	4,103,941
Total staff costs	**111,749,343**	103,943,522
Auditor's remuneration		
– audit services		
– current year provision	**571,500**	777,500
– under provision of previous years	**–**	–
– non-audit services	**321,000**	467,000
	892,500	1,244,500
Cost of hotel inventories consumed (included in direct expenses)	**28,016,059**	27,379,534
Depreciation and amortisation of property, plant and equipment (included in other expenses)	**51,846,050**	45,432,032
Repairs and maintenance in respect of hotel properties (included in other expenses)	**6,296,248**	5,419,488
Share of income tax expenses of associates (included in share of results of associates)	**26,548,461**	22,224,365
Loss on disposal of available-for-sale financial assets	**1,001,498**	–
Write off/(gain on disposal) of property, plant and equipment	**122**	(75)

10. INCOME TAX EXPENSE

	2018	2017
	HK$	*HK$*
Income tax expense (credit) comprises:		
Hong Kong Profits Tax calculated at 16.5% *(2017: 16.5%)* on the estimated assessable profit		
Current year	**14,525,231**	13,957,794
Overprovision in prior year	**(77,615)**	(24,987)
	14,447,616	13,932,807
Deferred taxation *(note 24)*		
Current year	**(1,320,229)**	(1,355,646)
	13,127,387	12,577,161

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss as follows:

	2018	2017
	HK$	*HK$*
Profit before taxation	**208,254,903**	190,489,776
Tax charge at Hong Kong Profits Tax rate of 16.5% *(2017: 16.5%)*	**34,362,059**	31,430,813
Tax effect of results attributable to associates	**(21,706,205)**	(18,094,016)
Tax effect of expenses not deductible for tax purpose	**6,116,400**	4,239,744
Tax effect of income not taxable for tax purpose	**(5,599,571)**	(5,040,310)
Tax effect of tax losses not recognised	**32,319**	65,917
Overprovision in prior year	**(77,615)**	(24,987)
Income tax expense for the year	**13,127,387**	12,577,161

11. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS

The emoluments paid or payable to each of the nine *(2017: nine)* Directors of the Company, which include the Chairman, were disclosed pursuant to section 383(1)-(4) of the Hong Kong Companies Ordinance and Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation. Emoluments of the Directors of the Company in respect of their qualifying services including:

	2018					2017				
	Fee	Other emoluments				Fee	Other emoluments			
		Salaries and other benefits	Contributions to retirement benefit scheme	Discretionary bonus *(Note i)*	Total		Salaries and other benefits	Contributions to retirement benefit scheme	Discretionary bonus *(Note i)*	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive Directors:										
Mr. Robert Ng Chee Siong *(Notes ii and iii)*	36,000	–	–	–	36,000	36,000	–	–	–	36,000
Mr. Daryl Ng Win Kong	36,000	–	–	–	36,000	36,000	–	–	–	36,000
Mr. Giovanni Viterale	18,000	–	–	–	18,000	18,000	–	–	–	18,000
	90,000	–	–	–	90,000	90,000	–	–	–	90,000
Non-Executive Directors:										
The Honourable Ronald Joseph Arculli *(Note iv)*	100,000	–	–	–	100,000	100,000	–	–	–	100,000
Mr. Gilbert Lui Wing Kwong	184,000	–	–	–	184,000	184,000	–	–	–	184,000
	284,000	–	–	–	284,000	284,000	–	–	–	284,000
Independent Non-Executive Directors:										
Mr. Peter Wong Man Kong	200,000	–	–	–	200,000	200,000	–	–	–	200,000
Mr. Adrian David Li Man-kiu *(Note v)*	66,680	–	–	–	66,680	200,000	–	–	–	200,000
Mr. Steven Ong Kay Eng *(Note vi)*	198,000	–	–	–	198,000	192,000	–	–	–	192,000
Mr. Wong Cho Bau	100,000	–	–	–	100,000	100,000	–	–	–	100,000
	564,680	–	–	–	564,680	692,000	–	–	–	692,000
	938,680	–	–	–	938,680	1,066,000	–	–	–	1,066,000

No Directors waived any emoluments for the year ended 30th June, 2018 *(2017: nil)*.

11. DIRECTORS' AND CHAIRMAN'S EMOLUMENTS *(Continued)*

Notes:

(i) Discretionary bonus is determined primarily based on the performance of each Director and the profitability of the Group.

(ii) Mr. Robert Ng Chee Siong is also the Chairman of the Company and his emoluments disclosed above include those for services rendered by him as the Chairman. Mr. Ng is also a substantial shareholder of the Company through his trustee interest in shares of the Company in the capacity as one of the co-executors of the estate of the late Mr. Ng Teng Fong.

(iii) Mr. Robert Ng Chee Siong retired by rotation and was re-appointed as an Executive Director of the Company on 26th October, 2017.

(iv) During the year, a consultancy fee of HK$416,666 *(2017: HK$416,666)* was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli is the sole proprietor.

(v) Mr. Adrian David Li Man-kiu retired as an Independent Non-Executive Director of the Company on 26th October, 2017.

(vi) Mr. Steven Ong Kay Eng retired by rotation and was re-appointed as an Independent Non-Executive Director of the Company on 26th October, 2017.

(vii) The Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The Non-Executive Directors' and Independent Non-Executive Directors' emoluments shown above were for their services as Directors of the Company.

12. EMPLOYEES' EMOLUMENTS

None of the five highest paid individuals of the Group is a Director of the Company for the current and prior year. The emoluments of the five highest paid individuals who are employees of the Group, are as follows:

	2018	2017
	HK$	*HK$*
Salaries and other emoluments	**4,386,816**	4,320,487
Contributions to retirement benefit scheme	**108,000**	102,000
Discretionary bonus *(Note)*	**801,285**	656,388
	5,296,101	5,078,875

Note: The discretionary bonuses for both years were determined by reference to the performance of the Group and individuals.

12. EMPLOYEES' EMOLUMENTS *(Continued)*

The emoluments were within the following bands:

	Number of individuals	
	2018	2017
Not exceeding HK$1,000,000	**2**	3
HK$1,000,001 – HK$1,500,000	**2**	2
HK$1,500,001 – HK$2,000,000	**1**	–

None of the five *(2017: five)* highest paid individuals waived any emoluments in both years.

During the year, no emoluments were paid by the Group to the five *(2017: five)* highest paid individuals and Directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no Director waived or agreed to waive any emoluments for both years.

13. DIVIDENDS

	2018	2017
	HK$	*HK$*
Final dividend for the year ended 30th June, 2017 of HK4.5 cents *(2017: final dividend for 2016 of HK4 cents)* per share	**47,687,933**	41,176,254
Interim dividend for the year ended 30th June, 2018 of HK4.5 cents *(2017: interim dividend for 2017 of HK4 cents)* per share	**48,372,305**	41,806,925
	96,060,238	82,983,179

A final dividend of HK5 cents for the year ended 30th June, 2018 *(2017: a final dividend of HK4.5 cents for the year ended 30th June, 2017)* per share amounting to HK$54,459,026 *(2017: HK$47,687,933)* in total has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming Annual General Meeting.

13. DIVIDENDS *(Continued)*

During the year, scrip alternative was offered in respect of the dividends. This scrip alternative was accepted by certain shareholders, as follows:

	2018	2017
	HK$	*HK$*
Final dividend for the year ended 30th June, 2017/2016		
– Cash	**1,013,745**	971,029
– Scrip	**46,674,188**	40,205,225
	47,687,933	41,176,254
Interim dividend for the year ended 30th June, 2018/2017		
– Cash	**1,151,129**	955,140
– Scrip	**47,221,176**	40,851,785
	48,372,305	41,806,925
	96,060,238	82,983,179

14. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share is based on the profit for the year attributable to the Company's shareholders of HK$195,127,516 *(2017: HK$177,912,615)* and on the weighted average number of 1,071,048,832 *(2017: 1,041,412,729)* shares in issue during the year.

No diluted earnings per share has been presented as there were no potential ordinary shares in both years.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land *HK$*	Hotel buildings *HK$*	Furniture, fixtures, leasehold improvement and hotel operating equipment *HK$*	Total *HK$*
COST				
At 1st July, 2016	1,546,000,000	353,767,921	180,397,764	2,080,165,685
Additions	–	–	9,159,474	9,159,474
Disposals	–	–	(1,420)	(1,420)
At 30th June, 2017	1,546,000,000	353,767,921	189,555,818	2,089,323,739
Additions	–	–	5,286,380	5,286,380
Written off	–	–	(58,530)	(58,530)
At 30th June, 2018	**1,546,000,000**	**353,767,921**	**194,783,668**	**2,094,551,589**
DEPRECIATION AND AMORTISATION				
At 1st July, 2016	477,686,227	109,305,481	130,608,074	717,599,782
Provided for the year	22,217,964	5,084,141	18,129,927	45,432,032
Eliminated on disposals	–	–	(1,420)	(1,420)
At 30th June, 2017	499,904,191	114,389,622	148,736,581	763,030,394
Provided for the year	22,217,964	11,721,096	17,906,990	51,846,050
Written off	–	–	(58,408)	(58,408)
At 30th June, 2018	**522,122,155**	**126,110,718**	**166,585,163**	**814,818,036**
CARRYING AMOUNTS				
At 30th June, 2018	**1,023,877,845**	**227,657,203**	**28,198,505**	**1,279,733,553**
At 30th June, 2017	1,046,095,809	239,378,299	40,819,237	1,326,293,345

The above items of property, plant and equipment are depreciated or amortised on a straight-line method at the following rates per annum:

Leasehold land	Over the term of the lease of the land
Hotel buildings	Over the shorter of the term of the lease of the land upon which the buildings are situated, or 70 years
Furniture, fixtures and leasehold improvement	10% – 20%
Hotel operating equipment	20%

The leasehold land and hotel buildings are situated in Hong Kong.

16. INTERESTS IN ASSOCIATES

	2018 HK$	2017 HK$
Cost of unlisted investments in associates	**1,062,961,909**	1,062,961,909
Deemed capital contribution to an associate	**1,822,475**	1,822,475
Share of post-acquisition profits, net of dividends received	**119,162,462**	146,653,205
	1,183,946,846	1,211,437,589

Details of the associates at 30th June, 2018 and 30th June, 2017 are as follows:

Name of company	Form of business structure	Place of incorporation/ operation	Class of shares held	Proportion of nominal value of issued share capital held by the Company 2018	2017	Principal activities
Indirect:						
Asian Glory Limited	Incorporated	British Virgin Islands	Ordinary	25%	25%	Investment holding
Bestown Property Limited *(Note (b))*	Incorporated	Hong Kong	Ordinary	25%	25%	Hotel owner and operation of The Royal Pacific Hotel & Towers
FHR International Limited *(Note (c))*	Incorporated	Hong Kong	Ordinary	33.33%	33.33%	Inactive
Greenroll Limited	Incorporated	Hong Kong	Ordinary	50%	50%	Hotel owner and operation of Conrad Hong Kong

Notes:

(a) All associates are unlisted.

(b) Bestown Property Limited is a wholly-owned subsidiary of Asian Glory Limited.

(c) The interests in FHR International Limited were acquired by the Group in November 2008 for a consideration of HK$1.

Included in the cost of unlisted investments in associates is goodwill of HK$186,513,404 *(2017: HK$186,513,404)* arising on acquisitions of associates in prior years.

16. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these consolidated financial statements.

Bestown Property Limited

	2018	2017
	HK$	*HK$*
Current assets	**68,960,747**	50,077,222
Non-current assets	**1,646,429,164**	1,689,515,239
Current liabilities	**(713,293,721)**	(841,293,328)
Non-current liabilities	**(12,992,279)**	(15,332,077)

	2018	2017
	HK$	*HK$*
Revenue	**413,822,546**	391,532,473
Profit and total comprehensive income for the year	**106,136,855**	97,854,186
Dividends received from the associate during the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bestown Property Limited recognised in the consolidated financial statements:

	2018	2017
	HK$	*HK$*
Net assets of Bestown Property Limited	**989,103,911**	882,967,056
Proportion of the Group's ownership interest in Bestown Property Limited	**25%**	25%
Carrying amount of the Group's interest in Bestown Property Limited	**247,275,978**	220,741,764

16. INTERESTS IN ASSOCIATES *(Continued)*

Greenroll Limited

	2018	2017
	HK$	*HK$*
Current assets	**391,884,000**	452,205,000
Non-current assets	**438,679,000**	457,560,000
Current liabilities	**(149,115,000)**	(147,080,000)
Non-current liabilities	**(26,810,000)**	(26,810,000)

	2018	2017
	HK$	*HK$*
Revenue	**833,810,000**	759,999,000
Profit and total comprehensive income for the year	**236,850,000**	196,838,000
Dividends received from the associate during the year	**159,043,500**	159,043,500

Reconciliation of the above summarised financial information to the carrying amount of the interest in Greenroll Limited recognised in the consolidated financial statements:

	2018	2017
	HK$	*HK$*
Net assets of Greenroll Limited	**654,638,000**	735,875,000
Proportion of the Group's ownership interest in Greenroll Limited	**50%**	50%
Net assets of Greenroll Limited attributable to the Group	**327,319,000**	367,937,500
Consolidation adjustments at Group level	**608,641,977**	622,041,397
Carrying amount of the Group's interest in Greenroll Limited	**935,960,977**	989,978,897

16. INTERESTS IN ASSOCIATES *(Continued)*

Aggregate information of associates that are not individually material:

	2018 **HK$**	2017 *HK$*
The Group's share of loss and total comprehensive expense for the year	**(7,037)**	(36,491)
Dividends received from associates during the year	**–**	–
Aggregate carrying amount of the Group's interests in these associates	**709,891**	716,928

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2018 **HK$**	2017 *HK$*
Non-current assets:		
Equity securities listed in Hong Kong, at fair value	**922,383,941**	1,181,655,645
Market value of listed securities	**922,383,941**	1,181,655,645

The Group's available-for-sale financial assets mainly include investment in 5.09% *(2017: 5.08%)* of equity securities of a company listed on the Main Board of The Stock Exchange of Hong Kong Limited which is principally engaged in the ownership and management of hotel, retail, commercial and residential properties in Asia and the United States of America, and held by the Group for strategic investment purpose.

During the year ended 30th June, 2018, scrip dividend with fair value of HK$16,138,424 *(2017: HK$14,198,725)* was received by the Group and such amount was included in available-for-sale financial assets.

18. AMOUNTS DUE FROM ASSOCIATES

Amounts due from associates are unsecured, interest-free and repayable on demand.

19. TIME DEPOSITS, BANK BALANCES AND CASH

Bank balances and time deposits carry interest rate at market rates ranging from 0.01% to 3.0% *(2017: with interest rate at market rates ranging from 0.01% to 2.44%)* per annum.

20. TRADE AND OTHER RECEIVABLES

At 30th June, 2018, included in trade and other receivables of the Group are trade receivables of HK$6,222,594 *(2017: HK$6,704,582)*. The Group maintains a defined credit policy to assess the credit quality of each counterparty. The collection is closely monitored to minimise any credit risk associated with these trade receivables. The general credit term is from 30 days to 45 days.

The following is an analysis of trade receivables by age based on the invoice dates at the end of the reporting period:

	2018	2017
	HK$	*HK$*
Trade receivables		
0 – 30 days	**5,647,760**	5,792,209
31 – 60 days	**451,006**	381,568
61 – 90 days	**17,417**	235,912
> 90 days	**106,411**	294,893
	6,222,594	6,704,582
Other receivables	**13,222,855**	9,856,245
	19,445,449	16,560,827

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributable to customers are reviewed periodically. 96.4% *(2017: 93.5%)* of the trade receivables that are neither past due nor impaired have good settlement repayment history. The Group has assessed the creditworthiness and historical default rates of these customers.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors of the Company believe that there is no provision required.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

Included in the Group's trade receivables are debtors with a carrying amount of HK$221,136 at 30th June, 2018 *(2017: HK$437,714)* which are past due at the end of the reporting period for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired relate to a number of independent customers with subsequent settlement. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2018	2017
	HK$	*HK$*
Overdue within 30 days	**58,871**	410,064
Overdue within 60 days	**55,854**	27,650
Overdue within 90 days	**106,411**	–
	221,136	437,714

21. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age based on the invoice dates at the end of the reporting period:

	2018	2017
	HK$	*HK$*
Trade payables		
0 – 30 days	**6,433,602**	5,049,784
31 – 60 days	**3,542,405**	3,411,705
	9,976,007	8,461,489
Other payables	**20,396,360**	17,962,575
	30,372,367	26,424,064

The average credit period on purchases of goods is 45 days. The Group has financial risk management policies in place to ensure that all payables are repaid within the credit timeframe. The other payables comprise mainly accruals for audit fee, directors' fees, staff salaries and bonuses of approximately HK$9,739,000 *(2017: HK$9,807,000)*.

22. SHARE CAPITAL

	Number of ordinary shares of HK$1 each		Nominal value	
	2018	2017	**2018**	2017
			HK$	*HK$*
Authorised:				
At the beginning and the end of the year	**3,000,000,000**	3,000,000,000	**3,000,000,000**	3,000,000,000
Issued and fully paid:				
At the beginning of the year	**1,059,731,842**	1,029,406,361	**1,059,731,842**	1,029,406,361
Shares issued pursuant to scrip dividend schemes for final dividend in respect of the year ended 30th June, 2017/2016	**15,208,277**	15,766,755	**15,208,277**	15,766,755
Shares issued pursuant to scrip dividend schemes for interim dividend in respect of the year ended 30th June, 2018/2017	**14,240,407**	14,558,726	**14,240,407**	14,558,726
At the end of the year	**1,089,180,526**	1,059,731,842	**1,089,180,526**	1,059,731,842

On 6th December, 2017 and 23rd April, 2018, pursuant to scrip dividend schemes, the Company issued and allotted 15,208,277 shares and 14,240,407 shares of HK$1.00 each at an issue price of HK$3.069 and HK$3.316 each to the shareholders who elected to receive shares of the Company in lieu of cash for the 2017 final and 2018 interim dividends in respect of each of year ended 30th June, 2017 and 2018, respectively. These shares rank pari passu in all respects with the then existing shares.

On 8th December, 2016 and 13th April, 2017, pursuant to scrip dividend schemes, the Company issued and allotted 15,766,755 shares and 14,558,726 shares of HK$1.00 each at an issue price of HK$2.550 and HK$2.806 each to the shareholders who elected to receive shares of the Company in lieu of cash for the 2016 final and 2017 interim dividends in respect of each of year ended 30th June, 2016 and 2017, respectively. These shares rank pari passu in all respects with the then existing shares.

23. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand.

24. DEFERRED TAXATION

The following are the major deferred taxation liability recognised and movements thereon during the current and prior reporting years:

	Accelerated tax depreciation *HK$*
At 1st July, 2016	6,098,223
Credited to profit or loss during the year *(note 10)*	(1,355,646)
At 30th June, 2017	4,742,577
Credited to profit or loss during the year *(note 10)*	(1,320,229)
At 30th June, 2018	**3,422,348**

At 30th June, 2018, the Group had unused tax losses of approximately HK$14,161,000 *(2017: HK$13,965,000)* available for offset against future profits. No deferred taxation asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

25. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Rental income earned during the year was HK$1,011,600 *(2017: HK$1,021,686)*, net of negligible outgoings.

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	2018 ***HK$***	2017 *HK$*
Within one year	**746,200**	631,600
In the second to fifth year inclusive	**1,155,200**	16,600
	1,901,400	648,200

25. OPERATING LEASE ARRANGEMENTS *(Continued)*

The Group as lessee

Minimum lease payments paid under operating leases during the year was HK$300,774 *(2017: HK$282,864)*.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018	2017
	HK$	*HK$*
Within one year	**303,408**	300,774
In the second to fifth year inclusive	**55,313**	358,721
	358,721	659,495

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of two years.

26. COMMITMENTS

	2018	2017
	HK$	*HK$*
Expenditures contracted for but not provided in the consolidated financial statements in respect of:		
Renovation works, purchase of furniture, fixtures and hotel operating equipment	**42,801,121**	1,837,519

27. RELATED PARTY DISCLOSURES

(a) During the year, the Group entered into the following transactions with related parties:

	Notes	2018 HK$	2017 HK$
Clubhouse management service income from a related company, being the building management company and agent for the unincorporated body of owners of Pacific Palisades	*(i)*	**4,785,000**	3,960,000
Hotel management fee income from an associate	*(ii) & (iii)*	**980,000**	980,000
Hotel management fee income from a related company	*(ii) & (iii)*	**950,000**	950,000

(b) At the end of the reporting period, the Group had outstanding balances with related parties relating to advances provided on a several and proportional basis. Details of the amounts due from (to) associates are set out in notes 18 and 23. In addition, included in trade and other payables *(note 21)* is an interest-bearing balance, carried interest at 2.13% per annum *(2017: 1.68% per annum)*, amounting to HK$3,719,728 *(2017: HK$2,344,244)*, which represents balance with a related company, in which Mr. Philip Ng Chee Tat, a brother of Mr. Robert Ng Chee Siong, the controlling shareholder of the Company, has a controlling interest [(Note (iii))].

(c) The remuneration of Directors, being key management during the year was as follows:

	2018 HK$	2017 HK$
Short-term benefits	**938,680**	1,066,000
Retirement benefit scheme contributions	**–**	–
	938,680	1,066,000

The remuneration of Directors, being key management, is determined by the remuneration committee having regard to the performance of individuals and market trends.

(d) During the year, a consultancy fee of HK$416,666 *(2017: HK$416,666)* was paid to Ronald Arculli and Associates, of which The Honourable Ronald Joseph Arculli, a Non-Executive Director of the Company, is the sole proprietor [(Note (iii))].

27. RELATED PARTY DISCLOSURES *(Continued)*

Notes:

(i) The related company is a wholly-owned subsidiary of Sino Land Company Limited, of which, Mr. Robert Ng Chee Siong, the controlling shareholder of the Company, has a controlling interest. The controlling shareholder of the Company is interested in approximately 60% of the undivided shares of Pacific Palisades. These related party transactions also constitute continuing connected transactions and have complied with Chapter 14A of the Listing Rules, details of which are disclosed on pages 74 to 76 of the Directors' Report.

(ii) Mr. Robert Ng Chee Siong was interested in these transactions as he has a controlling interest in the associate/related company.

(iii) These related parties transactions also constitute exempted connected transactions under Chapter 14A of the Listing Rules.

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following table lists the subsidiaries of the Company at 30th June, 2018 and 30th June, 2017 which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Name of company	Place of incorporation/ operation	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
Direct subsidiary				
Active Finance Limited	Hong Kong	Ordinary HK$2	100%	Provision of financial services among the Group
Aldrich Worldwide Holdings Limited	British Virgin Islands	Ordinary US$1	100%	Investment holding
Allied Joy Limited	Hong Kong	Ordinary HK$2	100%	Provision of nominee services
Asian Statesman Limited	British Virgin Islands	Ordinary US$1	100%	Investment holding

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ operation	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
Direct subsidiary *(Continued)*				
Golden Profits Limited	Hong Kong	Ordinary HK$2	100%	Cafe operation
Halliwell Ltd.	Cayman Islands	Ordinary US$1	100%	Investment holding
Island Pacific Hotel Limited	Hong Kong	Ordinary HK$2	100%	Hotel management
Ocean Chief Limited	British Virgin Islands	Ordinary US$1	100%	Share investment
Sheridan Holdings Ltd.	Cayman Islands	Ordinary US$1	100%	Investment holding
Sino Fortune Limited	British Virgin Islands	Ordinary US$1	100%	Investment holding
Sino March Assets Ltd.	British Virgin Islands	Ordinary US$1	100%	Investment holding
Toby Investments Limited	Cayman Islands	Ordinary US$1	100%	Investment holding
Indirect subsidiary				
Bosco Limited	British Virgin Islands	Ordinary US$1	100%	Investment holding
Bright Tower (HK) Limited	Hong Kong	Ordinary HK$2	100%	Club and cafe operations
China Asia Property Limited	Hong Kong	Ordinary HK$2	100%	Hotel owner and operation
City Garden Hotel Limited	Hong Kong	Ordinary HK$2	100%	Hotel management

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation/ operation	Class of shares held/ issued capital	Proportion of nominal value of issued/registered capital held by the Company	Principal activities
***Indirect subsidiary** (Continued)*				
Park Lane Towers Limited	Hong Kong	Ordinary HK$2	100%	Catering service
R.P. Hotel Limited	Hong Kong	Ordinary HK$2	100%	Hotel management
Sino Hospitality Management Company Limited	Hong Kong	Ordinary HK$1	100%	Hotel management
Speed Advance Investment Limited	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Share investment
Victory Link Development Limited	Hong Kong	Ordinary HK$1	100%	Share investment
Wellrich International Ltd.	British Virgin Islands/ Hong Kong	Ordinary US$1	100%	Share investment

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debts, which include equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits as disclosed in the consolidated statement of changes in equity.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new shares issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

There are no changes on the Group's approach to capital risk management during the year.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018	2017
	HK$	*HK$*
Financial assets		
Available-for-sale financial assets	**922,383,941**	1,181,655,645
Loans and receivables (including cash and cash equivalents)	**1,298,083,862**	999,588,281
Financial liabilities		
Amortised cost	**15,880,314**	11,679,047

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, available-for-sale financial assets, amounts due from associates, time deposits, bank balances and cash, trade and other payables and amount due to an associate.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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

The Group's activities expose primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other equity price. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risks. Details of each type of market risks are described as follows:

Currency risk

The Group's time deposits at the date of financial position had foreign currency exposures. The time deposits mainly dominated in United States Dollar, Great British Pound and Australian Dollars.

The carrying amounts of the Group's foreign currency denominated monetary assets at the reporting date are as follows:

	Assets	
	2018	2017
	HK$	*HK$*
Australian Dollars	**91,824,892**	93,499,523
Great British Pound	**25,523,982**	24,950,439
United States Dollars ("US$")	**186,057,287**	181,166,095

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong Dollars ("HK$") against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where HK$ weaken 5% against the relevant currencies. For a 5% strengthening of HK$ against the relevant currencies, there would be an equal and opposite impact on the pre-tax profit, and the balances below would be negative.

	Pre-tax profit or loss	
	2018	2017
	HK$	*HK$*
Australian Dollars	**4,591,245**	4,674,976
Great British Pound	**1,276,199**	1,247,522

The Directors of the Company consider that the Company is exposed to minimal currency risk as HK$ are pegged with the US$. Sensitivity on foreign currency risk is therefore not presented. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

Bank balances at floating rates expose the Group to cash flow interest rate risk. Other payable at fixed rate exposes the Group to fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's cash flow interest rate risk was mainly concentrated on the fluctuation of market rate arising from the bank balances. Bank balances are all short-term in nature. Therefore, any future variations in interest rates will not have a significant impact on the result of the Group.

Interest rate sensitivity analysis

Interest rate risk for the Group's bank balances at variable rate is not significant for both years and no sensitivity analysis is presented.

30. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Price risk

The Group is exposed to equity price risk through its available-for-sale financial assets (investments in listed equity securities). The Group's equity price risk is mainly concentrated on equity instruments of one listed company operating in hotel industry sector listed on The Stock Exchange of Hong Kong Limited. In addition, the management monitors the price risk and will consider hedging the risk exposure should the need arise.

Price risk sensitivity analysis

The following tables show the sensitivity to equity price risk on the available-for-sale financial assets at the end of the reporting period while all other variables were held constant. Sensitivity rate of 5% represents management's assessment of the reasonably possible change in equity price.

	2018	2017
	HK$	*HK$*
Available-for-sale financial assets		
Increase (decrease) in other comprehensive income		
– as a result of increase in equity price	**46,119,197**	59,082,782
– as a result of decrease in equity price	**(46,119,197)**	(59,082,782)

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk in the event of the counterparties' failure to discharge their obligations in relation to each class of recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk of trade receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Also, the Group is subject to concentration of credit risks as over 8.9% *(2017: 10.8%)* of the Group's receivables are receivables from a number of associates with good credit quality. In order to minimise the credit risk and the concentration of credit risk, the Group reviews the recoverable amount of each individual receivable regularly to ensure that adequate impairment losses are recognised for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Other than the above concentration of credit risk on amounts due from associates, the Group does not have any other significant concentration of credit risk. The Group would closely monitor the financial positions including the net assets backing of the associates which are mainly engaged in hotel operation in Hong Kong and it is profitable. Trade receivables consist of a large number of customers.

The credit risk on liquid fund is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

30. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on agreed repayment terms. 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. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount takes into account interest expense based on the interest rate at the end of the reporting period.

	Weighted average effective interest rate	**Repayable on demand or less than 3 months**	**3 months to 1 year**	**Total undiscounted cash flows**	**Carrying amount**
	%	***HK$***	***HK$***	***HK$***	***HK$***
2018					
Trade and other payables	**N/A**	**8,786,321**	**1,308,500**	**10,094,821**	**10,094,821**
Trade and other payables *(note 27b)*	**2.13**	**3,739,667**	**–**	**3,739,667**	**3,719,728**
Amount due to an associate	**N/A**	**2,065,765**	**–**	**2,065,765**	**2,065,765**
		14,591,753	**1,308,500**	**15,900,253**	**15,880,314**

	Weighted average effective interest rate	Repayable on demand or less than 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount
	%	*HK$*	*HK$*	*HK$*	*HK$*
2017					
Trade and other payables	N/A	6,527,210	1,283,548	7,810,758	7,810,758
Trade and other payables *(note 27b)*	1.68	2,354,174	–	2,354,174	2,344,244
Amount due to an associate	N/A	1,524,045	–	1,524,045	1,524,045
		10,405,429	1,283,548	11,688,977	11,679,047

30. FINANCIAL INSTRUMENTS *(Continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets 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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at **30.6.2018** ***HK$***	Fair value as at 30.6.2017 *HK$*	**Fair value hierarchy**	**Valuation technique and key inputs**
Available-for-sale financial assets	**922,383,941**	1,181,655,645	Level 1	Quoted price from direct market comparable

There were no transfers between Level 1, 2 and 3 in the current and prior periods.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

31. RETIREMENT BENEFIT SCHEME

The Group participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees which is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total expenses recognised in profit or loss of HK$4,241,499 *(2017: HK$4,103,941)* represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

32. FINANCIAL INFORMATION OF THE COMPANY

	2018	2017
	HK$	*HK$*
Non-current assets		
Interests in subsidiaries	**1,680,943,211**	1,923,410,125
Investments in associates	**1,219,475**	1,219,475
	1,682,162,686	1,924,629,600
Current assets		
Other receivables and prepayments	**270,850**	248,834
Amounts due from subsidiaries	**1,384,968,355**	1,149,273,321
Amounts due from associates	**115,412,886**	108,283,829
Bank balances and cash	**179,495**	153,741
	1,500,831,586	1,257,959,725
Current liabilities		
Amount due to subsidiaries	**4,642,851**	3,529,462
Other payables and accruals	**1,776,981**	2,083,532
	6,419,832	5,612,994
Net current assets	**1,494,411,754**	1,252,346,731
Total assets less current liabilities	**3,176,574,440**	3,176,976,331
Capital and reserves		
Share capital	**1,089,180,526**	1,059,731,842
Reserves *(Note a)*	**2,087,393,914**	2,117,244,489
	3,176,574,440	3,176,976,331

32. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Note:

(a) Reserves of the Company

	Share premium HK$ (Note)	Distributable reserve HK$ (Note)	Retained profits HK$	Total HK$
At 1st July, 2016	449,852,677	1,193,918,917	503,637,929	2,147,409,523
Profit for the year	–	–	2,295,580	2,295,580
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2016	24,438,470	–	–	24,438,470
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2017	26,293,059	–	–	26,293,059
Share issue expenses	(208,964)	–	–	(208,964)
Dividends	–	(82,983,179)	–	(82,983,179)
At 30th June, 2017	500,375,242	1,110,935,738	505,933,509	2,117,244,489
Profit for the year	–	–	2,146,298	2,146,298
Shares issued pursuant to scrip dividend scheme for final dividend in respect of the year ended 30th June, 2017	31,465,911	–	–	31,465,911
Shares issued pursuant to scrip dividend scheme for interim dividend in respect of the year ended 30th June, 2018	32,980,769	–	–	32,980,769
Share issue expenses	(383,315)	–	–	(383,315)
Dividends	–	(96,060,238)	–	(96,060,238)
At 30th June, 2018	**564,438,607**	**1,014,875,500**	**508,079,807**	**2,087,393,914**

Note: Under the Companies Law (2018 Revision) of the Cayman Islands and the provisions of the Company's Articles of Association, the share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

The distributable reserve of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company, which was transferred from the share premium account pursuant to a group reorganisation in 1995. Under the Companies Law (2018 Revision) of the Cayman Islands, the distributable reserve is available for distribution to shareholders.

33. 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.

	Other borrowings	**Amount due to an associate**	**Total**
	HK$	*HK$*	*HK$*
At 1st July, 2017	–	1,524,045	1,524,045
Financing cash flows	(62,890)	541,720	478,830
Finance cost	62,890	–	62,890
At 30th June, 2018	**–**	**2,065,765**	**2,065,765**