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CSI PROPERTIES LIMITED
資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

OVERSEAS REGULATORY ANNOUNCEMENT

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Listing Rules.

* For identification purpose only

References are made to the Company's announcements dated 1 August 2016 and 2 August 2016 in relation to the Notes Issue (the "Announcements"). All capitalised terms used herein have the same meaning as defined in the Announcements, unless otherwise defined.

Please refer to the attached offering circular dated 1 August 2016 in relation to the Notes (the "Offering Circular"), which was published on the website of SGX-ST on 10 August 2016.

The posting of the Offering Circular with this announcement on the website of Hong Kong Exchanges and Clearing Limited and on the Company's website is only for the purpose of facilitating equal dissemination of information to investors in Hong Kong and compliance with Rule 13.10B of the Listing Rules, and not for any other purposes.

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By Order of the Board
CSI Properties Limited
Chan Suet Kwan
Company Secretary

Hong Kong, 12 August 2016

As at the date of this announcement, the executive directors of the Company are Mr. Chung Cho Yee, Mico (Chairman), Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Wong Chung Kwong and Mr. Fong Man Bun, Jimmy, and the independent non-executive directors of the Company are Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William.

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ESTATE SKY LIMITED

(incorporated with limited liability under the laws of the British Virgin Islands)

U.S.\$250,000,000

4.875 per cent. Guaranteed Notes due 2021

Unconditionally and Irrevocably Guaranteed by



CSI PROPERTIES LIMITED

資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

Issue Price: 100 per cent.

The U.S.\$250,000,000 4.875 per cent. Guaranteed Notes due 2021 (the “Notes”) will be issued by Estate Sky Limited (the “Issuer”) and will be unconditionally and irrevocably guaranteed (the “Guarantee of the Notes”) by CSI Properties Limited (the “Guarantor”), the holding or priority company of the Issuer. The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (Negative Pledge) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (Negative Pledge) of the Terms and Conditions of the Notes) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Interest on the Notes is payable semi-annually in arrear on 8 February and 8 August in each year, commencing on 8 February 2017. Payments on the Notes will be made without deduction for or on account of taxes of the British Virgin Islands and Bermuda to the extent described under “Terms and Conditions of the Notes – Taxation”.

The Notes mature on 8 August 2021 at their principal amount but may be redeemed before then at the option of the Issuer, in whole but not in part, at any time at their Make Whole Redemption Price (as defined in the Terms and Conditions of the Notes), together with interest accrued to the date fixed for redemption. The Notes are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Issuer at any time in the event of certain changes affecting taxes of the British Virgin Islands, Bermuda or Hong Kong. See “Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Tax Reasons”. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), the holder of a Note will have the right, at such holder’s option, to require the Issuer to redeem all but not some only of that holder’s Notes on the Change of Control Put Date (as defined in the Terms and Conditions of the Notes) at 101 per cent. of their principal amount, together with accrued interest to but excluding the Change of Control Put Date. See “Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Change of Control”.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Guarantor, its subsidiaries, its associated companies, its joint ventures or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 as long as any of the Notes remain listed on the SGX-ST.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 10.

The Notes and the Guarantee of the Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered, sold or delivered within the United States. The Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see “Subscription and Sale”.

The Notes will be represented by beneficial interests in a global certificate (the “Global Note Certificate”) in registered form, without interest coupons attached, which will be registered in the name of a nominee for, and shall be deposited on or about 8 August 2016 (the “Closing Date”), with a common depository for, Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Note Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

HSBC

UBS

DBS Bank Ltd.

Joint Lead Managers and Joint Bookrunners

HSBC

UBS

DBS Bank Ltd.

BofA Merrill Lynch

Sun Hung Kai Financial

This Offering Circular is dated 1 August 2016.

* For identification purpose only

IMPORTANT NOTICE

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, its subsidiaries, associated companies and joint ventures taken as a whole (the Guarantor, its subsidiaries, associated companies and joint ventures taken as a whole collectively, the “**Group**”) and the Notes and the Guarantee of the Notes which is material in the context of the issue and offering of the Notes and the Guarantee of the Notes, (ii) the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material particular true and accurate and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly and reasonably held, have been reached after considering all relevant circumstances, are based on reasonable assumptions (iv) there are no other facts in relation to the Issuer, the Guarantor, the Notes or the Guarantee of the Notes, the omission of which would, in the context of the issue and offering of the Notes and the Guarantee of the Notes, make any statement in this Offering Circular misleading in any material respect and (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts in relation to the Issuer, the Guarantor, the Group, the Notes and the Guarantee of the Notes and to verify the accuracy of all such information and statements. Subject as provided herein, each of the Issuer and the Guarantor accepts full responsibility for the accuracy of information contained in this Offering Circular.

No person has been or is authorised to give any information or make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers set forth in “*Subscription and Sale*” elsewhere in this Offering Circular. This Offering Circular does not constitute an offer to sell or a solicitation of an offer to buy any Notes by any person except in compliance with all applicable laws and regulations. This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Notes described in this Offering Circular. No representation or warranty, express or implied, is made by the Joint Lead Managers or the Agents (each as defined in this Offering Circular) or any of their respective affiliates or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Joint Lead Managers, the Agents, or their respective affiliates or advisers. Neither the Joint Lead Managers nor the Agents have separately verified the information contained herein. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that the information herein is correct as at any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve an adverse change in the affairs of the Issuer, the Guarantor or the Group since the date hereof. To the fullest extent permitted by law, none of the Joint Lead Managers, the Agents nor any of their respective affiliates or advisers accept any responsibility for the contents of this Offering Circular. Each of the Joint Lead Managers, the Agents and their respective affiliates or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Agents nor any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer, the Guarantor and the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Notes of any information coming to the attention of any of the Joint Lead Managers, the Agents or their respective affiliates.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes. This Offering Circular is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers or the Agents that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of each of the Issuer, the Guarantor and the Group.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Circular may come are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe such restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of the Offering Circular, see “*Subscription and Sale*”.

EBITDA PRESENTATION

The Guarantor has included EBITDA data in this Offering Circular because it believes the measure is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment. EBITDA, as well as the related ratios presented in this Offering Circular, are supplemental measures of the Group’s performance and liquidity that are not required by, or presented in accordance with HKFRS. EBITDA is not a measurement of the Group’s financial performance or liquidity under HKFRS and should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance derived in accordance with HKFRS or as alternatives to operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In addition, EBITDA is not a standardised term, hence a direct comparison between companies using such terms may not be possible.

The Guarantor believes that presentation of EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the aged and booked depreciation and amortisation of assets (affecting relative depreciation and amortisation expense).

The Guarantor also presents EBITDA because it believes that the measure is frequently used by securities analysts, investors and other interested parties in evaluating similar companies in the property industry, many of whom present such non-HKFRS financial measures when reporting their results.

Nevertheless, EBITDA has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for analysis of the Group’s financial condition or results of operations, as reported under HKFRS. Because of these limitations, EBITDA should not be considered a measure of discretionary cash available to the Group to invest in the growth of its business. The Guarantor compensates for these limitations by relying primarily on its HKFRS results and using EBITDA measures only supplementally. See “*Summary Financial Information*” for a discussion on EBITDA.

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, AS THE STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

MARKET AND INDUSTRY DATA

This Offering Circular includes market share and industry data and forecasts that were obtained from industry publications and surveys and internal company sources. Industry publications and surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Neither the Issuer, the Guarantor, nor any member of the Group has independently verified any of the data from third-party sources nor have the underlying economic assumptions relied upon therein been ascertained by any of the Issuer, the Guarantor or any member of the Group. Statements as to the Group’s market position are based on market data currently available to the Group. While neither the Issuer, the Guarantor nor any member of the Group is aware of any misstatements regarding industry data presented in this Offering Circular, estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “*Risk Factors*” below.

FORWARD-LOOKING STATEMENTS

Certain statements under “*Risk Factors*”, “*Description of the Group*” and elsewhere in this Offering Circular constitute “*forward-looking statements*”. Words such as “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. However, these words are not the exclusive means of identifying forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position and results of operations, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. These forward-looking statements speak only as of the date of this Offering Circular. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s, the Guarantor’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “*Risk Factors*” and elsewhere, important factors that could cause actual results, performances or achievements of the Issuer, the Guarantor or any member of the Group to differ materially from the Issuer’s or the Guarantor’s expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

CERTAIN TERMS AND CONVENTIONS

Unless otherwise specified or the context otherwise requires, references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the PRC, “**PRC**” are to the People’s Republic of China (excluding, for the purposes of this Offering Circular only, Hong Kong, the Macau Special Administrative Region of the PRC (“**Macau**”) and Taiwan), “**U.S.**” or “**United States**” are to the United States of America, “**Hong Kong dollars**”, “**HK dollars**” and “**HK\$**” are to the lawful currency of Hong Kong, “**CNY**”, or “**Renminbi**” are to the lawful currency of the PRC and references to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States.

This Offering Circular contains translations of certain HK dollar amounts into U.S. dollars, and *vice versa*, at specific rates solely for the convenience of the reader. For convenience only and unless otherwise noted, all translations between HK dollars and U.S. dollars in this Offering Circular were made at the rate of HK\$7.80 to U.S.\$1.00. No representation is made that the HK dollar or U.S. dollar amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars or HK dollars at any particular rate or at all.

In this Offering Circular where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the meaning when used in this Summary. Prospective investors should therefore read this Offering Circular in its entirety.

Overview

The Guarantor is an investment holding company and is primarily engaged in property development, repositioning and investment. The principal subsidiaries of the Guarantor are primarily engaged in property enhancement, development and property investment in Hong Kong, the PRC and Macau.

Corporate Information

The Guarantor is a limited liability company incorporated in Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business in Hong Kong of the Guarantor is located at 3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

Introduction

The business of the Guarantor follows a property repositioning model focusing on commercial projects and premium “lifestyle” residential properties in prime locations in Hong Kong and Shanghai.

The Guarantor’s luxury residential development division is marketed as “Couture Homes”, which combines architectural and interior design to an internationally-recognised standard, with bespoke “lifestyle” furnishing and interior decoration. Currently, the Group owns and manages over 2.3 million square feet (attributable interest of approximately 1.5 million square feet) of prime properties in Hong Kong, Shanghai and Macau.

Business Organisation

Mr. Mico Chung, the Chairman and Executive Director, obtained control of the Group in 2004 as a platform to expand his property investment business. As at 28 July 2016, Mr. Chung had an interest in approximately 45.9 per cent. in the share capital of the Guarantor.

Competitive Strengths

- Solid execution capabilities with proven track record and excellent market reputation
- Self-funded business model through capital recycling
- Highly experienced and disciplined management
- Recurring rental income base, underpinned by high quality portfolio with solid fundamentals
- Prudent financial policy and conservative capital structure with low gearing

Strategies

- Focus on core strength of making value-added investments in Hong Kong and the PRC
- Strategic partnerships with established developers
- Active management of the investment property portfolio to maximise value
- Continue to leverage industry knowledge and relationship network in order to identify and invest in properties that fit within the Group’s value enhancement business model
- Expand into luxury residential developments under the “Couture Homes” brand
- Continue to grow investments in the PRC to capture the market’s rapid economic growth and its nascent and growing commercial property market

SUMMARY FINANCIAL INFORMATION

The summary audited consolidated financial information set forth below has been extracted from the Guarantor's audited consolidated financial statements as at and for the years ended 31 March 2014, 2015 and 2016 (which have been audited by Deloitte Touche Tohmatsu). This financial information should be read in conjunction with the Guarantor's audited consolidated financial statements as at and for the years ended 31 March 2014, 2015 and 2016, which are included elsewhere in this Offering Circular.

Consolidated Statement of Profit or Loss for the years ended 31 March 2014, 2015 and 2016

	For the year ended 31 March		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Revenue	2,578,071	745,611	2,201,494
Cost of sales and services	(1,638,518)	(385,167)	(1,029,524)
Gross profit	939,553	360,444	1,171,970
Income and gains (losses) from investments	90,885	47,581	112,278
Other income	62,359	72,217	71,883
Other gains and losses	21,287	1,147	19,125
Administrative expenses	(178,518)	(152,307)	(214,268)
Finance costs	(124,802)	(122,089)	(138,609)
Share of results of joint ventures	53,114	16,631	687,752
Share of results of associates	7,424	57,737	1,085
Profit before taxation	871,302	281,361	1,711,216
Income tax expense	(52,040)	(16,308)	(53,948)
Profit for the year	819,262	265,053	1,657,268
Attributable to:			
Owners of the Guarantor	815,489	262,936	1,645,022
Non-controlling interests	3,773	2,117	12,246
	819,262	265,053	1,657,268
Earnings per share (HK cents)			
Basic	8.57	2.65	15.83

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the years ended 31 March 2014, 2015 and 2016

	For the year ended 31 March		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Profit for the year	819,262	265,053	1,657,268
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations	7,458	521	(22,027)
Share of exchange difference of joint ventures	12,818	(3,545)	(25,527)
Change in fair value of available-for-sale investments	4,843	(409)	(376)
Reclassification of translation reserve upon disposal of joint ventures . . .	–	–	(13,690)
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	–	(11,677)	–
	25,119	(15,110)	(61,620)
Total comprehensive income for the year	844,381	249,943	1,595,648
Total comprehensive income attributable to:			
Owners of the Guarantor	840,608	247,826	1,583,402
Non-controlling interests	3,773	2,117	12,246
	844,381	249,943	1,595,648

Consolidated Statement of Financial Position as at 31 March 2014, 2015 and 2016

	As at 31 March		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Non-Current Assets			
Property, plant and equipment	660,211	664,818	623,307
Available-for-sale investments	24,569	64,579	59,630
Club memberships	6,860	11,385	11,385
Interests in joint ventures	1,517,088	1,653,996	1,308,350
Amounts due from joint ventures	1,701,726	1,937,397	1,743,320
Interests in associates	116,897	17,567	137,855
Amounts due from associates	–	18,947	4,152
	<u>4,027,351</u>	<u>4,368,689</u>	<u>3,887,999</u>
Current Assets			
Trade and other receivables	143,692	117,595	140,273
Deposit paid for acquisition of properties held for sale	10,896	–	–
Properties held for sale	3,973,587	5,556,593	8,850,223
Investments held for trading	1,825,264	1,231,378	1,813,664
Available-for-sale investments	36,043	–	–
Conversion options embedded in convertible notes	31,252	–	–
Taxation recoverable	4,322	7,703	20,141
Cash held by securities brokers	3,993	5,340	3,983
Bank balances and cash	<u>1,790,628</u>	<u>1,274,443</u>	<u>3,525,228</u>
	<u>7,819,677</u>	<u>8,193,052</u>	<u>14,353,512</u>
Current Liabilities			
Other payables and accruals	100,813	120,089	236,598
Taxation payable	160,290	138,854	185,864
Amounts due to joint ventures	432	169	20,130
Amounts due to associates	14,097	10,218	–
Amounts due to non-controlling shareholders of subsidiaries	25,355	91,178	100,832
Bank borrowings – due within one year	<u>802,395</u>	<u>710,204</u>	<u>561,101</u>
	<u>1,103,382</u>	<u>1,070,712</u>	<u>1,104,525</u>
Net Current Assets	<u>6,716,295</u>	<u>7,122,340</u>	<u>13,248,987</u>
	<u>10,743,646</u>	<u>11,491,029</u>	<u>17,136,986</u>
Capital and Reserves			
Share capital	76,145	83,896	80,296
Reserves	<u>7,697,367</u>	<u>8,180,824</u>	<u>9,586,815</u>
Equity attributable to owners of the Guarantor	<u>7,773,512</u>	<u>8,264,720</u>	<u>9,667,111</u>
Non-controlling interests	<u>4,141</u>	<u>2,066</u>	<u>14,241</u>
Total Equity	<u>7,777,653</u>	<u>8,266,786</u>	<u>9,681,352</u>
Non-Current Liabilities			
Guaranteed notes	1,170,000	1,170,000	1,040,130
Bank borrowings – due after one year	1,788,250	2,045,713	6,410,008
Deferred tax liabilities	<u>7,743</u>	<u>8,530</u>	<u>5,496</u>
	<u>2,965,993</u>	<u>3,224,243</u>	<u>7,455,634</u>
	<u>10,743,646</u>	<u>11,491,029</u>	<u>17,136,986</u>

Other Unaudited Financial Information

Set forth below is a reconciliation of the Group's EBITDA to the Group's profit before taxation for the years indicated:

	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016
	(HK\$ million)	(HK\$ million)	(HK\$ million)
Profit before taxation	871.3	281.4	1,711.2
Adjusted for:			
Fair value changes	56.2	86.4	(12.6)
Impairment loss on available-for-sale investments	–	–	2.9
Impairment loss on properties held for sale	31.7	36.3	125.7
Gain on disposal of property, plant and equipment	(15.5)	(0.3)	(0.6)
Gain on de-recognition of investments in convertible notes	(0.5)	(1.6)	–
Interest income	(16.8)	(11.1)	(10.5)
Finance cost	124.8	122.1	138.6
Income from amortisation of financial guaranteed contracts	(1.8)	(1.3)	(2.6)
EBIT	1,049.4	511.9	1,952.1
Depreciation of property, plant and equipment	55.4	35.9	45.6
EBITDA ⁽¹⁾	1,104.8	547.8	1,997.7

Note:

- (1) EBITDA is calculated as profit before taxation adjusted for fair value changes, impairment loss on available-for-sale investments, impairment loss on properties held for sale, gain on disposal of property, plant and equipment, gains on de-recognition of investments in convertible notes, interest income, finance cost, income from amortisation of financial guaranteed contracts and depreciation of property, plant and equipment.

Although EBITDA is not a standard measure under HKFRS, it is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because it believes the measure is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

THE ISSUE

The following contains some summary information about the Notes. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Notes” shall have the same meanings in this summary. For a more complete description of the terms of the Notes, see “Terms and Conditions of the Notes” in this Offering Circular.

Issuer	Estate Sky Limited.
Guarantor	CSI Properties Limited.
Principal amount of the Notes.	U.S.\$250,000,000 aggregate principal amount of 4.875 per cent. Guaranteed Notes due 2021.
Guarantee of the Notes.	The Guarantor has unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes.
Issue Price.	100 per cent. of the principal amount.
Form and Denomination.	The Notes will be issued in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
Issue Date	8 August 2016
Maturity Date	8 August 2021
Offering	The Notes are being offered only outside the United States in reliance on Regulation S under the Securities Act. The Notes and the Guarantee of the Notes have not been registered, and will not be registered, under the Securities Act and, subject to certain exemptions, may not be offered or sold in the United States.
Interest	The Notes will bear interest from, and including, the Issue Date at the rate of 4.875 per cent. per annum, until the Maturity Date, payable semi-annually in arrear on 8 February and 8 August in each year.

Status	The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 of the Terms and Conditions of the Notes) unsecured obligations of the Issuer which will at all times rank <i>pari passu</i> without any preference or priority among themselves and at least rank <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 of the Terms and Conditions of the Notes) unsecured obligations of the Guarantor which will at all times rank at least <i>pari passu</i> with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 3 of the Terms and Conditions of the Notes.
Cross Default.	The Notes will contain a cross default provision as further described in Condition 8(c) of the Terms and Conditions of the Notes.
Events of Default	Upon the occurrence of certain events as described in Condition 8 of the Terms and Conditions of the Notes, upon notice in writing addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office (as defined in the Agency Agreement referred to in the Terms and Conditions of the Notes) of the Fiscal Agent, Noteholders holding not less than five per cent. of the principal amount of the Notes outstanding may declare the Notes immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality.
Transfer Restrictions	The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and sale. See “ <i>Subscription and Sale</i> ”.
Final Redemption.	Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 8 August 2021.
Redemption for Tax Reasons	The Issuer may redeem all and not some of the Notes at their principal amount, together with interest accrued to, but excluding the date fixed for redemption, in the event of certain changes in British Virgin Islands, Bermuda or Hong Kong taxation, as further described in Condition 5(b) of the Terms and Conditions of the Notes.

Redemption at the option of the Issuer	The Issuer may redeem the Notes at any time, in whole but not in part, at their Make Whole Redemption Price, together with interest accrued to the date fixed for redemption, as further described in Condition 5(d) of the Terms and Conditions of the Notes.
Redemption for Change of Control	At any time following the occurrence of a Change of Control, any Noteholder shall have the right, at such Noteholder's option, to require the Issuer to redeem all but not some only of that Noteholder's Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date, as further described in Condition 5(c) of the Terms and Conditions.
Further Issues	The Issuer may from time to time, without the consent of the Noteholders, create and issue further Notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.
Fiscal Agent	Citicorp International Limited
Paying and Transfer Agent.	Citibank, N.A., London Branch
Registrar	Citigroup Global Markets Deutschland AG
Clearing Systems	The Notes will be represented by beneficial interests in the Global Note Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Closing Date with a common depositary for, Euroclear and Clearstream. Beneficial interests in the Global Note Certificate will be shown on, and transfers thereof will be effected only through, records maintained by, Euroclear and Clearstream. Except as described herein, certificates for Notes will not be issued in exchange for interests in the Global Note Certificate.
Governing Law	English law
Ratings	The Notes will not be rated.
Listing	Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 for so long as the Notes are listed on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, its subsidiaries, its associated companies, its joint ventures or the Notes.

Use of Proceeds See section entitled “*Use of Proceeds*”.

ISIN XS1464801957

Common Code 146480195

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or the Guarantor or which the Issuer or the Guarantor currently deems to be immaterial, may affect the Issuer's, the Guarantor's or the Group's business, financial condition or results of operations or their respective ability to fulfil its obligations under the Notes and the Guarantee of the Notes.

Risks Relating to the Group and its Business

The Group is dependent on the performance of the Hong Kong property market

Historically, the Hong Kong property market has been cyclical, with property prices being volatile in recent years. For example, Hong Kong residential property prices, after reaching record highs in the mid-1990s, subsequently fell significantly as a result of the Asian economic downturn and the local economic environment. The global economic downturn, which commenced in the second half of 2007, had an adverse effect in the Hong Kong property market. A majority of the Group's assets are located in Hong Kong, and a substantial majority of the Group's revenue is derived from Hong Kong. Consequently, its revenue and operating profits depend on the state of the Hong Kong property market. Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. Economic developments outside Hong Kong, such as the global credit and liquidity crisis, the slowdown in the economy in the PRC and efforts by the PRC government to control inflation and property prices in the PRC, the interest rate movements and unemployment rate in the United States and the tapering of the stimulative quantitative easing policy of the U.S. Federal Reserve, could also adversely affect the property market in Hong Kong.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia, the slowdown in the Hong Kong economy, the increase in supply of new properties in Hong Kong, and high interest rates on Hong Kong dollar borrowings. The overall property market has been adversely affected by several significant events, including the events of 11 September 2001 in the United States, the outbreak of Severe Acute Respiratory Syndrome (“SARS”) in 2003 and sporadic outbreaks of the H5N1 virus (“Avian Influenza”) and A/H1N1 influenza. In addition, while the property market showed improvement during the period from 2004 to the third quarter of 2008, starting from September 2008, property prices and rents in Hong Kong were inevitably affected by the global financial turmoil. Factors such as the prospect of economic downturn and the tightening of liquidity created negative sentiments for the property market. The demand and rental rates of prime office buildings and for residential, commercial and industrial properties were consequently reduced. Demand and rental rates have since generally improved as a result of the low interest rate environment in Hong Kong, although more recently, there are signs of a downturn in the mass residential market. There can be no assurance that interest rates will not increase in the future. If interest rates increase, this could have a significant impact on the property market, which may in turn affect the Group's operating results and financial condition.

Measures adopted from time to time by the Hong Kong government to restrict the real estate market could slow industry growth rate or cause real estate market to decline

The Hong Kong government may introduce cooling measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market. For example, on 26 October 2012, the financial secretary of the Hong Kong government announced that the Stamp Duty Ordinance would be amended to adjust the rates and to extend the holding period in respect

of the Special Stamp Duty (“SSD”) imposed by the Stamp Duty (Amendment) Ordinance 2011. Under the adjusted regime, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months, will be subject to the new rates of SSD upon the enactment of the relevant legislation. The financial secretary also announced on 26 October 2012 that a Buyer’s Stamp Duty (“BSD”) would be introduced with effect from 27 October 2012 on residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident. BSD is to be charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty and the SSD, if applicable. As the introduction of these measures are subject to policy changes reflecting domestic political or economic circumstances, there can be no assurance that the Hong Kong government will not introduce further measures in the future that may have a significant impact on the property market, which may in turn affect the Group’s operating results and financial conditions.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for properties sale. Rental values are also affected by factors such as local, regional and global economic downturns, political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group’s business, operating results and financial condition.

The Group is exposed to property market risks in the PRC

In the PRC, the rapid expansion of the property market in certain major cities, including Shanghai and Beijing, in the early 1990s culminated in oversupply by the mid-1990s and a corresponding decrease in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in certain major cities in the PRC as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Shanghai have experienced rapid and significant growth. In recent years, certain major PRC cities have seen cyclical changes in their property markets and property prices in general have been volatile in recent years.

In recent years, the Group has increased its investment in properties in the PRC. Currently, the Group has substantial property development and investment interests in Shanghai and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC. Any real estate market downturn in Shanghai in the future could adversely affect the Group’s profitability and prospects. There can be no assurance that the demand for commercial and residential properties in Shanghai will continue to grow. The Group’s results of operations may be influenced by fluctuations of supply and demand in the real estate market, which may in turn be influenced by the general state of the PRC economy or PRC national or local government policies. For instance, since 2010, the PRC government, at both the central and local levels, has implemented home purchase restrictions, which have dampened the market sentiment and lowered transaction volume in the PRC property market. As a result, there can be no assurance that the problems of oversupply and falling property prices will not recur to the extent of the mid-1990s or be even worse or that the recurrence of such problems with respect to the property market in the PRC will not adversely affect the Group’s business, financial condition or results of operations. Any economic downturn or over-supply of commercial or residential properties could result in downward pressure on the Group’s income and valuation of its property portfolio.

The PRC central and local governments also frequently adjust monetary and other economic policies to prevent and curtail the overheating of the national and local economies, and such economic adjustments may affect the PRC property market. For example in 2011, the PRC central government introduced measures to cool the property market and to tighten market liquidity and curb property speculation. Such

policies may be adjusted by the central government of the PRC from time to time in response to the changing market environment. Given that the central and local governments of the PRC are expected to continue to exercise a substantial degree of control and influence over the PRC economy and property market, any form of government control or newly implemented laws and regulations, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, may result in a material adverse effect on the Group's business and operating results and its future expansion plans in the PRC. In particular, decisions taken by PRC regulators concerning economic policies or goals that are inconsistent with the Group's interests could adversely affect its operating results, financial condition and prospects. See also “– *Risks Relating to the Group's Business in the PRC*”. Furthermore, private ownership of property in the PRC is still at an early stage of development. For example, the property market in the PRC has in the past experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

In addition, development projects in the PRC are dependent on obtaining the approval of a variety of governmental authorities at different levels, receipt of which cannot be assured. These development projects have been, and may in the future be, subject to certain risks, including the cyclical nature of property markets, changes in governmental regulations and economic policies, including regulations and policies restricting construction of properties and buildings and related limitations on pre-sales and sales, extensions of credit, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other properties. Any restriction on the Group's ability to pre-sell or sell its properties or any restriction on the use of pre-sale or sale proceeds could extend the time required to recover its capital outlay and could have an adverse impact on its business, financial condition and results of operations, and in particular its cash flow position. There can be no assurance that required approvals will be obtained or that the cost of the Group's developments will not exceed projected costs. These factors could adversely affect the Group's business, operating results, financial condition and prospects.

The Group's businesses are subject to the effects of global economic events

Economic events outside Hong Kong, the PRC and Macau may adversely affect the Group's business. Since the global financial crisis which arose due to problems linked with the sub-prime residential mortgage market in the United States, global credit markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions. Although global economic conditions have improved and certain credit markets have shown signs of recovery in 2011 due, in large part, to stimulus measures adopted by various governments, there can be no assurance that these credit markets will continue to recover or that the various governments will maintain their stimulus measures. The global economy and financial markets have been affected by the ongoing sovereign debt crises in several member countries of the European Union in late 2011 to the present, and more recently, the tapering of the stimulative quantitative easing policy, and the potential interest rate increase, by the U.S. Federal Reserve, the economic slowdown of the PRC and the enhanced market volatility stemming from the referendum passed on 23 June 2016 for the United Kingdom to leave the European Union. If this situation were to worsen, or if the economic recovery fails to continue or if an economic slowdown were to return, the Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding and, in addition, there can be no assurance that the Group will be able to raise finance at a reasonable cost. The Group may also be subject to solvency risks of banks and of its counterparties in its financial investments and arrangements. These may have a material adverse impact on the operations of the Group.

The Group's property businesses require substantial capital investment

The Group has historically required, and expects that it will require in the future, additional financing to fund its capital expenditures, to support the future growth of its business, particularly with respect to its property development and investment activities, and/or to refinance existing debt obligations. The Group's ability to arrange for external financing and the cost of such financing is dependent on

numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in the PRC and Hong Kong. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group.

The Group operates in highly competitive industries

The Group's principal business operations face significant competition across the markets in which it operates. New market entrants and intensified price competition among existing market players could adversely affect the Group's financial condition or results of operations. New properties and facilities built in areas where the Group's properties are located may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and other charges in respect of its investment properties and buyers, which may affect the Group's ability to sell its development properties. Competition risks faced by the Group include: (i) an increasing number of developers undertaking property investment and development in Hong Kong, the PRC, in particular Shanghai where the Group operates, and Macau, which may affect the market share and returns of the Group; and (ii) significant competition and pricing pressure from other developers which may adversely affect the financial performance of the Group's operations.

The Group may not always be able to obtain sites that are suitable for development or redevelopment

The Group derives a substantial part of its revenue from sales or lease of properties that it has acquired or developed. This revenue stream depends on the completion of, and the Group's ability to sell or lease, its properties. In order to maintain and grow its business in the future, the Group will be required to replenish its project pipeline with suitable sites or buildings for improvement or development. The Group's ability to identify and acquire suitable sites or buildings is subject to a number of factors that are beyond its control. The Group's business, financial condition and results of operations may be adversely affected if it is unable to obtain sites or buildings for improvement or development at prices that allow it to achieve reasonable returns upon sale or lease to its customers. The limited supply of land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property at economical prices for development which can be acquired by the Group. In addition, the Group's acquisition strategy in relation to the property it purchases may prove ineffective and may have a material adverse effect on the Group's business.

While the Hong Kong government has expressed its desire to increase land supply, the amount of land offered by the Hong Kong government by auction is nevertheless still fairly limited. This affects the Group's ability to replenish its Hong Kong land bank. In addition, the PRC government controls all new land supply in the PRC and regulates land sales in the secondary market. The PRC central and local governments may regulate the means by which property developers, including the Group, obtain land sites for property developments. Please see "*Risks Relating to the Group's Business in the PRC – The economic, political and social conditions of the PRC, as well as government policies, could affect the Group's business*". As a result, the policies of the PRC government towards land supply may adversely affect the Group's ability to acquire land use rights for sites it seeks to develop and could increase the costs of any acquisition.

The Group may not be able to manage properties in a way that meets the demands of local markets

The Group is focused on the repositioning, investment and redevelopment of quality commercial and premium residential properties in Hong Kong, the PRC and Macau. The success of the Group's business model is dependent on the accuracy of its predictions of local demand for quality commercial and premium residential properties and economic growth of the cities where it has, or will have, a portfolio of properties. The Group's success is also dependent on its managerial, operational and financial resources, as well as its knowledge of the demand for quality commercial and premium residential properties. There can be no assurance that the Group's business model will be successful in each of the

markets that it enters into. If it fails to establish or expand its business according to its plans, the Group's business, reputation, financial position and results of operations may be materially and adversely affected.

Certain of the Group's business activities are conducted through joint ventures

The Group has equity interests in several joint venture entities in connection with its property investment and development projects. Such joint ventures may involve special risks associated with the possibility that the Group's joint venture partners may:

- have economic or business interests or goals that are inconsistent with those of the Group;
- take action contrary to the instructions or requests of the Group or contrary to the Group's policies or objectives with respect to its property investments;
- be unable or unwilling to fulfil their obligations under the joint ventures or other agreements;
- undergo a change of control; or
- experience financial or other difficulties.

In addition, the Group may not be able to pass certain important board resolutions requiring unanimous consent of all the directors of these joint ventures if there is a disagreement between the Group and its joint venture partners. As such, the Group may not be able to dispose of assets that are jointly owned by the Group and its joint venture partners. Any of these and other factors may have a material adverse effect on the Group's business.

The Group is subject to risks incidental to the ownership and development of real estate properties

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, it may face difficulties in securing timely and commercially favourable financing in asset based lending transactions secured by real estate due to the illiquidity. The Group is subject to risks incidental to the ownership and operation of residential, office and other properties including, among other things: competition for tenants, changes in market rents, all of which could adversely affect the business, financial condition and results of operations of the Group.

The Group's property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including, among other things, the risk that financing for development may not be available on favourable terms (or at all), that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, environmental and geological problems and unanticipated cost increases), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), that developed properties may not be leased or sold on profitable terms and that purchasers and/or tenants will default.

The Group is subject to the risks associated with renewing leases and re-letting property

The Group is subject to risks associated with the property industry such as competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increase in operating costs and the need to renovate, repair and re-let space periodically and to pay the

associated costs. The Group's business relies on the ability to identify and let property to premium tenants whom the Group targets. Failure to renew leases could adversely affect the business, financial condition and results of operations of the Group.

A material deterioration of its cash flow position may have a material adverse effect on the Group's ability to service its indebtedness and continue its operations

In addition to borrowing, the Group relies on sale of its properties as a major source of funding for its operations and to assist with servicing its debt. Should the Group's sales be significantly limited or otherwise materially and adversely affected as a result of changes in Hong Kong or PRC laws and regulations or in government policies relating to property or property development, or by a significant economic downturn in the Hong Kong or PRC or in the property markets where the Group operates or otherwise, the Group could experience cash flow difficulties and difficulties in servicing its indebtedness. If major commercial banks decline to provide additional loans to the Group or to re-finance its existing loans when they mature as a result of the Group's credit risk and the Group fails to raise adequate financing through other channels, the Group's financial condition, cash flow position and business prospects may be materially and adversely affected.

The continuing success of the Group depends on key management personnel

The success of the Group depends on key management personnel and on the continued service of its executive officers and other experienced and skilled managerial and technical personnel. The board of directors of the Guarantor (the "**Board**") comprises only five Executive Directors, each of whom plays a key role in the management and leadership of the Group, so that management of the Group is run on a very lean basis. Competition for qualified personnel is intense. The Group's business could suffer if the services of a number of key personnel were lost and if the Group could not recruit suitable replacements in a timely manner.

Furthermore, as the business of the Group continues to grow, the Group will need to recruit and train additional qualified personnel. If the Group fails to attract and retain qualified personnel, its business and prospects may be adversely affected.

The Group's business strategies and plans for expansion of the "Couture Homes" branded high-end luxury residential property division may not be successful

As part of the Group's commitment to expand its residential property development business, it rebranded its high-end luxury residential development division under the brand "Couture Homes" in 2010. The Group plans to diversify its project portfolio by continuing to expand into the premium lifestyle residential property development sector. However, factors beyond the Group's control, such as economic slowdown, change in government policy or change in market dynamics in the Hong Kong, PRC and Macau property markets may affect the implementation of the Group's strategies and expansion plans in its residential property division. There can be no assurance that the Group will be able to achieve its objectives as planned or at all, and the Group may not be able to leverage its experience in previous successful high-end luxury residential properties projects into new markets. If such business strategies and expansion plans are not successful, the Group's development, growth prospects and results of operations may be adversely affected.

The Group is subject to certain risks due to the cyclical nature of consumer spending and economic development

The Group derives a portion of its revenue from commercial and office properties which are closely tied to general consumer demand and commercial market sentiment. Any change in such general consumer demand and commercial market sentiment can affect overall economic outlook and investor confidence leading to changes in the tenant mix and credit standing of tenants. Competition from new market entrants and fluctuations in the level of disposable household income may adversely affect the relative bargaining position of the Group with its tenants in terms of lease rates, tenure and frequency of rental revisions, and thus adversely affect the Group's revenue and financial performance.

The Group's revenue and results of operations may fluctuate from period to period

Substantially all of the Group's revenue is derived from the sale of properties held for sale. The Group's results of operations may fluctuate in the future due to a combination of factors, including the overall improvement or development schedule of its property projects, the level of interest of properties by prospective customers, the proposed timing for completion and sale of the Group's improved or developed properties, the Group's revenue recognition policies, property acquisition costs and price volatility in construction-related and improvement or development expenses. Most of the Group's commercial property projects require at least a year or more to complete the relevant improvement works, whereas the Group's residential property projects require a few years to complete and are often undertaken in phases. Selling prices of developed properties are often higher closer to completion, due in part to the more established community available to prospective purchasers. Furthermore, according to the Group's accounting policy for revenue recognition, it recognises revenue from the sale of properties only upon completion of the relevant contracts of sale, which, in the case of pre-sold residential properties, would often be at the same time as the delivery of completed properties to purchasers. As such, even where a sale and purchase agreement has been entered into by the Group, the Group can only recognise revenue from such sale upon successful completion of that transaction. A time gap ranging from several months to a number of years may pass between the date on which the Group commences pre-sales of its residential properties and the date on which completed properties are delivered to purchasers. Accordingly, the Group's results of operations may vary significantly from period to period depending, in part, on the gross floor area ("GFA") sold and the timetable for the completion and delivery of properties contracted for sale. Historically, periods in which the Group completed more of its improvement works or GFA have often generated a higher level of revenue. Periods in which the Group sells or pre-sells a considerable amount of aggregate GFA, however, may not necessarily generate a higher level of revenue if such sold or pre-sold properties are not completed within the same period. The Group's results of operations are also affected by the limitation that during any particular period of time, it can only undertake a limited number of projects due to the substantial capital requirements for properties or land acquisitions, construction costs and the limited supply of appropriate buildings or land. The Group's ability to complete projects as scheduled may also be affected by seasonal factors, such as heavy winter rainfall and typhoons, which could hinder the renovation, and in turn, the completion of its property projects. The Group's revenue and profits, often recognised upon the completion and delivery of properties, may also be affected by such seasonal effects.

The Group relies on independent contractors and sub-contractors for the provision of certain services

The Group engages independent third-party contractors and sub-contractors to provide various services including construction, building and property fitting-out work, interior decoration, installation of air conditioning units and elevators, and transportation of materials by air, sea and road. There can be no assurance that the services rendered by any independent third-party contractor or sub-contractor engaged by the Group will be satisfactory. The Group is also exposed to the risk that its contractors and sub-contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is a risk that the Group's contractors and subcontractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorisms, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors could adversely affect the business, financial condition and results of operations of the Group.

Property revaluations may have an adverse impact on the Group's financial results and position

In accordance with Hong Kong Financial Reporting Standards, the Group values its properties classified as properties held for sale at every reporting balance sheet date at the lower of their relevant cost of acquisition or their open market value on the basis of an external professional valuation. Any increase in the fair value of these properties above their relevant cost of acquisitions will not be credited to the income statement. However, any decrease in the fair value of the Group's properties below that of their relevant cost of acquisitions will reduce its profit and equity for that year. These factors could have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group is subject to risks relating to accidents or other incidents which may not be covered by insurance

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and owner's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs disproportionate to the level of risks concerned or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to events such as war, civil disorder and acts of terrorism. Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. Furthermore, whilst every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents which are not covered by these arrangements could occur. The occurrence of any such accidents or incidents which are not covered by insurance could adversely affect the business, financial condition and results of operations of the Group. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The Group faces contractual risks relating to the pre-sale of properties, including the risk that property developments cannot be completed, or cannot be completed on time

The Group faces contractual risks relating to the pre-sale of properties. Failure to complete and/or deliver a pre-sold property in a timely manner may cause the Group to be liable to the relevant purchasers for losses suffered by them. The Group's failure to complete property developments in the time required by pre-sale contracts may entitle purchasers to claim damages under the pre-sale contracts, and in the event that such failure causes a delay that extends beyond any grace period stipulated in the pre-sale contracts, purchasers may be entitled to terminate the presale contracts, claim damages and request a refund of their purchase amount together with interest.

The Group may experience delays in completion or delivery of its renovated properties which could have an adverse effect on the income of the Group

The Group's profit margin is sensitive to fluctuations in the costs of construction and renovation materials. Construction costs comprise one of the key components of the Group's cost of sales. Construction costs encompass all costs for the design, construction, renovation and fit-out of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs and interior design material costs have been the principal driver of the construction costs of the Group's property development projects. A general trend in the economy of increased inflationary risk may also have an impact on the construction costs and a wider impact on other costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. The Group manages the cost of outsourced construction work through a process of tenders which, among other things, takes into account procurement of supplies of principal

construction materials such as steel and cement for the Group's property projects at fixed prices. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), the Group will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should existing contractors fail to perform under their contracts, the Group may be required to pay more to contractors under replacement contracts. Therefore, the Group's profit margin is sensitive to changes in the market prices for construction materials and these profit margins will be adversely affected if the Group cannot pass all of the increased costs onto its customers.

Potential liability for environmental problems could result in costs to the Group

The Group is subject to various laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as any adjoining properties. Environmental laws and conditions may result in delays to the Group's property developments, may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

Each project the Group develops in Hong Kong, the PRC or Macau is required under applicable laws and regulations to undergo environmental assessments. Further, an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request the Group to submit additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any projects that have not, prior to the commencement of construction, received approval following the submission of the environmental impact assessment documents. Although the environmental investigations conducted to date have not revealed any environmental liability that the Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities, or that there are material environmental liabilities of which the Group is unaware. Please see "*Description of the Group – Environmental and Safety Matters*" for a description of the foregoing environmental matters.

The Group's business is subject to various laws and regulations

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and Macau in which the Group's operations are located. The Group's activities on its commercial and development properties are limited by zoning ordinances and other regulations enacted by the authorities. Developing properties, refurbishment and other redevelopment projects require government permits, some of which may take longer to obtain than others. From time to time, the authorities may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to routine inspections by the authorities with regard to various safety and environmental issues. There can be no assurance that the Group will be able to comply with such regulations or pass such inspections.

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase.

Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

The Group is affected by currency fluctuations

The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies, including Renminbi. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures and also on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition or results of operations.

The Guarantor is controlled by a single major shareholder

The ultimate major shareholder of the Guarantor is Mr. Chung Cho Yee, Mico, who is Chairman and Executive Director of the Guarantor and has an interest in approximately 45.9% of the issued share capital of the Guarantor as at 28 July 2016 with the remaining shares being held by other employees of the Group and by public shareholders. Mr. Chung, as the Guarantor's controlling shareholder, is therefore able to exert considerable influence over the management and affairs of the Group. As a result, transactions between the Guarantor and other companies in which Mr. Chung has an interest are subject to the rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which, in certain circumstances, may require disclosure to, and approval from, the shareholders of the Guarantor.

The Group's operations are subject to external risks

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are based in Hong Kong, the PRC and Macau, which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues. Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

The occurrence of contagious diseases in Asia could affect the Group's business, financial condition or results of operations

The outbreak of SARS that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region. The occurrence of another outbreak of SARS or of another highly contagious disease may result in another economic downturn and may have an adverse effect on the overall level of business and travel in the affected areas. It may also disrupt the Group's business operations and consequently have an adverse effect on its financial condition and operating results.

There have been sporadic outbreaks of the H5N1 virus or "Avian Influenza" among birds and in particular poultry, as well as some isolated cases of transmission of the virus to humans. There have also been outbreaks among humans of the influenza A/H1N1 virus globally. On 11 June 2009, the World Health Organisation raised its global pandemic alert to Phase 6 after considering data confirming the outbreak. To date, there have been a large number of confirmed cases of influenza A/H1N1 globally. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus ("**MERS**") has affected several countries, primarily in the Middle East. There can be no assurance that there will not be a serious outbreak of influenza A/H1N1, MERS or another contagious disease in Hong Kong or the PRC in the future. If such an outbreak were to occur, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

Risks Relating to the Group's Business in the PRC

The economic, political and social conditions of the PRC, as well as government policies, could affect the Group's business

The Group's strategy is to continue to expand its business in the PRC to capitalise on China's economic growth and rapid urbanisation. The Group believes that one of its key growth drivers is expected to be its business initiatives in property development and investment in the PRC. The Group's financial condition, operating results and prospects will, accordingly, be subject to economic, political and legal developments in the PRC as well as in the economies in the surrounding region. The economy in the PRC differs from the economies of most developed countries in many respects, including:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven, both geographically and among the various sectors of the economy. For example, the PRC economic growth has recently shown signs of slowing down. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's financial condition and operating results may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant control over the PRC's economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular geographies, industries or companies. To curb any inflationary pressures, the PRC government has taken a number of credit tightening measures to increase the cost of credit and to reduce the availability of credit. The PRC government may implement further credit tightening measures which could have an adverse impact on the Group's ability to access onshore financing in the PRC.

The PRC's legal system is less developed than in certain other countries and the PRC laws may not be interpreted and enforced in a consistent manner

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group and its joint ventures. In addition, as these laws,

regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's prospects, financial condition and operating results.

Real estate is a highly regulated sector in the PRC

The supply of substantially all of the land in the PRC is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire properties for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to stabilise the real estate market, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business. Starting from the second half of 2009, residential real estate prices in certain cities in the PRC have shown an increasing trend. In order to reduce the risk of the overheating of the real estate market and possible formation of a speculative bubble, the PRC government introduced a series of regulatory measures in an effort to stabilise the real estate market and facilitate its sustainable development.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high-end residential real estate projects may materially and adversely affect the Group's business and results of operations.

Fluctuations in the value of RMB may have an adverse effect on the Group's financial condition and results of operations

The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC government. In August 2015, the People's Bank of China implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies.

There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and possibly more significant fluctuation of Renminbi against foreign currencies. Some of the Group's revenue and costs are denominated in Renminbi, and its financial assets in the PRC are also denominated in Renminbi. Any fluctuation in the exchange rate between Renminbi and the U.S. dollar could result in foreign currency translation losses for financial reporting purposes.

Risks Relating to the Notes and the Guarantee of the Notes

The Issuer was established primarily for the purpose of raising finance for the Group and has no business activities save for the issuance of debt securities

The Issuer was established specifically for the purpose of raising finance for the Group and will on-lend the net proceeds from the offering of the Notes to the Guarantor and/or any other members of the Group which will be used for general working capital of the Group. The Issuer does not and will not have any

business activities other than the issue of debt securities, and its ability to make payments under the Notes will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries and other members of the Group.

Risks associated with the Guarantor's holding company structure

The Guarantor is a holding company that operates through subsidiaries. It is principally a holding company with limited operations of its own. The Guarantor depends, to a significant extent, upon the receipt of dividends from its subsidiaries and associates to meet its overhead expenses and to make payments with respect to its obligations, including its obligations under the Guarantee of the Notes, and in order to provide funds to its subsidiaries and associates. The ability of subsidiaries and associates of the Guarantor to pay dividends to their respective shareholders (including the Guarantor) is subject to the performance and cash flow requirements of such subsidiaries and associates and to applicable law and restrictions contained in debt instruments of such subsidiaries and associates, if any. The Guarantor's obligations under the Guarantee of the Notes will be effectively subordinated to all existing and future obligations of its direct and indirect subsidiaries and associates, other than the Issuer. All claims of creditors of these subsidiaries and associates, including trade creditors, lenders and all other creditors, will have priority as to the assets of such entities over claims of the Guarantor and its creditors, including holders of the Notes as beneficiaries of the Guarantee of the Notes. No assurance can be given that the Guarantor will have sufficient cash flow from dividends to satisfy its obligations, including its obligations under the Guarantee of the Notes or otherwise to enable the Issuer to make payments under the Notes, or that its subsidiaries and associates will pay dividends at all.

The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The Guarantee of the Notes constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will rank above the Noteholders' claims with respect to those assets. In the event of the Issuer's or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then principal, interest or other sums payable under all or a portion of the Notes then outstanding would remain unpaid.

The Notes and the Guarantee of the Notes are unsecured obligations

As the Notes and the Guarantee of the Notes are unsecured obligations, their repayment may be compromised if:

- the Guarantor or the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's and the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Notes.

The Notes may not be a suitable investment for all investors

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Notes unless they have the expertise (either alone or with the help of a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

Changes in interest rates may have an adverse effect on the price of the Notes

The Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

As the Notes will carry a fixed interest rate, the trading price of the Notes will consequently vary with the fluctuations in the U.S. dollar interest rates. If the Noteholders propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

If the Group is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause the repayment of the Group's debt to be accelerated

If the Group is unable to comply with the restrictions and covenants in the Notes or its current or future financing and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the relevant debt could terminate their commitments to lend to the Group, accelerate the debt obligation and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, certain debt agreements, including the Notes, may contain cross-acceleration or cross-default provisions. As a result, default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Notes, or result in a default under other debt agreements. If any of these events should occur, there can be no assurance that the Group's assets and cash flow would be sufficient to

repay in full all indebtedness, or that alternative financing could be found. Even if alternative financing can be obtained, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The Issuer may not be able to repurchase or redeem the Notes

The Issuer may (and at maturity, will) be required to redeem all of the Notes upon occurrence of certain events as set out in the “*Terms and Conditions of the Notes*”, including upon a Change of Control. If any such event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer or the Guarantor would constitute an event of default under the Notes, which may also constitute a default under the terms of the Group’s other indebtedness.

The Notes will be represented by the Global Note Certificate and holders of a beneficial interest in the Global Note Certificate must rely on the procedures of the Clearing Systems

The Notes will be represented by beneficial interests in the Global Note Certificate. The Global Note Certificate will be deposited with a common depositary for Euroclear and Clearstream (each, a “**Clearing System**” and together, the “**Clearing Systems**”). Except in the circumstances described in the Global Note Certificate, investors will not be entitled to receive individual Note certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Note Certificate. While the Notes are represented by the Global Note Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by the Global Note Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in the Global Note Certificate must rely on the procedures of the Clearing Systems to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Note Certificate.

Holders of beneficial interests in the Global Note Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

The Issuer may issue additional Notes in the future

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see “*Terms and Conditions of the Notes – Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

An active trading market may not develop for the Notes, and there are restrictions on the resale of the Notes

The Notes are a new issue of securities with no established trading market. The Joint Lead Managers are not obligated to make a market in the Notes and may discontinue their market-making activities at any time at their discretion without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for securities and by changes in the Group’s financial performance or prospects of companies in its industry in general. As a result, there can be no assurance that an active trading market will develop or be maintained for the Notes. If a market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. Please see the section entitled “*Subscription and Sale*”.

The liquidity and price of the Notes following the offering may be volatile

If an active trading market for the Notes were to develop, the price and trading volume of the Notes may be highly volatile. The Notes may trade at prices that are higher or lower than the price at which the Notes have been issued. The price at which the Notes trade depends on many factors, including:

- prevailing interest rates and interest rate volatility;
- the Group’s results of operations, financial condition and future prospects;
- changes in the real property industry and competition;
- the market conditions for similar securities; and
- general economic conditions.

Any such developments may result in large and sudden changes in the trading volume and price of the Notes. There can be no assurance that these developments will not occur in the future.

Certain facts and statistics are derived from publications not independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective advisers

Market data and certain information and statistics relating to the real property industry and the Guarantor’s affiliated entities are derived from both public and private sources, including market research, publicly available information and industry publications. While the Issuer and the Guarantor have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Agents or their respective advisers and, therefore, neither the Issuer nor the Guarantor make representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The U.S.\$250,000,000 4.875 per cent. Guaranteed Notes due 2021 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 13 (*Further issues*) and forming a single series therewith) of Estate Sky Limited (the “**Issuer**”) are constituted by a deed of covenant dated 8 August 2016 (as amended or supplemented from time to time, the “**Deed of Covenant**”) entered into by the Issuer and are subject to and with the benefit of (a) a deed of guarantee dated 8 August 2016 (as amended or supplemented from time to time, the “**Deed of Guarantee**”) entered into by CSI Properties Limited (the “**Guarantor**”) and, (b) a fiscal agency agreement dated 8 August 2016 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, Citigroup Global Markets Deutschland AG as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes), Citicorp International Limited as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), the transfer agent named therein (the “**Transfer Agent**”, which expression includes any successor or additional transfer agent appointed from time to time in connection with the Notes) and Citicorp International Limited as paying agent (the “**Paying Agent**”, which expression includes any successor or additional paying agent appointed from time to time in connection with the Notes). References herein to the “**Agents**” are to the Registrar, the Fiscal Agent, the Transfer Agent and the Paying Agent and any reference to an “**Agent**” is to any one of them. Certain provisions of these terms and conditions (the “**Conditions**”) are summaries of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee and subject to their detailed provisions. The Noteholders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee applicable to them. Copies of the Agency Agreement, the Deed of Covenant and Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Agents, the initial Specified Offices of which are set out below.

1. **Form, Denomination, Status and Guarantee**

- (a) *Form and denomination:* The Notes are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).
- (b) *Status of the Notes:* The Notes constitute direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
- (c) *Guarantee of the Notes:* The Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the “**Guarantee of the Notes**”) constitutes direct, general, unconditional, unsubordinated and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2. Register, Title and Transfers

- (a) *Register*: The Registrar will maintain a register (the “**Register**”) in respect of the Notes outside the United Kingdom in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly. A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Title*: The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.
- (c) *Transfers*: Subject to paragraphs (f) (*Closed Periods*) and (g) (*Regulations concerning transfers and registration*) below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed and signed by the Noteholder or his attorney duly authorised in writing, at the Specified Office of the Registrar or the Transfer Agent, together with such evidence as the Registrar or (as the case may be) the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however*, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor. No transfer of title to a Note will be valid unless and until entered on the Register.
- (d) *Registration and delivery of Note Certificates*: Within five business days of the surrender of a Note Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of the Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (free of charge to the Holder and at the Issuer’s (failing which the Guarantor’s) expense airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the Transfer Agent has its Specified Office.
- (e) *No charge*: The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent but upon (i) payment (or the giving of such indemnity or security as the Issuer, the Registrar or (as the case may be) the Transfer Agent may require) in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer, (ii) the Registrar or (as the case may be) the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application, and (iii) the Issuer and/or the Registrar and/or the Transfer Agent being satisfied that the Regulations (as defined in the Agency Agreement) concerning the transfer of Notes have been complied with.

- (f) *Closed periods:* A Noteholder may not require a transfer of a Note to be registered:
 - (i) during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes;
 - (ii) during the period of 15 days ending on any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(b) (*Redemption for tax reasons*) or Condition 5(d) (*Redemption at the option of the Issuer*); and
 - (iii) after a Change of Control Put Exercise Notice has been delivered in respect of the relevant Note(s) in accordance with Condition 5(c) (*Redemption for Change of Control*).
- (g) *Regulations concerning transfers and registration:* All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Fiscal Agent and the Registrar. A copy of the current regulations will be mailed (free of charge to the Holder and at the Issuer's (failing which the Guarantor's) expense) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

3. **Negative Pledge**

So long as any Note remains outstanding (as defined in the Agency Agreement), neither the Issuer nor the Guarantor shall, and the Guarantor shall procure that none of its Material Subsidiaries (other than any Listed Subsidiaries) will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of such Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of Noteholders.

In these Conditions:

“Guarantee” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (a) any obligation to purchase such Indebtedness;
- (b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (c) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (d) any other agreement to be responsible for such Indebtedness;

“Indebtedness” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (a) amounts raised by acceptance under any acceptance credit facility;
- (b) amounts raised under any note purchase facility;

- (c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“Listed Subsidiary” means any Subsidiary, the shares of which are at the relevant time listed on The Stock Exchange of Hong Kong Limited, or any other stock exchange;

“Material Subsidiary” means any Subsidiary of the Guarantor:

- (a) whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose gross revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose gross assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than 5 per cent. of the consolidated net profit, consolidated gross revenue, or, as the case may be, the consolidated gross assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited or reviewed financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited or reviewed consolidated financial statements of the Guarantor, provided that:
 - (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited or reviewed consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor’s latest audited or reviewed consolidated financial statements shall be deemed to be a reference to such audited or reviewed financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited or reviewed financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;
 - (ii) if at any relevant time in relation to the Guarantor or any Subsidiary no financial statements are prepared and audited, its gross revenue and gross assets (consolidated, if applicable) shall be determined on the basis of pro forma consolidated financial statements (consolidated, if applicable) prepared for this purpose; and
 - (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or
- (b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, provided that on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above.

A report by two of the directors of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor and the Noteholders;

“**Person**” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“**Relevant Indebtedness**” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is issued with the intention on the part of the issuer thereof that it should be, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“**Security Interest**” means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (a) in which the first Person holds a majority of the voting rights;
- (b) of which the first Person has the power to appoint or remove a majority of the members of the governing body of the second Person or otherwise; or
- (c) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. **Interest**

The Notes bear interest from 8 August 2016 (the “**Issue Date**”) at the rate of 4.875 per cent. per annum, (the “**Rate of Interest**”) payable semi-annually in arrear on 8 February and 8 August in each year (each, an “**Interest Payment Date**”), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Paying Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment to the relevant Noteholder under these Conditions).

The amount of interest payable on each Interest Payment Date shall be U.S.\$4,875 in respect of each Note of U.S.\$200,000 denomination and U.S.\$24.375 in respect of each Note of U.S.\$1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Note divided by the Calculation Amount, where “**Calculation Amount**” means U.S.\$1,000 and “**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

5. Redemption and Purchase

- (a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 8 August 2021 (the “**Maturity Date**”), subject as provided in Condition 6 (*Payments*).
- (b) *Redemption for tax reasons*: The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders, the Registrar and the Fiscal Agent (which notice shall be irrevocable) at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, if:
 - (i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 1 August 2016; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
 - (ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, as a result of any change in, or amendment to, the laws or regulations of Bermuda or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 1 August 2016; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent:

- (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

- (c) *Redemption for Change of Control*: At any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder’s option, to require the Issuer to redeem all but not some only of that Holder’s Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date. To exercise such right, the holder of the relevant Note must deposit at the Specified Office of any Paying Agent a duly completed and signed

notice of redemption, in the form for the time being current, obtainable from the Specified Office of any Paying Agent (a “**Change of Control Put Exercise Notice**”), together with the Note Certificates evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14 (*Notices*), the Registrar and the Fiscal Agent. The “**Change of Control Put Date**” shall be the 14th day after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes subject to the Put Exercise Notices delivered as aforesaid.

The Issuer shall give notice to Noteholders, the Registrar and the Fiscal Agent in accordance with Condition 14 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 5(c) (*Redemption for Change of Control*).

In this Condition 5(c) (*Redemption for Change of Control*):

a “**Change of Control**” occurs when either:

- (i) the Controlling Shareholder:
 - (A) ceases to hold, directly or indirectly, at least 30 per cent. of the voting rights of the issued share capital of the Guarantor (except for the 14 calendar day period immediately following any temporary disposal of shares of the Guarantor by the Controlling Shareholder in connection with a private placement of the existing shares of the Guarantor where there is a top-up placing by way of an issue of new shares of the Guarantor to the Controlling Shareholder within 14 calendar days from the date of the relevant placing agreement and the amount of such new shares of the Guarantor to be issued is equal to the amount of shares of the Guarantor disposed by the Controlling Shareholder and no net disposal proceeds are received by the Controlling Shareholder after such top-up placing); or
 - (B) ceases to be the largest single shareholder of the Guarantor; or
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person other than the Controlling Shareholder, *unless* the consolidation, merger, sale or transfer will result in the Controlling Shareholder:
 - (A) holding, directly or indirectly, at least 30 per cent. of the voting rights of the issued share capital of the Guarantor (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer); and
 - (B) being the largest single shareholder of the Guarantor (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer).

“**Controlling Shareholder**” means the aggregate shareholdings of Mr. Chung Cho Yee, Mico (“**Mr. Chung**”) and:

- (i) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr. Chung and/or any of their associated companies (as defined in the Listing Rules of the Stock Exchange of Hong Kong Limited); or

- (ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or Persons are, or are controlled by, Mr. Chung and/or such other Persons referred to in paragraph (i) above.

a “**Person**”, as used in this Condition 5(c) (*Redemption for Change of Control*), includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

- (d) *Redemption at the option of the Issuer*: The Issuer may, at any time, on giving not less than 30 days’ nor more than 60 days’ notice to the Noteholders, the Registrar and the Fiscal Agent (which shall be irrevocable), redeem the Notes, in whole, but not in part, at their Make Whole Redemption Price, together with interest accrued to the date fixed for redemption.

For the purpose of this Condition 5(d) (*Redemption at the option of the Issuer*):

“**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in London and New York City;

“**Comparable Treasury Issue**” means the United States Treasury selected by the Determination Agent as having a maturity comparable to the remaining term of the Notes from the relevant date fixed for redemption to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Maturity Date;

“**Comparable Treasury Price**” means, with respect to any redemption date, the average of three, or such lesser number as is obtained by the Determination Agent, Reference Treasury Dealer Quotations for the relevant date fixed for redemption of the Notes;

“**Determination Agent**” means an independent investment bank of international repute, appointed by the Issuer and the Guarantor (notice of which is given to Noteholders, the Registrar and the Fiscal Agent by the Issuer) for the purposes of performing any of the functions expressed to be performed by it under these Conditions;

“**Interest Period**” means each period from, and including, the Issue Date or an Interest Payment Date to, but excluding the immediately following Interest Payment Date or, as the case may be, the Maturity Date;

“**Make Whole Redemption Price**” means in respect of each Note, (a) the principal amount of such Note or, if higher (b) the amount equal to the sum of the present value of the principal amount of such Note, together with the present values of the interest payable for the relevant Interest Periods from the relevant date fixed for redemption to the Maturity Date, in each case, discounted to such redemption date on a semi-annual compounded basis (assuming a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days lapsed) at the adjusted U.S. Treasury Rate plus 0.50 per cent., all as determined by the Determination Agent;

“**Reference Treasury Dealer**” means each of the three nationally recognised investment banking firms selected by the Determination Agent that are primary US Government securities dealers;

“**Reference Treasury Dealer Quotations**” means with respect to each Reference Treasury Dealer and any date fixed for redemption of the Notes, the average, as determined by the Determination Agent, of the bid and asked prices for the Comparable Treasury Issue,

expressed in each case as a percentage of its principal amount, quoted in writing to the Determination Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day immediately preceding such due date for redemption; and

“U.S. Treasury Rate” means either (a) the rate per annum equal to the yield, that represents the average for the week immediately preceding that in which the third business day prior to the relevant date fixed for redemption falls, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue provided that (a) if no maturity appears that is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the U.S. Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, and (b) if such release (or any successor release) is not published during the week preceding that in which the third business day prior to the relevant date falls or such release (or successor release) does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the relevant date fixed for redemption, in each case calculated on the third business day immediately preceding the relevant date fixed for redemption.

Any reference in these Conditions to principal and/or interest shall be deemed to include any Make Whole Redemption Price which may be payable under this Condition 5(d) (*Redemption at the option of the Issuer*).

- (e) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above. If there is more than one notice of redemption given in respect of any Note (which shall include any notice given by the Issuer pursuant to Condition 5(b) (*Redemption for tax reasons*) or 5(d) (*Redemption at the option of the Issuer*) and any Change of Control Put Exercise Notice given by a Noteholder pursuant to Condition 5(c) (*Redemption for Change of Control*)) the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.
- (f) *Purchase*: The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price.
- (g) *Cancellation*: All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries shall be cancelled and may not be reissued or resold.

6. **Payments**

- (a) *Principal*: Payments of principal shall be made by U.S. dollar cheque drawn on, or, upon application by a Holder of a Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Paying Agent.
- (b) *Interest*: Payments of interest shall be made by U.S. dollar cheque drawn on, or upon application by a Holder of a Note to the Specified Office of the Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a U.S. dollar

account maintained by the payee with, a bank in New York City and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the Specified Office of the Paying Agent.

- (c) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- (d) *Payments on business days:* Where payment is to be made by transfer to a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by U.S. dollar cheque, the cheque will be mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, expense of the Noteholder) (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail. In this paragraph, “**business day**” means any day on which banks are open for general business (including dealings in foreign currencies) in New York City and Hong Kong and the city in which the Specified Office of the Paying Agent is located and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).
- (e) *Partial payments:* If the Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note Certificate.
- (f) *Record date:* Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (the “**Record Date**”). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the Noteholder otherwise than by ordinary mail, at the expense of such Noteholder) to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7. **Taxation**

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the British Virgin Islands, Bermuda or Hong Kong or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders of such

amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note:

- (a) *Other connection:* held by a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or, as the case may be, payments made by the Guarantor by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note; or
- (b) *Presentation more than 30 days after the Relevant Date:* where (in the case of a payment of principal or interest on redemption) the relevant Note Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts if it had surrendered the relevant Note Certificate on the last day of such period of 30 days assuming (whether or not such is in fact the case) that day to have been a business day (as defined in Condition 6 (*Payments*)).

In these Conditions, “**Relevant Date**” means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in New York City by the Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*).

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the British Virgin Islands, Bermuda and/or Hong Kong in respect of payments made by it of the principal or interest on the Notes, references in these Conditions to the British Virgin Islands, Bermuda and/or Hong Kong shall be construed as references to the British Virgin Islands, Bermuda and/or (as the case may be) Hong Kong and/or such other jurisdiction.

8. **Events of Default**

If any of the following events occur:

- (a) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within seven days of the due date for payment thereof; or
- (b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes, the Deed of Covenant or the Guarantee of the Notes and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor by any Noteholder, has been delivered to the Issuer and the Guarantor or to the Specified Office of the Paying Agent; or
- (c) *Cross-default of Issuer, Guarantor or Subsidiary:*
 - (i) any Indebtedness of the Issuer, the Guarantor or any of their respective Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

- (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary or (**provided that** no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or
- (iii) the Issuer, the Guarantor or any of their respective Subsidiaries fails to pay any amount payable by it under any Guarantee of any Indebtedness when due or (as the case may be) within any originally applicable grace period,

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above, individually or in the aggregate, exceeds U.S.\$10 million (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount is rendered against the whole or a substantial part of the property, assets or revenue of the Issuer, the Guarantor or any Material Subsidiary and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary and such possession or appointment continues for a period of 30 days after the date thereof; or
- (f) *Insolvency, etc.*: (i) the Issuer, the Guarantor or any Material Subsidiary becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any Material Subsidiary or the whole or a substantial part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Material Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer, the Guarantor or any Material Subsidiary takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of all or a substantial part of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer, the Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business (otherwise than, in the case of a Material Subsidiary only, for the purposes of or pursuant to amalgamation, reorganisation or restructuring whilst solvent); or
- (g) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Material Subsidiary (otherwise than, in the case of a Material Subsidiary only, for the purposes of or pursuant to amalgamation, reorganisation or restructuring whilst solvent); or
- (h) *Analogous event*: any event occurs which under the laws of the British Virgin Islands or Bermuda has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or
- (i) *Unlawfulness*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes, the Deed of Covenant or the Deed of Guarantee; or
- (j) *Guarantee not in force*: the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

- (k) *Controlling shareholder*: the Issuer ceases to be a wholly-owned direct or indirect Subsidiary of the Guarantor,

then Noteholders holding not less than 5 per cent. of the aggregate principal amount of the outstanding Notes may, by written notice addressed to the Issuer and the Guarantor and delivered to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders.

The Agents need not do anything to ascertain whether any Event of Default has occurred and will not be responsible to Noteholders or any other person for any loss arising from any failure by it to do so, and, unless and until the Agent otherwise has notice in writing to the contrary, the Agent may assume that (i) no such event has occurred and (ii) that the Issuer is performing all of its obligations under the Agency Agreement and the Conditions.

9. Prescription

Claims for principal and interest on redemption shall become void unless the relevant Note Certificates are surrendered for payment within ten years of the appropriate Relevant Date. The Agents shall not be responsible or liable for any amounts so prescribed.

10. Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Registrar and the Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

11. Agents

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

The initial Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor registrar or fiscal agent and additional or successor paying agents and transfer agents. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification

- (a) *Meetings of Noteholders*: The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented;

provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of payments under the Notes, to amend the percentage of Notes outstanding required to call an Event of Default, to amend the terms of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “**Reserved Matter**”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of Holders of not less than 90 per cent. of the aggregate principal amount of Notes outstanding will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) *Modification*: The Notes, these Conditions, the Deed of Covenant and the Deed of Guarantee may be amended without the consent of the Noteholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

13. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

14. **Notices**

Notices to the Noteholders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail (at the Issuer’s, failing which, the Guarantor’s expense) at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

15. **Currency Indemnity**

If any sum due from the Issuer in respect of the Notes or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such

Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

16. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum*: Each of the Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 16(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 16 (*Governing law and jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

THE GLOBAL NOTE CERTIFICATE

The Global Note Certificate contains the following provisions which apply to the Notes in respect of which they are issued while they are represented by the Global Note Certificate, some of which modify the effect of the Terms and Conditions of the Notes. Terms defined in the Terms and Conditions of the Notes have the same meaning in the paragraphs herein.

The Notes will be represented by a Global Note Certificate which will be registered in the name of Citivic Nominees Limited as nominee for, and deposited with, a common depositary for Euroclear and Clearstream.

The Global Note Certificate will become exchangeable in whole, but not in part, for Individual Note Certificates if (a) Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (Events of Default) occurs.

Whenever the Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered Holder of the Global Note Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Note Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Note Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any Holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If:

- (a) Individual Note Certificates have not been issued and delivered by 5:00 p.m. (local time) on the thirtieth day after the date on which the same are due to be issued and delivered in accordance with the terms of the Global Note Certificate; or
- (b) any of the Notes evidenced by the Global Note Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the Holder of the Global Note Certificate on the due date for payment in accordance with the terms of the Global Note Certificate,

then, at 5:00 p.m. (local time) on such thirtieth day (in the case of (a) above) or at 5:00 p.m. (local time) on such due date (in the case of (b) above) the Registrar shall in respect of each person shown in the records of Euroclear and/or Clearstream (or any other relevant clearing system) as being entitled to interest in the Notes (each an “**Accountholder**”), enter in the Register the name of such Accountholder as the holder of direct rights under the deed of covenant dated 8 August 2016 (the “**Deed of Covenant**”) in respect of the Notes in an aggregate principal amount equal to the principal amount shown in the records of Euroclear and/or Clearstream (or any other relevant clearing system) of such Accountholder's interest in the Notes. To the extent that the Registrar makes such entries in the Register, the holder will have no further rights under the Global Note Certificate, but without prejudice to the rights which the holder or Accountholders may have under the Deed of Covenant. Under the Deed of Covenant, Accountholders will acquire directly against the Issuer, subject to their rights being entered in the Register as described above and subject as provided in the Deed of Covenant, all those rights to which they would have been entitled if, immediately before the date on which the Registrar is required

to enter in the Register the rights of the Accountholders, they had been the registered holders of Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear, Clearstream or any other relevant clearing system (as the case may be).

In addition, the Global Note Certificate will contain provisions that modify the Terms and Conditions of the Notes as they apply to the Notes evidenced by the Global Note Certificate. The following is a summary of certain of those provisions:

Payments on business days: In the case of all payments made in respect of the Global Note Certificate “**business day**” means any day which is a day on which dealings in foreign currencies may be carried on in New York City and Hong Kong.

Payment Record Date: Each payment in respect of the Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption for Change of Control*) the Holder of the Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 14 (*Notices*), so long as the Global Note Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”), notices to Holders of Notes represented by the Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

USE OF PROCEEDS

The net proceeds from the offering of the Notes, after deducting underwriting commissions and expenses, are estimated to be approximately U.S.\$246 million. The entire amount of the net proceeds will be on-lent by the Issuer to the Guarantor and/or other members of the Group, which will be used for general working capital of the Group.

CAPITALISATION AND INDEBTEDNESS

As at 28 July 2016, the authorised share capital of the Guarantor was HK\$180 million divided into 22,500 million ordinary shares of HK\$0.008 each and its issued share capital was HK\$80.3 million consisting of 10,037.1 million ordinary shares of HK\$0.008 each.

The following table sets out the consolidated capitalisation and indebtedness of the Guarantor as at 31 March 2016 which has been extracted from the audited consolidated statement of financial position of the Guarantor as at the same date. The table should be read in conjunction with the audited consolidated financial statements of the Guarantor as at 31 March 2016 and the notes thereto.

	As at 31 March 2016		
	HK\$'000 (Actual)	U.S.\$'000 (Actual) ⁽¹⁾	U.S.\$'000 (As adjusted)
Bank borrowings – due within one year	561,101	72,307	72,307
Bank borrowings – due after one year	6,410,008	826,032	826,032
Guaranteed notes	1,040,130	134,037	134,037
Notes to be issued	–	–	250,000
	8,011,239	1,032,376	1,282,376
Shareholders' funds:			
Share capital ⁽²⁾	80,296	10,347	10,347
Reserves	9,586,815	1,235,414	1,235,414
Shareholders' equity	9,667,111	1,245,761	1,245,761
Total Capitalisation	17,678,350	2,278,137	2,528,137

Notes:

- (1) A rate of HK\$7.76 to U.S.\$1.00 was adopted for the conversion of Hong Kong dollars to U.S. dollars.
- (2) As at 31 March 2016, the total authorised share capital of the Guarantor is HK\$180 million divided into 22,500 million ordinary shares of HK\$0.008 each and its issued share capital was HK\$80,296 million consisting of 10,037.1 million ordinary shares of HK\$0.008 each.

Save as disclosed above, there has been no material change in the capitalisation of the Guarantor since 31 March 2016.

Capitalisation and Indebtedness of the Issuer

As at the date of this Offering Circular, the Issuer was authorised to issue a maximum of 50,000 U.S.\$1.00 par value shares of a single class and series, of which one share is held by the Guarantor. As at the date of this Offering Circular, the Issuer has approximately US\$133,350,000 in aggregate principal amount of its 6.50 per cent. guaranteed notes due 2018 (the “**2013 Notes**”) outstanding.

DESCRIPTION OF THE ISSUER

Formation

Estate Sky Limited is a limited liability company incorporated under the BVI Business Companies Act, 2004 of the British Virgin Islands (BVI Company Number: 1740429). It was incorporated in the British Virgin Islands on 25 October 2012. Its registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. The Issuer is a wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established with unrestricted objects and powers as set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since its date of incorporation, other than those incidental to its incorporation and establishment as a wholly-owned subsidiary of the Guarantor and those incidental to the issuance of the Notes.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

Directors and Officers

The directors of the Issuer are Messrs. Kan Sze Man and Chow Hou Man and each of their business addresses is c/o 3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

The Issuer does not have any employees and has no subsidiaries.

DESCRIPTION OF THE GROUP

Overview

The Guarantor is an investment holding company and is primarily engaged in property development, repositioning and investment. The principal subsidiaries of the Guarantor are primarily engaged in property enhancement and development and property investment in Hong Kong, the PRC and Macau.

Corporate Information

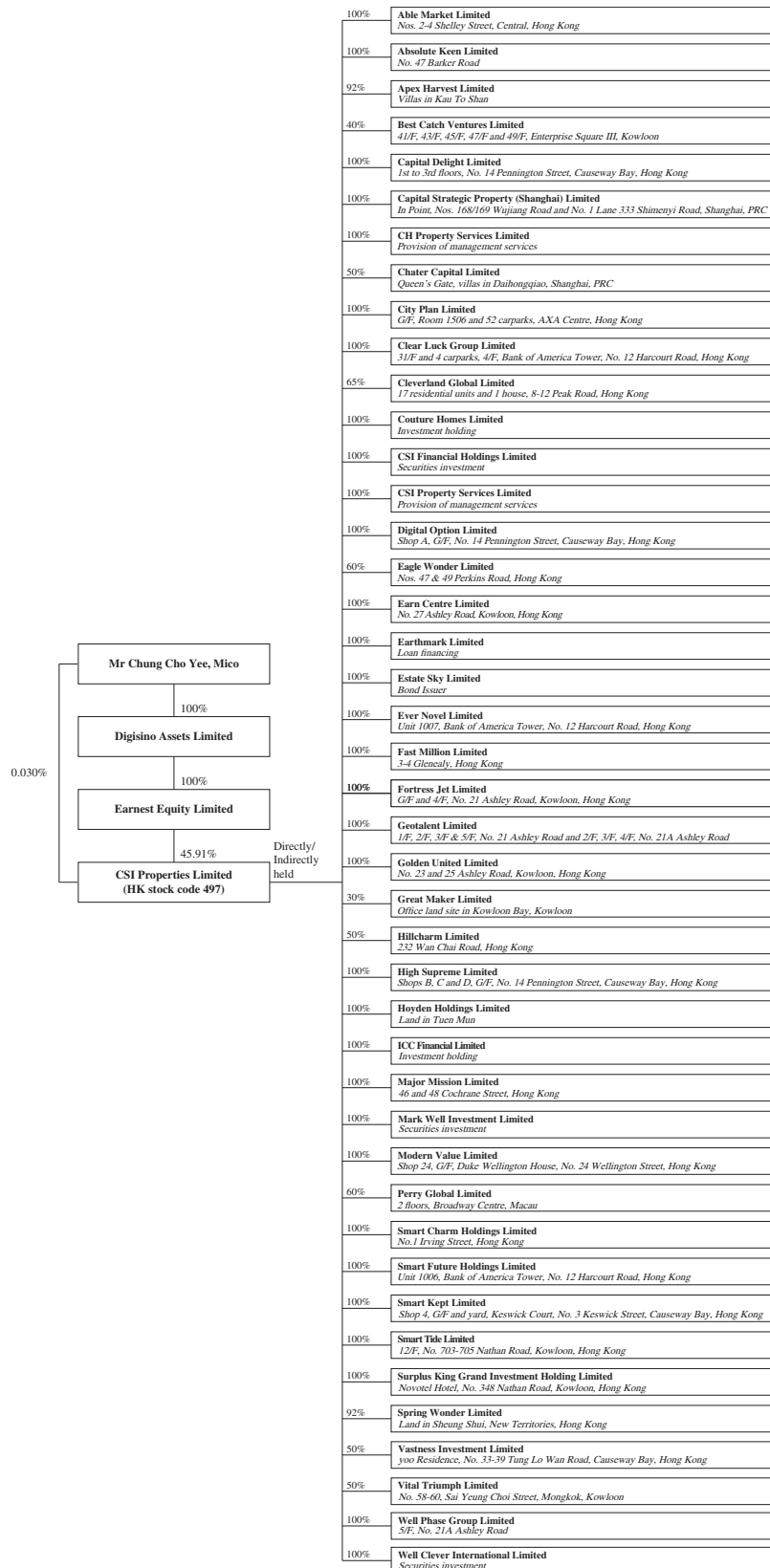
The Guarantor is a limited liability company incorporated in Bermuda, with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business in Hong Kong of the Guarantor is located at 3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

Business Organisation

Mr. Mico Chung, the Chairman and Executive Director, obtained control of the Group in 2004 as a platform to expand his property investment business. As at 28 July 2016, Mr. Chung had an interest in approximately 45.9 per cent. in the share capital of the Guarantor.

The following chart sets forth an overview of the Group's organisational structure:

Organisation Chart of the Group's Key Subsidiaries and Affiliates and showing principal business activities or properties held (excluding uncompleted commitments)
(as at the date of this Offering Circular)



Competitive Strengths

Solid execution capabilities with proven track record and excellent market reputation

The Group has successfully executed its dual-pronged investment strategy (based on investment in commercial and residential properties) over the past decade and has established a solid investment track record in Hong Kong and the PRC. The Group's total asset base increased from approximately HK\$494 million as at 31 March 2003 to approximately HK\$18.2 billion as at 31 March 2016, representing a compound annual growth rate of approximately 32 per cent. The Group currently owns and manages approximately 2.3 million square feet (attributable interest of approximately 1.5 million square feet) of prime commercial and residential space in Hong Kong, Shanghai and Macau.

Since 2004, the Group has sold approximately HK\$14.3 billion worth of repositioned and redeveloped properties, generating an aggregate of over HK\$6.8 billion in gross profits, which implies an average gross profit margin of approximately 47.6 per cent. on each property sold. As at 31 March 2016, the Group held 21 major projects with a combined book value of approximately HK\$13.9 billion (based on the Group's attributable interest) and appraised value of approximately HK\$17.2 billion (based on the Group's attributable interest).

Self-funded business model through capital recycling

The Group funds its operations primarily via internally generated cash flow, in addition to bank loans. Compared to typical Hong Kong retail property and office property developers, the Group's inherent business model, coupled with its efficient practices, result in a shorter cash conversion cycle. In the Group's experience, the time required to acquire, reposition, and lease out a commercial property is on average three years, substantially less than the time required to develop and stabilise typical Hong Kong retail and office properties. Unlike typical Hong Kong commercial property developers who tend to hold on to the properties post completion, the Group sells those completed properties that have reached rental stabilisation. As such, the Group believes it is able to realise its cash returns earlier compared to commercial property developers and reinvest the sale proceeds back into its business through capital recycling.

Highly experienced and disciplined management

The Group has a dedicated and experienced management team which has achieved a consistent track record of success in the real estate sectors in Hong Kong and Shanghai. Each member in the Group's management team has an average of more than 20 years of relevant experience in the industry, providing the Group with both expertise and continuity.

- **Mr. Mico Chung**, Chairman and Executive Director, acquired control of the Group in 2004. He has over 30 years of corporate finance and real estate experience and had previously been involved in several landmark deals. He is a director of certain subsidiaries of the Group. He is also the Chairman of Executive Committee and Nomination Committee, and a member of Remuneration Committee of the Board.
- **Mr. Kan Sze Man**, Chief Operating Officer and Executive Director, joined the Group as Group General Counsel in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000.
- **Mr. Chow Hou Man**, Group Chief Financial Officer and Executive Director, joined the Group in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. He has over 20 years of financial experience in various

companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

- **Mr. Wong Yuk Sun, Simon**, Managing Director of the Hong Kong Investment Property Division, joined the Group in 2015. He has over 25 years of experience and in-depth knowledge in the design and planning, project development and management, leasing and marketing, as well as repositioning and asset management for commercial properties in Hong Kong and the PRC. Before joining the Group, Mr. Wong has worked in various senior positions in MTR Corporation Ltd. for almost 20 years. He was more recently the Head of China Investment Property at MTR Corporation Ltd. before joining the Group and led the MTR commercial property business in China.
- **Mr. Wong Chung Kwong**, General Manager of the Hong Kong Investment Property Division and Executive Director, joined the Group in 2004 as General Manager of the Group Property Division and is responsible for the property related investments of the Group. He is also a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Wong has been working in the local and mainland real estate markets for about 40 years and has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management. Before joining the Group, Mr. Wong had worked in property development and management companies in the PRC and Hong Kong.
- **Mr. Lee Kwan Yee, Herrick**, Head of Commercial Property Division, joined the Group in 2015. He is responsible for all commercial property related investments of the Group. Mr. Lee has over 25 years of experience in real estate investments with various types of projects. Mr. Lee was an Executive Director of the Henry Group Holdings Limited, a director of Colliers International in Hong Kong and worked for a number of international surveying firms before joining the Group. Mr. Lee is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors. Mr. Lee has specialised skills for retail properties repositioning and asset enhancement through close relationships with reputable chain-store retail operators.
- **Mr. Soo Wai Man, Raymond**, Head of Development – Commercial Property Division, joined the Group in 2013. He is a registered architect since 1994 and has over 20 years' of experience in real estate developments in various countries such as Hong Kong, Macau, the PRC, Philippines and United Kingdom. He previously worked for some major property developers such as Cheung Kong Holdings Limited and Kerry Properties Limited. Mr. Soo has a wide range of project management experience and has led project teams to complete various world class developments ranging from commercial offices, shopping centres to large scale residential developments.
- **Mr. Fong Man Bun, Jimmy**, Managing Director of Couture Homes and Executive Director, joined the Group in 2011 and is a Managing Director of Couture Homes Properties Limited, a wholly-owned subsidiary of the Company. He is also a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Fong is mainly responsible for identifying and advising on residential development and investment for both acquisition and disposal planning of the Group. Mr. Fong has over 25 years' solid experience in luxury residential real estate project development and investment and has in-depth knowledge of the property market. He worked as a Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has worked in Shanghai, PRC in the 90s and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.
- **Mr. Lo Yat Wing (Edmond)**, Head of Development – Couture Homes Properties, joined the Group in 2015. He oversees the project management and development for all residential projects. He is a registered architect since 1998 and an Authorised Person (List 1) since 1999. He has over 20 years' experience in real estate developments in Hong Kong. He previously worked for some

major property developers, such as Swire Properties Limited and Sino Land Co. Ltd. He has extensive experience in managing residential and hospitality projects and have been involved in many prestigious residential developments in Hong Kong. Before joining the Group, he was the chief project manager in charge of the developments in the Pak Shek Kok area with a total GFA of over 3 million square feet and 2,300 residential units/houses.

- **Mr. Fok Paul, Anthony**, Head of Design – Couture Homes Properties, joined the Group in 2008. Before joining the Group, he worked in design at Aedas Limited. He is an experienced and renowned designer with over 10 years of experience in luxury residential and commercial developments.
- **Mr. Chiu Sin Young, Victor**, Senior Project Director – Couture Homes Properties, joined the Group in 2008. Before joining the Group, he worked at Aedas Limited and Simon Kwan & Associates. He is a registered architect and a member of the Royal Institute of British Architects with over 20 years of experience in residential and commercial property developments in Hong Kong, Macau and Shanghai. He also manages regular property management projects for the Group.
- **Mr. Chan Chun Kei, Barry**, Project Director – Couture Homes Properties, joined the Group in 2015. Before joining the Group, he worked at New World Development in properties development and project management. He is an Authorised Person and registered architect with over 16 years of experience in luxury residential property development.

Furthermore, Mr. Mico Chung was nominated as one of “Asia’s Business Leaders” at the CNBC Asia Business Leaders Awards 2014. The Group was also awarded the “Best Small-Cap Company in Hong Kong” for 2013 and 2014 in Asia’s Best Managed Companies annual poll conducted by Finance Asia, one of the leading financial journals in the Asia-Pacific region.

Recurring rental income base, underpinned by high quality portfolio with solid fundamentals

The Group currently has a portfolio of 12 high quality commercial properties across different sectors covering retail, office and hotel in Hong Kong, Shanghai and Macau with a recurring income base. Rental income has been generally stable over the past three financial years and amounted to HK\$226 million for the year ended 31 March 2016. These properties had an average occupancy rate of over 90 per cent. for the year ended 31 March 2016. The Group has also acquired the remaining 50 per cent. interest in Novotel Hotel Jordan in November 2015. The property has committed rentals and hotel revenue of approximately HK\$120 million per annum which will contribute further to the Group’s rental income and hotel revenue. Until their disposals, these properties generate a stable recurring income base which reduces the potential volatility in the Group’s financial results which is associated with property trading and provide a solid foundation for the Group’s future growth and strategy.

Prudent financial policy and conservative capital structure with low gearing

The Group has a conservative capital structure and adopts a balanced approach to maintain an optimal mix of equity and debt financing. The Group had a net gearing ratio of 24.6 per cent. as at 31 March 2016 (net gearing ratio is calculated by the Group’s borrowings less cash and bank balances divided by total assets). In addition, it is the Group’s policy to maintain a prudent amount of cash and bank balances at all times in order to ensure, among other things, liquidity and credit-worthiness, as well as to provide funds towards project acquisition when opportunities arise. The Group had consolidated cash and bank balances (including cash held by securities brokers) of approximately HK\$3,529 million as at 31 March 2016. In addition to its internally generated cash flow, the Group has access to diversified sources of funds for its operations. The Issuer issued the 2013 Notes in January 2013. In addition, the Group raised approximately HK\$455 million in gross proceeds via a primary share placement on 16 September 2014, completed a syndicated loan via a consortium of banks to raise approximately HK\$1.2 billion in February 2016 and has undrawn committed facilities of HK\$1,386 million. The Group’s ability

to obtain funding from a variety of sources, both internally and externally, allows it to maintain a competitive advantage under volatile market conditions. These factors enable the Group to maintain a strong financial position with a healthy level of liquidity.

Strategies

Focus on core strength of making value-added investments in Hong Kong and the PRC

The Group's principal strategy is to make value-added investments in Hong Kong and the PRC with a focus on creating value through its "repositioning" strategy by investing in properties for resale and/or enhancing rental income. The Group's approach involves identifying and acquiring under-performing properties with room for rental and capital value enhancement. This is followed by implementation of the Group's proven enhancement strategy through a combination of, among other things: (i) upgrade and refurbishments; (ii) active lease management to improve the tenant mix; (iii) change of usage; and (iv) site redevelopment, followed by disposal soon after the enhancement process is complete and rental yield reaches stabilisation. The Group closely monitors market conditions to optimise disposals of properties for re-investment opportunities. The Group will continue to leverage on its core strength in identifying, acquiring, redeveloping and repositioning strategically located properties to improve rental yields and drive capital value appreciation.

Strategic partnerships with established developers

The Group is self-sufficient and capable of targeting, acquiring, repositioning, developing and exiting projects on its own. However, where it is expedient and value-adding to do so, the Group has entered into, and will continue to enter into, strategic partnerships and joint ventures with established property developers in Hong Kong and the PRC or such other appropriate partners. The Group's existing joint ventures are all undertaken with existing and recognised institutions in the real estate industry which the Group believes can provide complementary expertise beneficial to the Group's investment strategy.

Active management of the investment property portfolio to maximise value

The Group intends to actively manage its property portfolio to maximise value creation. The Group will continue to explore opportunities to carry out asset improvement activities on its properties to generate organic growth, including reconfiguration of certain retail and office units and converting certain ancillary areas into leasable space, as well as undertaking refurbishments to enhance the overall positioning of these properties. The Group's business model seeks to attract premium tenants to improve the overall offering of the Group's projects, as well as to improve product offering to allow renegotiation of existing lease agreements with a view to increasing the Group's rental cash flow as well as the capital value of the Group's properties. The Group will also continue to work closely with property managers to actively manage lease renewals and market the properties to prospective tenants in desired target groups, in order to achieve the optimal mix of types of tenants in addition to diversification within each type of tenants (for example, office tenants and food & beverage tenants are accommodated separately).

Improving tenant mix is a key strategy of the Group and an aspect of the development process in which the Group takes an active role – benefiting the product overall and enhancing rental income potential. The Group will continue to monitor the macro environment and market conditions closely in order to capitalise on the optimal market window for property disposals.

Continue to leverage on industry knowledge and relationship network in order to identify and invest in properties that fit within the Group's value enhancement business model

The Group intends to continue to utilise its extensive network of property brokers and business relationships to identify under-performing properties and draw on its on-the-ground industry knowledge, structuring expertise and strong execution capabilities to seize development opportunities. The Group also demonstrates a competitive advantage with the speed and ease of its decision-making due to the size and closeness of its senior management, which allows the Group to identify potential acquisitions

and execute transactions within a short time frame. The Group's close relationships with property brokers, which have been developed over a number of years, often allows the Group first access to view properties for sale and in advance of other investors, allowing the Group to identify mispricing opportunities earlier than its competitors.

Expand into luxury residential developments under the “Couture Homes” brand

The Group intends to further expand its luxury residential development business to capitalise on untapped demand from lifestyle oriented end-users who are willing to pay a premium for a quality residence in Hong Kong and the PRC. Having recognised a gap in the market to provide uniquely designed and furnished premium lifestyle residences to clients from Hong Kong, as well as from the PRC, Taiwan and elsewhere seeking a pre-furnished home in Hong Kong, the Group established the “Couture Homes” brand in 2010 in order to further extend its presence in the residential property markets of Hong Kong and the PRC. Couture Homes combines design concepts from world renowned interior designers with bespoke furnishings and décor. The Hampton in Happy Valley, the Group's first project launched under the Couture Homes brand designed and fitted-out by an internationally-renowned design team led by the award-winning architect and designer Mr. Steve Leung, was well received in the market. More recently, the majority of the units were sold and delivered for the Group's life-style oriented project in Causeway Bay, yoo Residence. The Group believes that the premium pricing achieved for these units reinforces the reputation of Couture Homes as a leading lifestyle property developer in Greater China. The aim of management is to grow Couture Homes into a world-class premium lifestyle residential developer and a distinguished provider of bespoke premium quality residences to satisfy the growing needs of lifestyle oriented end-users in Hong Kong and the PRC.

Continue to grow investments in the PRC to capture the market's rapid economic growth and its nascent and growing commercial property market

The Group intends to expand its business footprint in the PRC's affluent “Tier 1” cities to take advantage of these markets' robust macroeconomic fundamentals and long term growth potential. The Group first entered the Shanghai property market in 2006 and has made a number of successful investments. The Group's investment in International Capital Plaza in 2007 generated an annual IRR of approximately 24 per cent. within a holding period of three and a half years, and the Group's investment in Novel Plaza in 2007 generated an annual IRR of approximately 84 per cent. within a holding period of just one year. The Group's investment in the Platinum Office Building in 2010 has also generated an IRR of approximately 19 per cent. within a holding period of five years. The Group currently has two projects in Shanghai, which are the In Point mall and the development of luxury villas in Daihongqiao named as “Queen's Gate” (under Couture Homes). The Group intends to further expand its investments in Tier 1 cities in the PRC when appropriate opportunities arise, while maintaining Shanghai as its key focus.

Business

The business of the Guarantor follows a property repositioning model focusing on commercial projects and premium “lifestyle” residential properties in prime locations in Hong Kong and Shanghai. The Guarantor's luxury residential development division is marketed as “Couture Homes”, which combines architectural and interior design to an internationally-recognised standard, with bespoke “lifestyle” furnishing and interior decoration.

Currently, the Group owns and manages over 2.3 million square feet (attributable interest of approximately 1.5 million square feet) of prime properties in Hong Kong, Shanghai and Macau.

The Group seeks to maximise shareholders' returns by identifying “mismatched” properties where the property's true value has not yet been reflected and to uplift its true capital value via the Group's strategic repositioning model. The Group builds on management's strengths in making swift and professional investment decisions, leverages on internal resources and forms strategic alliances with partners and shareholders.

The following table sets forth the revenue and results for the business divisions of the Group for the periods indicated:

	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016
	HK\$'000	HK\$'000	HK\$'000
Rental income/hotel operation	207,656	202,641	226,278
Sales of properties held for sale	2,370,415	542,970	1,975,216
	<u>2,578,071</u>	<u>745,611</u>	<u>2,201,494</u>

The following table sets forth the ratio of the rental income of (a) the Group and (b) the Group and its joint ventures and associates, each as compared to the Group's total interest expense for the periods indicated:

	Year ended 31 March 2014	Year ended 31 March 2015	Year ended 31 March 2016
Rental income of the Group/total interest expense ⁽¹⁾	1.6 times	1.5 times	1.3 times
Rental income of the Group and its joint ventures and associates/total interest expense ⁽¹⁾	3.2 times	3.0 times	1.8 times

Note:

⁽¹⁾ Total interest expense equals finance costs plus capitalised interest.

The following is an analysis of the Group's revenue and results by operating segment for the year ended 31 March 2016:

	Commercial property holding	Residential property holding	Securities investment	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 March 2016				
EXTERNAL REVENUE				
Rental income and hotels operation	220,307	–	–	220,307
Rental income	–	5,971	–	5,971
Sales of properties held for sale	<u>1,752,973</u>	<u>222,243</u>	–	<u>1,975,216</u>
Revenue of the Group	1,973,280	228,214	–	2,201,494
Interest income and dividend income	–	–	102,605	102,605
Gain on disposal of joint ventures	14,706	–	–	14,706
Share of results of joint ventures ⁽²⁾	531,992	155,760	–	687,752
Share of results of associates ⁽²⁾	<u>1,212</u>	<u>(127)</u>	–	<u>1,085</u>
Segment revenue/income	<u>2,521,190</u>	<u>383,847</u>	<u>102,605</u>	<u>3,007,642</u>
RESULTS				
Segment profit	<u>1,594,606</u>	<u>236,776</u>	<u>98,771</u>	1,930,153
Unallocated other income				60,008
Other gains and losses				7,919
Central administration costs				(148,255)
Finance costs				<u>(138,609)</u>
Profit before taxation				<u>1,711,216</u>

Notes:

⁽¹⁾ The directors of the Guarantor are not aware of any transactions between the operating segments during the year.

⁽²⁾ Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

Market developments

The global economy is undergoing a challenging time despite the monetary easing policies undertaken in Europe, Japan and the PRC. The referendum passed on 23 June 2016 for the United Kingdom to leave the European Union is also creating uncertainties in the global market. The rising interest rate environment in the United States is also creating uncertainty in the interest rate sensitive Hong Kong real estate business. There are also growing concerns about the outlook for the Hong Kong economy, with inbound tourism as well as retail sales and exports showing signs of weakness. Despite the uncertainties and risk concerns, the Group believes that Hong Kong's economic fundamentals are still sound, with interest rates and unemployment rate hovering at low levels. The Group remains optimistic that pent-up demand will continue to support prices for quality residences in the long run.

For the Group's commercial division, the Group believes that the new supply of prime office and commercial units in prime districts such as Central and Causeway Bay in Hong Kong will remain low. The continuing expansion of Chinese corporations into Hong Kong will underpin the Group's strategy in capitalising on its prime location portfolio in the future in driving sales.

Furthermore, the Group believes that its high-end lifestyle residential products will continue to be dictated by limited supply, and that its prospective buyers are generally less sensitive to pricing. The Group will remain cautious and disciplined in its residential property sales to maximise value and profits for its shareholders.

The Group has existing joint ventures with a number of key partners on both the investment property and residential development sides of the business.

The Group has a proven track record in design, renovation, tenant repositioning and investment return on its projects, including the below:

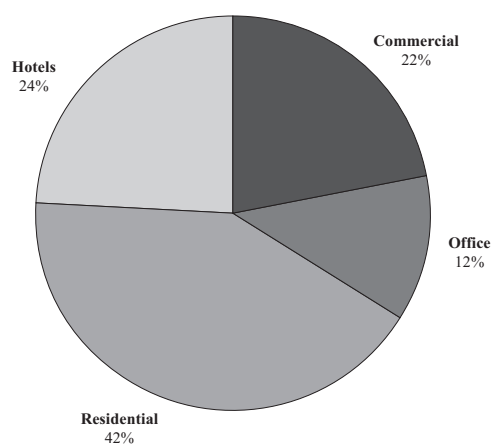
Project	Year	Type of Work	Cost (HK\$m)	Selling Price (HK\$m)	Increase (%)	IRR (%)
Paul Y. Centre, Kwun Tong (CSI – 25%)	2006-07	Renovation & tenants repositioning	780	1,150	48	178
No. 88 Gloucester Road, Wan Chai	2003-07	Renovation & tenants repositioning	196	783	300	65
4 houses in Tai Tam, Island South	2006-09	Premium design & major renovation	331	555	68	68
Novel Plaza, Shanghai (CSI – 50%)	2007-08	Renovation & tenants repositioning	820	1,209	47	84
International Capital Plaza, Shanghai	2007-10	Design, renovation & tenants mix	875	1,353	55	24
Nos. 14-16 Hankow Road, Tsimshatsui	2007-11	Change in use from commercial to serviced apartments	620	1,380	122	43
11 units at the Hampton, Happy Valley (CSI – 90.01%)	2008-13	Design, major renovation & full furnishings	464	1,058	128	29
19 Floors at AXA Centre, Wan Chai	2006-15	Renovation & tenants repositioning	1,158	3,160	173	32
Cubus (Hoi Ping Road) (CSI – 25%)	2007-12	Redevelopment	499	1,530	207	43
H8	2006-13	Redevelopment	328	668	104	25
Nathan Road 703 & 705	2013-13	Strata sale	821	1,029	25	47
Golden Center (CSI – 40%)	2012-14	Renovation & tenants repositioning	523	665	27	26
Platinum Building (CSI – 50%)	2010-15	En bloc sale	2,150	3,456	61	19

The above table sets out the Group's successful disposal of properties previously owned and renovated by the Group, demonstrating respectable IRR for each property sold.

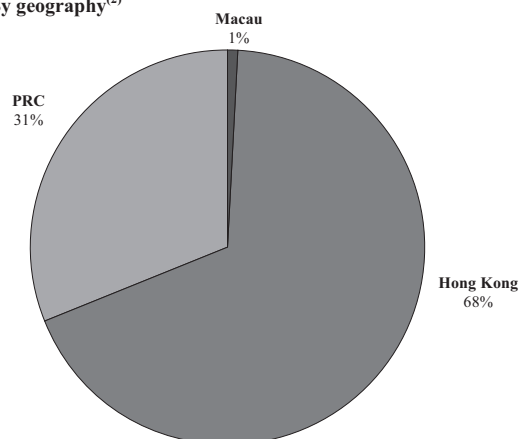
Major Properties

The Group's business divisions are split to accommodate commercial properties and residential properties (which are branded under Couture Homes). The diagrams below set out the breakdown of the Group's properties by asset class and by geographical location as at 31 March 2016:

By asset class⁽¹⁾



By geography⁽²⁾



Notes:

- (1) Based on market value attributable to the Group as at 31 March 2016.
- (2) Based on gross area attributable to the Group as at 31 March 2016.

Set out below is a list of the Group's major properties held/committed as at 31 March 2016. The table below sets out the breakdown of major commercial and residential properties held/committed by the Group in Hong Kong, Shanghai and Macau:

Portfolio Information	Location	Date of Purchase	Gross Area ⁽³⁾	Gross Area attributable to the Group	Market Value ⁽¹⁾⁽³⁾	Market Value attributable to the Group	Book Value ⁽³⁾	Book Value attributable to the Group	Current/Committed Annual Rent ⁽³⁾	Current/Committed Annual Rent attributable to the Group	Occupancy (%)
			(approx)	(approx)							
			(sq ft '000)	(sq ft '000)	(HK\$'m)	(HK\$'m)	(HK\$'m)	(HK\$'m)	(HK\$'m)	(HK\$'m)	
Commercial Properties											
G/F, 1506-07, Sky-sign, 52 car parks of AXA Centre. . .	Wan Chai	Aug 2006/ Aug 2007/ Jun 2008	20	20	687	687	171	171	21	21	91
Novotel Nathan Road Hotel . .	Jordan	Jul 2012- Nov 2015	290	290	3,400	3,400	2,744	2,744	120	120	90
No. 1 Irving Street (J-Plus Hotel)	Causeway Bay	May 2011	45	45	850	850	575	575	21	21	85
Nos. 2-4 Shelley Street (Redeveloping currently). . .	Central	Mar 2011	40	40	380	380	379	379	N/A	N/A	N/A
Nos. 21, 21A, 23-25 & 27 Ashley Road (Redevelopment)	Tsimshatsui	Sep 2006	70	70	1,065	1,065	489	489	28	28	94
In Point, Wujiang Road & Shimenyi Road	Jing An, Shanghai	Aug 2009	122	122	1,008	1,008	619	619	52	52	90
Nos. 58-60, Sai Yeung Choi Street (CSI-50%)	Mongkok	Jun 2013	5	3	630	315	593	297	21	11	100
2 Floors of Broadway Centre (CSI-60%)	Macau	Jan 2015	25	15	239	143	203	122	N/A	N/A	N/A
Office Land site in Kowloon Bay (from government tender) (CSI-30%)	Kowloon Bay	May 2015	490	147	3,118	935	3,098	929	N/A	N/A	N/A
232 Wan Chai Road (CSI-50%) (Redevelopment)	Wan Chai	Feb 2016	87	44	760	380	760	380	N/A	N/A	N/A
46 & 48 Cochrane Street (Redevelopment)	Central	Mar 2016	32	32	405	405	405	405	N/A	N/A	N/A
Enterprise Square III 41, 43, 45, 47, 49/F (CSI-40%) ⁽⁴⁾ . . .	Kowloon Bay	Mar 2016	73	29	1,080	432	918	367	29	12	100
			1,299	857	13,622	10,000	10,954	7,477	292	265	
Residential Properties											
No. 47 Barker Road	The Peak	Feb 2011	4	4	390	390	337	337	N/A	N/A	N/A
yoo Residence, No. 33-39 Tung Lo Wan Road (CSI-50%) ⁽²⁾	Causeway Bay	Oct 2011	18	9	551	276	551	276	N/A	N/A	N/A
Queen's Gate, Villas in Daihongqiao (CSI-50%) . . .	Daihongqiao, Shanghai	Jun 2011	658	329	3,669	1,835	2,368	1,184	N/A	N/A	N/A
kau to HIGHLAND, Villas in Kau To Shan (from government tender) (CSI-92%)	Shatin	May 2012	50	46	887	816	887	816	N/A	N/A	N/A
Nos. 47 & 49 Perkins Road (CSI-60%)	Jardine's Lookout	Dec 2012	68	41	1,803	1,082	1,780	1,068	N/A	N/A	N/A
Prime site at 3-4 Glenealy near Lan Kwai Fong	Central	May 2013	51	51	776	776	776	776	N/A	N/A	N/A
Residential/commercial site at 513 Yan Ching Street (from government tender) . .	Tuen Mun	Sep 2014	81	81	491	491	467	467	N/A	N/A	N/A
Residential site near Fanling Golf Course (from government tender) (CSI-92%)	Fanling	May 2015	33	30	355	327	312	287	N/A	N/A	N/A
17 residential units and 1 house at 8-12 Peak Road (for refurbishment) (CSI-65%)	The Peak	Oct 2015	47	31	1,872	1,217	1,825	1,186	N/A	N/A	N/A
			1,010	622	10,794	7,210	9,303	6,397	N/A	N/A	
Total (Residential and Commercial Properties) . . .			2,309	1,479	24,416	17,210	20,257	13,874	292	265	

Notes:

- (1) Market value was based on valuation reports conducted by independent qualified valuers as at 31 March 2016 or the actual sale and purchase agreement except for the market value of yoo Residence and kau to HIGHLAND, which were stated at carrying value as at 31 March 2016.
- (2) More than 130 units were presold for a total consideration of approximately HK\$2.0 billion.
- (3) Gross area, market value, book value, current/committed annual rent on 100 per cent. interest basis.
- (4) Market value was based on the valuation report conducted by independent qualified valuers as at 18 February 2016.

Commercial Properties

The Group's commercial properties section is engaged in investment, re-design, renovation and redevelopment of commercial properties to add value for letting and disposal.

Disposals for the year ended 31 March 2016

Significant disposals completed in the year ended 31 March 2016 included the sale of the Platinum Office Building in Shanghai for RMB2.88 billion. In addition, the strata sale of all the 13 floors of the Henan Building was completed for a total consideration of approximately HK\$509 million. Furthermore, the remaining high floors of the AXA Centre, namely the 17th to 21st floors, were also sold in two separate transactions with total consideration of approximately HK\$1.19 billion. These sales have enabled the Group to achieve its sales target for the year ended 31 March 2016.

In relation to the Group's disposal strategy, set out below is a list of the Group's major commercial properties (including properties held under joint ventures and associates) held/committed for sale as at 31 March 2016:

Location	Use	Group's interest	Approximate gross floor area ⁽¹⁾ (sq.ft. '000)	Approximate gross floor area attributable to the Group (sq.ft. '000)	Market value ⁽¹⁾⁽²⁾ (HK\$m)	Market value attributable to the Group (HK\$m)	Book cost ⁽¹⁾ (HK\$m)	Book cost attributable to the Group (HK\$m)
Hong Kong and Macau								
G/F, 1506-07, Sky-sign, 52 carparks of AXA Centre	Commercial	100%	20	20	687	687	171	171
Novotel Nathan Road Hotel	Hotel Operation	100%	290	290	3,400	3,400	2,744	2,744
No. 1 Irving Street (J-Plus Hotel)	Hotel Operation	100%	45	45	850	850	575	575
Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial/Residential	100%	40	40	380	380	379	379
Nos. 21, 21A, 23-25 & 27 Ashley Road (Redevelopment)	Commercial	100%	70	70	1,065	1,065	489	489
Nos. 58-60, Sai Yeung Choi Street.	Commercial	50%	5	3	630	315	593	297
2 Floors of Broadway Centre	Commercial	60%	25	15	239	143	203	122
Office Land site in Kowloon Bay	Commercial	30%	490	147	3,118	935	3,098	929
232 Wan Chai Road	Commercial	50%	87	44	760	380	760	380
46 & 48 Cochrane Street	Commercial	100%	32	32	405	405	405	405
Enterprise Square III 41, 43, 45, 47, 49/F	Commercial	40%	73	29	1,080	432	918	367
The PRC								
In Point, Wujiang Road & Shimenyi Road	Commercial	100%	122	122	1,008	1,008	619	619

Notes:

- (1) Approximate GFA, market value and book cost on 100 per cent. interest basis.
- (2) Market value was based on valuation reports conducted by independent qualified professional valuers as at 31 March 2016 or the actual sale and purchase agreement.

Major acquisitions for the year ended 31 March 2016

In May 2015, the Group acquired, through a consortium bid with Billion Development and Project Management Limited and Sino Land Company Limited, an office land site in Kowloon Bay through participating in a government tender process, with the Group owning a 30 per cent. interest. The Group plans to develop the site into a new Grade-A office building in this Kowloon office hub area for sale. Given the reasonable land price and effective cost control, the Group expects this project to generate good income over the next few years.

In addition, the Group has also acquired two sites in Central and Wan Chai with the intention to redevelop them into new commercial buildings. In March 2016, the Group acquired the site at 46 & 48 Cochrane Street in Central, which is adjacent to the old Hollywood Road Police Station redevelopment project. The Group plans to redevelop the site into a new iconic commercial building with GFA of over approximately 32,000 square feet at this prime commercial and entertainment area in Central for sale in the future.

In February 2016, the Group completed the acquisition of 232 Wan Chai Road in Wan Chai in conjunction with a real estate fund. It is strategically located in the heart of Wan Chai, bordering Times Square in Causeway Bay. The Group plans to redevelop the site into a new commercial building of nearly 87,000 square feet at this prime commercial and retail hub for sale in the future.

Set out below are the details of the Group's major existing commercial property projects:

Hong Kong and Macau

Office land site, Kowloon Bay, Hong Kong

In May 2015, the Group won a government tender for the acquisition of a 30 per cent. interest in an office land site in Kowloon Bay through participating in the government tender process through a consortium bid with Billion Development and Project Management Limited and Sino Land Company Limited for a total consideration of HK\$3.04 billion. The site has an area of approximately 40,849 square feet with a maximum GFA of approximately 490,193 square feet. As at 31 March 2016, the market value of the site amounted to approximately HK\$3.118 billion and the Group plans to develop the site into a new Grade-A office building in East Kowloon for sale.

46 & 48 Cochrane Street, Central, Hong Kong

In March 2016, the Group acquired an old building at 46 & 48 Cochrane Street for a total consideration of HK\$405 million. The site has an area of approximately 2,118 square feet with a maximum GFA of approximately 31,770 square feet. As at 31 March 2016, the book value of the site amounted to approximately HK\$405 million. The Group plans to develop the site into a new iconic commercial building with a GFA of approximately 32,000 square feet at this prime commercial and retail hub for sale.

232 Wan Chai Road, Wan Chai, Hong Kong

In February 2016, the Group and its partner acquired a 100 per cent. interest in an old residential building for a total consideration of approximately HK\$760 million. The Group held a 50 per cent. interest after the transaction. The site area is approximately 5,788 square feet with a maximum GFA of approximately 86,970 square feet. The Group believes that it is strategically located in the heart of Wan Chai, as it borders Times Square in Causeway Bay. The Group plans to redevelop it into a new commercial building of approximately 87,000 square feet at this prime commercial and retail hub for sale.

Nos. 21, 21A, 23-25 & 27 Ashley Road, Tsim Sha Tsui, Hong Kong

The Group maintains an interest in these Ginza-style food and beverage buildings in Tsim Sha Tsui, with a GFA of approximately 70,000 square feet. As at 31 March 2016, these buildings have a current market value of approximately HK\$1,065 million, as compared with the Group's book values for the properties of approximately HK\$489 million. As at March 2016, rates of occupancy were approximately 94 per cent., with an annual committed rent of approximately HK\$28 million.

G/F, 1506-07, Sky-sign and 52 carparks of AXA Centre, Wan Chai, Hong Kong

The Group maintains an interest in this grade-A office building located on No. 151 Gloucester Road, Wan Chai, with a prime view of the Victoria harbour. As at 31 March 2016, the Group's interest is in the ground floor shops, as well as units number 1506 to 1507, the rooftop sky-sign and 52 car-parking

spaces (following the sale of the lower, as well as the 17th to 24th, floors, and the basement, of the building), totalling a GFA of approximately 20,189 square feet. As at 31 March 2016, the Group's total interest in the building has a current market value of approximately HK\$687 million, as compared with the Group's book value for the property of approximately HK\$171 million. The Group's tenants at the AXA Centre include Porsche and Grand Prix Clothing who are both situated on the ground floor shop. As at 31 March 2016, the Group's interest in the building has a 91 per cent. occupancy rate, with an annual committed rent of approximately HK\$21 million with the opportunity of a rental reversion upon the termination and rental renewal of its lease with Porsche.

Novotel Hotel, No. 348 Nathan Road, Jordan, Hong Kong

The Group maintains a 100 per cent. interest in the Novotel Hotel in Jordan. The Group's initial 50 per cent. interest was acquired in 2012 for a total consideration of approximately HK\$1,184 million and the remaining 50 per cent. interest was acquired in November 2015 for a total consideration of approximately HK\$1,560 million. The building has a total GFA of approximately 290,000 square feet which comprises 389 hotel rooms and retail shopping space. The Group also has the option to redevelop the building into a mixed commercial and residential complex.

J-Plus Hotel by yoo, Causeway Bay, Hong Kong

In May 2011, the Group acquired the J-Plus Boutique Hotel in Causeway Bay, and rebranded it as J-Plus by yoo Hotel after having undergone upgrades and renovation work. The J-Plus by yoo Hotel is a boutique hotel designed by Philippe Starck, which comprises 56 rooms. As at 31 March 2016, the hotel was running at approximately 85 per cent. occupancy. The Group has also identified a potential redevelopment opportunity in conjunction with the adjacent site also owned by the Group at No. 14 Pennington Street, Causeway Bay, to create a combined site area of approximately 5,500 square feet of a prime retail, commercial and hotel tower at the heart of Causeway Bay.

Nos. 2-4 Shelley Street, Central, Hong Kong

In March 2011, the Group acquired this building in the SOHO area in Central, Hong Kong, for a total consideration of HK\$285 million. The building originally had a GFA of approximately 40,151 square feet, with the upper floors being used as service apartments and the ground floor level as retail/F&B outlets. The Group is redeveloping the site into a new commercial building which is expected to be completed in 2018.

Nos. 58-60 Sai Yeung Choi Street, Mongkok, Hong Kong

In June 2013, the Group, together with its partner acquired a prime retail shop, of which the Group holds a 50 per cent. interest, on a busy section of Sai Yeung Choi Street in Mongkok for a total consideration of approximately HK\$593 million. The shop has a GFA of approximately 5,000 square feet and an appraised value of approximately HK\$630 million as at 31 March 2016.

Broadway Centre, Macau

In January 2015, the Group purchased a 60 per cent. interest in two floors of Broadway Centre in Macau with a GFA of approximately 25,000 square feet for a total consideration of approximately HK\$225 million. The Group plans to upgrade and redecorate the mall. The Group is currently selling the individual shop spaces in the two floors to potential users and investors.

Enterprise Square III 41, 43, 45, 47, 49/F, Kowloon Bay

In March 2016, the Group, partnering with a real estate fund, acquired the top five floors, together with the external signage, of Enterprise Square III at a consideration of HK\$918 million. The property, with a total GFA of approximately 72,800 square feet, is the headquarter of Esprit Holdings in the heart of Kowloon Bay. The Group has a 40 per cent. interest in the property and intends to capture the steady rental income generated by the property while monitoring market conditions for sale of the office floors at an optimal pricing level in the future.

The PRC

In addition to the Group's strong market presence in Hong Kong and Macau, the Group owns a commercial property in the PRC under management comprising a GFA of approximately 122,441 square feet. The Group's interests are focused in Shanghai, where the Group has an office employing local staff with knowledge of and expertise in the local market. The Group seeks to target the long term growth potential for sales of tailor-made residences to high net worth individuals in the PRC looking to invest in Shanghai as well as the long term growth in demand for prime retail and commercial spaces.

The Group has a proven value enhancement track record in the PRC. In 2006, the Group invested in the Novel Plaza project in Shanghai (in which the Group owned a 50 per cent. interest) for a total consideration of approximately US\$105 million (approximately HK\$820 million), and sold the resulting property in 2008 for a total consideration of approximately US\$155 million (approximately HK\$1.2 billion). In 2007, the Group invested in the International Capital Plaza project in Shanghai for a total consideration of RMB745 million (approximately HK\$875 million) (including the cost of renovation), and sold the resulting property in December 2010 for a total consideration of approximately RMB1.16 billion (approximately HK\$1.3 billion). In 2010, the Group invested in The Platinum Office Building in Shanghai for a total consideration of approximately HK\$2,110 million, and sold the resulting property for a total consideration of approximately RMB2.88 billion in September 2015. Particulars of the Group's commercial project in the PRC are set out below:

In Point, Jing An District, Shanghai, PRC

The Group holds a 100 per cent. interest in In Point Mall, Shanghai, a shopping mall located in central Shanghai, with a GFA of approximately 122,441 square feet. The market value of the property as at 31 March 2016 was approximately HK\$1,008 million, as compared with the Group's book value for the building of approximately HK\$619 million. As at 31 March 2016, the building had a committed occupancy rate of approximately 90 per cent., with an annual committed rent of approximately HK\$52 million per annum. With the eventual opening of the shopping district developed by the Swire Properties Group in the neighbourhood, a further increase in shoppers' traffic and yield enhancement can be expected from this shopping mall, creating a further increase in the value of the property. In addition to active repositioning and value enhancement, the Group will closely monitor market conditions to optimise value on such assets' disposals.

Residential properties development – Couture Homes

Couture Homes as a brand was born from the success of the purchase of a complex of detached houses in Tai Tam, Hong Kong in 2006 for a total consideration of approximately HK\$331 million (including renovation costs). The properties in this complex were later sold in 2008 and 2009 for a total consideration of HK\$555 million. Following the success of the Tai Tam project, Couture Homes was formally launched in 2010 to meet the demand of premium lifestyle residences which target potential customers willing to pay a premium for bespoke design and furnishings.

Set out below is a table of the Group's residential property developments held/committed for sale (including properties held under joint ventures) as at 31 March 2016:

Location	Use	Group's interest	Approximate gross floor area ⁽¹⁾ (sq.ft. '000)	Approximate gross floor area attributable to the Group (sq.ft. '000)	Market value ⁽¹⁾⁽²⁾ (HK\$'m)	Market value attributable to the Group (HK\$'m)	Book cost ⁽¹⁾ (HK\$'m)	Book cost attributable to the Group (HK\$'m)
Hong Kong								
No. 47 Barker Road, The Peak, Hong Kong	Residential	100%	4	4	390	390	337	337
yoo Residence, No. 33-39 Tung Lo Wan Road	Residential	50%	18	9	551	276	551	276
kau to HIGHLAND, Villas in Kau To Shan, New Territories, Hong Kong	Residential	92%	50	46	887	816	887	816
Nos. 47 & 49 Perkins Road, Hong Kong	Residential	60%	68	41	1,803	1,082	1,780	1,068
Prime site at 3-4 Glenealy near Lan Kwai Fong, Hong Kong	Residential	100%	51	51	776	776	776	776
Residential and commercial site at 513 Yan Ching Street, Hong Kong	Residential	100%	81	81	491	491	467	467
Residential site near Fanling Golf Course	Residential	92%	33	30	355	327	312	287
17 residential units and one house at 8-12 Peak Road, The Peak, Hong Kong	Residential	65%	47	31	1,872	1,217	1,825	1,186
PRC								
Queen's Gate, Villas in Daihongqiao, Shanghai, PRC	Residential	50%	658	329	3,669	1,835	2,368	1,184

Notes:

- (1) Approximate GFA, market value and book cost are on a 100 per cent. interest basis.
- (2) Market value was based on a valuation report as at 31 March 2016 conducted by independent qualified professional valuers or the actual sale and purchase agreement.

Details of the Group's major existing/committed residential development projects are set out below:

Queen's Gate, Daihongqiao area, Shanghai, PRC

In June 2011, the Group acquired a villa district in the Daihongqiao area in Shanghai with a GFA of approximately 658,000 square feet. The villas are situated within a 15 minutes' drive from the new Hong Qiao International Airport. The Group, in a joint venture with Asia Standard International Group Limited, has developed the district into 224 luxurious villas, with an additional 96 apartment units.

No. 47 Barker Road, the Peak, Hong Kong

In February 2011, the Group acquired a heritage site at No. 47 Barker Road, Hong Kong, for a total consideration of approximately HK\$204 million, consisting of an individual house. The property was a rare purchase in the premier residential area on the Peak in Hong Kong. The Group plans to develop the property into a unique luxury residential property.

kau to HIGHLAND, Kau To Shan, New Territories, Hong Kong

In May 2012, Couture Homes won the Hong Kong government tender for a total consideration of approximately HK\$531 million, consisting of a house lot of approximately 50,000 square feet in Kau To Shan, a luxury residential district in New Territories, Hong Kong. The site has been developed into 20 luxury villas of approximately 2,500 square feet each, with each villa having a private garden and swimming pool. The site benefits from a good location which provides views over the Shatin racecourse and the surroundings, as well as a convenient location of an approximately 20 minutes drive to Central or the PRC border (when traffic conditions permit). The Group has completed the sale of two lifestyle houses for the year ended 31 March 2016, and sale of an additional lifestyle house has been completed in April 2016.

Nos. 47-49 Perkins Road, Hong Kong

In December 2012, the Group acquired Nos. 47-49 Perkins Road site (previously known as Monterey Court) at Jardine's Lookout, a premier residential district in Hong Kong. The site comprises a GFA of approximately 68,000 square feet. The Group intends to redevelop the site to construct 18 luxury residential units. Such units are expected to have a GFA ranging from approximately 2,600 square feet to 5,600 square feet each. The Group has already commenced work on the project and the new residential tower is expected to be completed in 2017. The Group has partnered with the Grosvenor Fund from the United Kingdom and expects to complete sales by the year ending 31 March 2018.

The Oasis, 8 – 12 Peak Road, The Peak, Hong Kong

In October 2015, the Group and its partner acquired a 60.3 per cent. ownership interest in a residential development for a total consideration of approximately HK\$1.8 billion. The Group owns a 65 per cent. ownership interest in this project. The development contains 38 apartments and one house (within which the Group and its partner own 17 apartments and the house), with a total saleable area of approximately 46,512 square feet. The Group plans to refurbish the façade and interior to maximise the valuation premium attached to this prime site which has a view of Victoria Harbour.

Residential site near Fanling golf course, Fanling, Hong Kong

In May 2015, the Group won a government tender to acquire this land site for a total consideration of HK\$302 million. The site area is approximately 68,986 square feet with a maximum GFA of approximately 33,110 square feet. The Group plans to develop the site into luxury houses, targeting affluent users at this prime site next to the Fanling golf course.

yoo Residence, Causeway Bay, Hong Kong

In October 2011, the Group acquired a 50 per cent. interest in a prime residential site in the heart of Causeway Bay within close proximity to the Victoria Park for a total consideration of approximately HK\$499.5 million. The Group has developed this site into 144 high-end lifestyle units, with sizes ranging from around 400 square feet to over 5,000 square feet. The residence is associated with the property brand “yoo” (a Philippe Starck brand). A majority of the units have been sold and delivered to its purchasers for a total consideration of approximately HK\$2.0 billion.

3-4 Glenealy, Central, Hong Kong

In May 2013, the Group acquired a site at 3-4 Glenealy for a total consideration of approximately HK\$760 million. The GFA is approximately 50,743 square feet. The Group plans to develop this site into a lifestyle residential tower catering to high net worth individuals and professionals, and aims to complete sales by the year ending 31 March 2018.

Lot No. 513, Yan Ching Street, Tuen Mun Town, Hong Kong

In September 2014, the Group acquired a site at Yan Ching Street in Tuen Mun for a total consideration of approximately HK\$427 million by way of a government land tender. The site has a GFA of approximately 80,500 square feet, with approximately 67,800 square feet reserved for residential uses and 12,700 square feet reserved for commercial uses. The Group plans to develop the site into an upscale residential tower targeting the increasingly affluent homeowners in the locality, while also adding a strong retail element on the ground level at this neighbourhood in Tuen Mun.

Asset Value

The Group's properties held for sale are stated at the lower of cost and net realisable value on an individual property basis in accordance with current accounting standards. The principal assets of the Group's joint ventures are properties held for sale and stated at the lower of cost and net realisable value in accordance with Hong Kong Financial Reporting Standards.

In order to fully reflect the underlying economic value of the properties held for sale of the Group and its joint ventures, the Group considers it appropriate also to present supplementary information on the Group's statement of net assets on the basis that the Group were to state its properties held for sale at their open market valuations as at 31 March 2016.

	As at 31 March 2016
	(Unaudited)
	HK\$'000
Net assets attributable to owners of the Guarantor (audited)	9,667,111
Add: Attributable revaluation surplus relating to the Group's properties held for sale ⁽¹⁾	2,422,648
Attributable revaluation surplus relating to properties held for sale by jointly ventures ⁽¹⁾	799,876
Net assets attributable to owners of the Guarantor as if the properties held for sale and interests in joint ventures were stated at open market value ⁽²⁾	12,889,635
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value	\$1.28

Notes:

- (1) Based on open market valuations as at 31 March 2016 carried out by independent firms of qualified professional valuers not connected to the Group.
- (2) Deferred tax liabilities have not been provided for the attributable revaluation surplus of the properties held for sale.

Borrowings

As at 31 March 2016, the Group's borrowings (net of cash and bank balances and deposits) amounted to HK\$4,482 million (as compared with HK\$2,646 million and HK\$1,966 million as at 31 March 2015 and 31 March 2014, respectively).

As at 31 March 2016, the ratio of total debt (bank and other borrowings) to total assets of the Group was 43.9 per cent. (as compared with 31.3 per cent. and 31.7 per cent. as at 31 March 2015 and 31 March 2014, respectively) representing the Group's borrowings (including bank borrowings and guaranteed notes) of HK\$8,011.2 million (as compared with HK\$3,925.9 million and HK\$3,760.6 million as at 31 March 2015 and 2014, respectively) as compared to the total assets of the Group of HK\$18,242 million (as compared with HK\$12,562 million and HK\$11,847 million as at 31 March 2015 and 31 March 2014, respectively). All bank borrowings were denominated in either Hong Kong dollars or Renminbi and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. As at 31 March 2016, the Group's bank borrowings have an effective interest rate of approximately 2.3%.

The following table sets out the Group's debt maturity profile as at 31 March 2016:

	As at 31 March 2016
	HK\$' million
Within 1 year	561
Between 1 to 2 years ⁽¹⁾	1,799
Between 2 to 3 years ⁽²⁾	2,074
Between 3 to 4 years	1,397
Between 4 to 5 years	983
Beyond 5 years	1,197
Total:	8,011

Notes:

- (1) Part of the debt that is maturing within this period is the 2013 Notes.
- (2) Approximately HK\$1.7 billion of the debt that is maturing within this period is the project loan for the purchase of Novotel Hotel Jordan which is expected to be renewed.

Competition

The Group competes with other property investment holding companies engaged in property repositioning, development and investment in Hong Kong, the PRC and Macau for the acquisition of suitable commercial and/or residential properties. The Group has entered into a number of strategic joint venture arrangements with certain of its competitors which are typically project based only and such arrangements do not restrict them from competing with the Group on other projects. New competitors entering the market would also make it more competitive for the Group to acquire suitable properties but the Group believes that its cumulative experience in property investment, development, leasing and management enable it to compete effectively with its competitors.

Intellectual Property

The Group has obtained the trademark in Hong Kong in relation to its “Couture Homes” and “kau to HIGHLAND” brands. As of the date of this Offering Circular, there have been no instances of any material abuse of the Group’s intellectual property rights.

Insurance

The Group is covered by industry standard insurance policies arranged with reputable insurance companies which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group’s insurance coverage, damage to the Group’s buildings, facilities, equipment or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group’s financial condition and results of operations.

Employees

The Group employs approximately 250 staff in Hong Kong, 30 in the PRC and two in Macau. The Group’s employees are remunerated in line with the prevailing market terms as well as with reference to individual performance, with remuneration packages and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

Retirement benefit schemes

The Group participates in a Mandatory Provident Fund Scheme (“**MPF Scheme**”) for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme 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 rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The employees employed by the operations in the PRC are members of the state managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The retirement benefit scheme contributions relating to the MPF Scheme and state managed retirement benefit schemes charged to the consolidated income statement for the year ended 31 March 2016 were HK\$3,312,000 (as compared with HK\$3,334,000 and HK\$3,029,000 for the years ended 31 March 2015 and 31 March 2014, respectively), which represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

Share option schemes

2012 Scheme

On 16 August 2012, the Guarantor adopted a share option scheme (the “**2012 Scheme**”), for the primary purpose of providing incentives to directors and eligible employees. The 2012 Scheme will expire on 15 August 2022. Under the 2012 Scheme, the Board may grant options to eligible employees, including executive directors of the Guarantor and its subsidiaries, non-executive directors, any consultant, adviser or agent engaged by the Guarantor and its subsidiaries and any vendor, supplier of goods or services or customer of the Guarantor and its subsidiaries to subscribe for shares in the Guarantor.

The total number of shares in respect of which options may be granted under the 2012 Scheme is not permitted to exceed ten per cent. of the shares of the Guarantor in issue at 16 August 2012 unless the Guarantor obtains a fresh approval from its shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed one per cent. of the number of shares in issue unless the Guarantor obtains a fresh approval from its shareholders.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the Board. In each grant of options, the Board may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Guarantor, and will not be less than the higher of (i) the closing price of the Guarantor’s shares on the date of grant, (ii) the average closing price of the Guarantor’s shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Guarantor’s shares.

As at 31 March 2016, 2015 and 2014, none of the share options had been granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all share option schemes of the Guarantor is not permitted to exceed 30 per cent. of the shares of the Guarantor in issue from time to time. No share option may be granted under any share option scheme of the Guarantor if such limit is exceeded.

Environmental and Safety Matters

The Group believes that as at the date of this Offering Circular, it is in compliance in all material respects with applicable environmental regulations in Hong Kong, Macau and the PRC which relate to its business and operations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

Government Regulations

The operations of the Group are subject to various laws and regulations in Hong Kong, Macau and the PRC. The Group’s activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other redevelopment projects require government permits, some of which may take a longer time to obtain than others. The

Group's properties are subject to routine inspections by government officials in relation to various safety and environmental issues. The Group believes that, as at the date of this Offering Circular, it is in compliance in all material respects with government safety regulations currently in effect. The Group has not experienced significant problems with any regulation with regard to these issues, and is not aware of any pending legislation on these issues that might have a material adverse effect on its properties.

Legal Proceedings

The Group is involved in litigation as part of its day to day business although neither the Guarantor nor its subsidiaries is presently involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Contingent Liabilities

	As at 31 March 2016
	HK\$'000
Guarantees given by the Guarantor and its subsidiaries for banking facilities granted to:	
Joint ventures	3,628,959
An associate	262,919
	<u>3,891,878</u>
And utilised by:	
Joint ventures	2,638,712
An associate	126,298
	<u>2,765,010</u>

In addition, as at 31 March 2015, the other joint venture partner of a joint venture of which the Guarantor held as to 50 per cent. of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant joint venture amounting to approximately HK\$625 million. The banking facilities utilised by the relevant joint venture amounted to approximately HK\$482 million at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50 per cent. of the liabilities arising from the above loan facilities. During the year ended 31 March 2016, the corresponding bank borrowings were fully repaid by the relevant joint ventures, and hence both the corporate guarantees and banking facilities were released during the year.

DIRECTORS

The members of the Board as at the date of this Offering Circular are as follows:

Name	Age	Position
CHUNG Cho Yee Mico	55	Chairman and Executive Director
KAN Sze Man	44	Executive Director
CHOW Hou Man	45	Executive Director
WONG Chung Kwong	65	Executive Director
FONG Man Bun, Jimmy.	51	Executive Director
LAM Lee G.	57	Independent Non-Executive Director
CHENG Yuk Wo	55	Independent Non-Executive Director
LO Wing Yan, William	55	Independent Non-Executive Director

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 55, Chairman of the Guarantor, joined the Group in 2004. He is a director of certain subsidiaries of the Group. He is also the Chairman of Executive Committee and Nomination Committee, and a member of Remuneration Committee of the Board. Mr. Chung graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and an independent non-executive director of HKC (Holdings) Limited, the shares of both of which are listed on the Stock Exchange. Mr. Chung is the brother-in-law of Mr. Kan Sze Man, the Chief Operating Officer and an executive director of the Guarantor.

Executive Directors

Mr. Kan Sze Man, aged 44, Chief Operating Officer of the Guarantor, joined the Group as Group General Counsel in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the Chairman, Executive Director and the controlling shareholder of the Guarantor.

Mr. Chow Hou Man, aged 45, joined the Group as Group Chief Financial Officer in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 20 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Wong Chung Kwong, aged 65, joined the Group in 2004 as General Manager of the Group Property Division and is responsible for the property related investments of the Group. He is also a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Wong has been working in the local and mainland real estate markets for about 40 years and has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management. Before joining the Group, Mr. Wong had worked in property development and management companies in Mainland China and Hong Kong.

Mr. Fong Man Bun, Jimmy, aged 51, joined the Group in 2011 and is a Managing Director of Couture Homes Properties Limited, a wholly-owned subsidiary of the Guarantor. He is also a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Fong is mainly responsible for identifying and advising on residential development and investment for both

acquisition and disposal planning of the Group. Mr. Fong has over 25 years' solid experience in luxury residential real estate project development and investment and has in-depth knowledge of the property market. He worked as a Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has worked in Shanghai, PRC in the 1990s and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.

Independent Non-Executive Directors

Dr. Lam Lee G., aged 57, joined the Group in 2001. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. Dr. Lam has over 30 years of international experience in general management, management consulting, corporate governance, investment banking, direct investment and fund management, across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. He serves as an independent or non-executive director of several publicly listed companies, investment funds in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, a Member of the Legal Aid Services Council, a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx) and a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, Dr. Lam is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference (CPPCC), a Vice Chairman of Liaoning Chinese Overseas Friendship Association, Alternate Chairman of UNESCAP Task Force on Banking and Finance, Honorary Chairman – Asia Pacific of CMA Australia, a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents' Organization (WPO), a Member of the Chief Executives Organization (CEO), a Fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the Hong Kong-Thailand Business Council, a Founding Member of Hong Kong-Korea Business Council, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, a Member of Pacific Basin Economic Council (PBEC), a Founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, a Vice President of the Hong Kong Real Property Federation, Chairman of Monte Jade Science and Technology Association of Hong Kong, a Member of the Court of City University of Hong Kong, a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing, an Adjunct Professor at the Department of Management in the Chinese University of Hong Kong. A former member of the Hong Kong Bar, Dr. Lam is a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia.

Dr. Lam is an independent non-executive director of each of Mei Ah Entertainment Group Limited, Vongroup Limited, Glorious Sun Enterprises Limited and Sino Resources Group Limited and a nonexecutive director of each of Sunwah Kingsway Capital Holdings Limited, and China LNG Group Limited, the shares of all of which are listed on the Stock Exchange. He is an independent nonexecutive director of each of Asia-Pacific Strategic Investments Limited, Rowsley Limited and Top Global Limited, the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent director of Sunwah International Limited, the shares of which are listed on the Toronto Stock Exchange, an independent non-executive director of Vietnam Equity Holding and Vietnam Property Holding, the shares of which are listed on the Stuttgart Stock Exchange and an independent non-executive director of Coalbank Limited, the shares of which are listed on the Australian Securities Exchange.

Dr. Lam was non-executive director of China Communication Telecom Services Company Limited from January 2013 to March 2014, ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) from July 2014 to July 2015 and DTXS Slik Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited) from October 2015 to December 2015 and he was also an independent non-executive director of China Oceanwide Holdings Limited (formerly known as

Hutchison Harbour Ring Limited) from September 2004 to December 2014, Far East Holdings International Limited from September 2004 to October 2014, Ruifeng Petroleum Chemical Holdings Limited from July 2014 to March 2015, Mingyuan Medicare Development Company Limited from September 2014 to May 2015 and Imagi International Holdings Limited from May 2010 to January 2016, the shares of all of which are listed on the Stock Exchange and an independent non-executive director of Next- Generation Satellite Communications Limited from January 2009 to August 2014, the shares of which are listed on the Singapore Exchange.

Mr. Cheng Yuk Wo, aged 55, joined the Group in 2002. He is Chairman of Audit Committee and Remuneration Committee, and a member of Nomination Committee of the Board. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Accountants of Ontario, Canada. He is a co-founder of a Hong Kong merchant banking firm and is the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England. Mr. Cheng had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and with Swiss Bank Corporation (now known as UBS AG) in Toronto.

Mr. Cheng is an independent non-executive director of C.P. Lotus Corporation, Chong Hing Bank Limited, Goldbond Group Holdings Limited, HKC (Holdings) Limited, Imagi International Holdings Limited, CPMC Holdings Limited, Top Spring International Holdings Limited, Liu Chong Hing Investment Limited and Chia Tai Enterprises International Limited and DTXS Silk Road Investment Holdings Company Limited, the shares of all of which are listed on the Stock Exchange.

Mr. Cheng was an independent non-executive director of Imagi International Holdings Limited up to January 2016 the shares of which are listed on the Stock Exchange.

Dr. Lo Wing Yan, William, aged 55, joined the Group in 2014. He is a member of Audit Committee of the Board. He obtained a BSc (Hons) degree in Biochemistry and a MSc degree in Neurochemistry from University of Kent at Canterbury and Institute of Psychiatry, London University, respectively. Dr. Lo also obtained an MPhil degree in Molecular Pharmacology and a PhD degree in Genetic Engineering/ Neuroscience, both from Cambridge University, UK. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of the Peace (J.P.) by the government of Hong Kong. In 2003, he was appointed as a Member of Shantou Committee of the Chinese People's Political Consultative Conference. Dr. Lo is currently a governor of an independent school, the ISF Academy, as well as the Chairman of Junior Achievement Hong Kong.

Dr. Lo is an independent non-executive director of Jingrui Holdings Limited, SITC International Holdings Company Limited, Television Broadcasts Limited and Ronshine China Holdings Limited, the shares of all of which are listed on the Stock Exchange. Also, Dr. Lo is an independent non-executive director of Nam Tai Property, Inc., the shares of which are listed on the New York Stock Exchange.

Dr. Lo was an independent non-executive director of Varitronix International Limited up to June 2016, International Housewares Retail Company Limited up to September 2015 and non-executive director of South China Assets Holdings Limited (formerly known as South China Land Limited) up to March 2014, the shares of all of which are listed on the Stock Exchange and an independent non-executive director of LZYE Group plc up to November 2013, the shares of which are listed on the London Stock Exchange and E2-Capital Holdings Limited, the shares of which are listed on the Singapore Stock Exchange up to November 2015.

Senior Management

Mr. Soo Wai Man, Raymond, joined the Group in 2013 and is Head of Development – Commercial Property Division. He graduated from the University of Sheffield, United Kingdom in 1989. Mr. Soo is a registered architect since 1994 and has over 20 years' experience in real estate developments in various countries such as Hong Kong, Macau, Mainland China, Philippines and United Kingdom. He previously worked for some major property developers such as Cheung Kong Holdings Limited and Kerry Properties Limited. Mr. Soo has a wide range of project management experience and has led project teams to complete various world class developments ranging from commercial offices, shopping centers to large scale residential developments. Mr. Soo provides strong leadership to the project team and produces quality project developments with the highest standard.

Mr. Lee Kwan Yee, Herrick, joined the Group in 2013 and is Head of Commercial Property Division. He is responsible for all commercial property related investments of the Group. Mr. Lee has over 25 years of experience in real estate investments with various types of projects. Mr. Lee was an Executive Director of the Henry Group Holdings Limited, a director of Colliers International in Hong Kong and worked for a number of international surveying firms before joining the Group. Mr. Lee is a member of the Royal Institute of Chartered Surveyors and the Hong Kong Institute of Surveyors. Mr. Lee has specialized skills for retail properties repositioning and asset enhancement by close relationships with reputable chain-store retail operators.

Mr. Wong Yuk Sun, Simon, joined the Group in 2015 and is Managing Director of Commercial Property Division. He oversees all commercial property investment and development for the Group. Mr. Wong graduated from the University of Hong Kong in 1992. He is a Registered Architect and Authorized Person (List 1) since 1994. He has over 25 years of experience and in-depth knowledge in the design and planning, project development and management, leasing and marketing, as well as repositioning and asset management for commercial properties in Hong Kong and Mainland China. Before joining the Group, Mr. Wong has worked for various senior positions in MTR Corporation Ltd. for almost 20 years. He was the Head of China Investment Property since 2013 and led the MTR commercial property business in China. He was also the Chief Architectural & Project Manager, who was responsible for the project planning and delivery of various high quality MTR shopping malls in Hong Kong. Mr. Wong was the General Manager-Project & Planning for the Link Management Ltd. in 2008 and led the planning and implementation of various asset enhancement projects. He worked as the Associate Director of WMKY (Architects & Engineers) Ltd. for various real estate developments in Hong Kong, Macau, Vietnam and Mainland China in the 90's. Mr. Wong is a fellow of Institute of Facility Management (HKIFM) and member of Hong Kong Institute of Real Estate Administrators (IREA) and China Real Estate Chamber of Commerce – Hong Kong Chapter (CRECCHK).

Mr. Lo Yat Wing (Edmond), joined the Group in 2015 and is Head of Development – Couture Homes Properties. He oversees the project management and development for all residential projects. Mr. Lo graduated from the University of Sydney, Australia in 1995 and obtained his Master Degree in Real Estate from the University of Hong Kong in 2003. He is a registered architect since 1998 and an Authorised Person (List 1) since 1999. He has over 20 years' experience in real estate developments in Hong Kong. He previously worked for some major property developers, such as Swire Properties Limited and Sino Land Co. Ltd. He has extensive experience in managing residential and hospitality projects and have been involved in many prestigious residential developments in Hong Kong. Before joining the Group, he was the chief project manager in charge of the developments in the Pak Shek Kok area with a total GFA of over 3 million square foot and 2,300 residential units/houses. Mr. Lo leads the project team to produce the highest quality developments within budget and on schedule.

The Board of Directors of the Guarantor

The Guarantor has four Board committees, namely, the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”), the nomination committee (the “**Nomination Committee**”) and the general executive board committee (the “**Executive Committee**”), for overseeing particular aspects of the Guarantor’s affairs.

Audit Committee

The main role and function of the Audit Committee are to consider the application of financial reporting, risk management and internal control principles and to maintain an appropriate relationship with the external auditors of the Guarantor. Currently the Audit Committee comprises three independent non-executive directors (“**INEDs**”) of the Guarantor, namely, Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William. The chairman of the Committee is Mr. Cheng Yuk Wo, who has professional accounting qualifications and expertise in financial management.

Remuneration Committee

The Remuneration Committee was established on 21 July 2005 with written terms of reference, which deal clearly with its authority and duties for a formal and transparent procedure to fix the remuneration package for all directors. The main role and function of the Remuneration Committee are to formulate reward packages for senior management and individual executive directors. The Committee will consult the Chairman of the Board on the adequacy of the corporate remuneration policy and individual reward package with particular reference to fairness, sufficiency of incentive element and effective application of company resources.

Currently the Remuneration Committee comprises two INEDs of the Guarantor, Mr. Cheng Yuk Wo (the chairman of the Committee) and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico.

Nomination Committee

The Nomination Committee was established on 13 March 2012 with specific written terms of reference. The main role and function of the Nomination Committee are to review the structure, size and composition of the Board and the Board Diversity Policy; to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Guarantor; to assess of the independence of each INED.

Currently the Nomination Committee comprises, two INEDs of the Guarantor, Mr. Cheng Yuk Wo and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico (the chairman of the Committee).

Executive Committee

The Executive Board Committee, comprised of the executive directors, was formed on 21 June 2005 with specific written terms of reference. The main role and function of the Executive Committee are to manage the day-to-day operations of the Group’s business and make investment and divestment decisions for and on behalf of the Group unless otherwise restricted by the terms of reference. In addition, the Executive Committee reviews the corporate and financial planning, investment and operation strategy of the Group as well as monitoring the progress of the carrying out of Board decisions by the management. The Committee reports its view and puts forward recommendations to the Board through the Chairman of the Board.

Currently the Executive Committee comprises five executive directors of the Guarantor, namely, Mr. Chung Cho Yee, Mico (the chairman of the Committee), Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Wong Chung Kwong and Mr. Fong Man Bun, Jimmy.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Directors' interests in share capital

As at 28 July 2016, the interests and short positions of the Directors and the chief executive of the Guarantor in shares, underlying shares or debentures of the Guarantor or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”) which were required to be notified to the Guarantor and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Guarantor referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Guarantor and the Stock Exchange:

Long positions in shares:

Name of Director	Nature of interests	Guarantor/name of associated corporation	Number of shares held ⁽¹⁾	Derivative interests	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico (“Mr. Chung”) ⁽²⁾	Beneficial owner	The Guarantor	4,611,412,062 (L)	–	45.94
	Interest of controlled corporation	The Guarantor	4,608,367,062 (L)	–	45.91
Kan Sze Man	Beneficial owner	The Guarantor	23,790,500 (L)	–	0.24

Notes:

- (1) The letter “L” denotes a person’s long position in such securities.
- (2) Mr. Chung is the beneficial owner of 4,611,412,062 shares in the Guarantor (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity Limited (“Earnest Equity”) of 4,608,367,062). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited (“Digisino”). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

Save as disclosed above, as at 28 July 2016, none of the Directors and chief executive of the Guarantor had any interest in any securities of the Guarantor or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Guarantor and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Guarantor and the Stock Exchange.

Arrangements to Purchase Shares or Debentures

Save as disclosed above, at no time during the year ended 31 March 2016, was the Guarantor or its subsidiaries, a party to any arrangements to enable the directors of the Guarantor to acquire benefits by means of the acquisition of shares in, or debentures of, the Guarantor or any other body corporate.

Directors' Interests in Contracts of Significance

No contracts of significance, to which the Guarantor or its subsidiaries was a party and in which a director of the Guarantor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2016.

Substantial Shareholders

As at 28 July 2016, according to the register kept by the Guarantor pursuant to Section 336 of SFO, and so far as is known to any Directors of the Guarantor, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Guarantor under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

Long position in shares:

Name	Capacity	Number of shares held	Derivative interests	Approximate percentage of total shareholding (%)
Value Partners Group Limited	Interest of controlled corporation (<i>Note</i>)	740,720,000	–	7.38
Value Partners High-Dividend Stocks Fund	Beneficial owner	740,250,000	–	7.38
FIL Limited	Investment Manager	589,642,014	– 24,130,000	5.87 0.24

Note: These shares are held by Value Partners Limited, which is wholly-owned by Value Partners Hong Kong Limited, which is wholly-owned by Value Partners Group Limited. Value Partners Group Limited is deemed to be interested in the shares held by Value Partners Limited by virtue of the SFO.

Save as disclosed above, the Guarantor has not been notified of any other relevant interests or short positions in the issued share capital of the Guarantor as at 28 July 2016.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law and relevant interpretation thereof in effect as at the date of this Offering Circular all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. It is emphasised that neither the Issuer, the Guarantor nor any other persons involved in the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Notes.

Bermuda

Tax

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Guarantor or by its shareholders who are resident outside Bermuda. The Guarantor has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to the Guarantor or to any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Guarantor in respect of real property owned or leased by the Guarantor in Bermuda.

Stamp duty

As an exempted company, the Guarantor is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates essentially to real and personal property physically situated in Bermuda, including shares in local (as opposed to exempted) companies. None of the Guarantor, the shareholders and the holders of the Notes, as the case may be (other than persons ordinarily resident in Bermuda), are subject to stamp duty or other similar duty in relation to the Notes (including the transfer thereof).

British Virgin Islands

As a company incorporated under the BVI Business Companies Act, the Issuer is exempt from all provisions of the Income Tax Act of the British Virgin Islands (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the Issuer to persons who are not persons resident in the British Virgin Islands). Capital gains realised with respect to any shares, debt obligations or other securities of the Issuer by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Act of the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer, save for interest payable to or for the benefit of an individual resident in the European Union. The Issuer is required to pay an annual government fee which is determined by reference to the amount of shares the Issuer is authorised to issue.

Hong Kong

The following summary of certain Hong Kong tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, decisions and practice now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase,

own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the moneys in respect of which the interest is received or accrues are made available outside of Hong Kong; or
- (b) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or
- (c) interest on the Notes is derived from Hong Kong and is received by or accrues to a person other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business.

Sums derived from the sale, disposal or redemption of the Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of the Notes will be subject to profits tax.

Stamp duty

No stamp duty is payable on the issue or transfer of the Notes (for so long as the register of Noteholders is maintained outside Hong Kong).

Estate duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 commenced operation on 11 February 2006. Estates of persons who pass away on or after the commencement date of that ordinance are not subject to Hong Kong estate duty.

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission’s proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary’ market transactions) in certain circumstances.

Under the Commission’s proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Hongkong and Shanghai Banking Corporation Limited, UBS AG, Hong Kong Branch, DBS Bank Ltd., Merrill Lynch International and Sun Hung Kai Investment Services Limited (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 1 August 2016 among the Issuer, the Guarantor and the Joint Lead Managers, agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at the Issue Price (100 per cent. of their principal amount), any subsequent offering of the Notes to investors may be at a price different from the Issue Price. The Issuer has agreed to pay the Joint Lead Managers certain fees and an underwriting commission, to reimburse the Joint Lead Managers for certain of their expenses in connection with the initial sale and distribution of the Notes, and to indemnify the Joint Lead Managers against certain liabilities in connection with the offering and sale of the Notes. In addition, the Issuer has agreed to pay to certain private banks a commission based on the principal amount of the Notes purchased by private bank clients. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes. The Joint Lead Managers and certain of their affiliates may have performed investment banking and advisory services for the Guarantor from time to time, for which they may have received customary fees and expenses. The Joint Lead Managers and certain of their affiliates may, from time to time, engage in transactions with and perform services for the Guarantor in the ordinary course of business.

The Joint Lead Managers and certain of their affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution. The Joint Lead Managers and their respective affiliates may purchase the Notes for their own accounts and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

United States

The Notes and the Guarantee of the Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Joint Lead Manager has represented, warranted and undertaken to the Issuer and the Guarantor that it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that neither it nor any of its affiliates (including any person acting on behalf of such Joint Lead Manager or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes.

Terms used in the paragraphs above have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and undertaken that:

- (i) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor.

- (ii) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Joint Lead Manager has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) (the “SFO”) of Hong Kong and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the “CO”) of Hong Kong or which do not constitute an offer to the public within the meaning of the CO; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

PRC

Each Joint Lead Manager has represented and agreed that the offer of the Notes is not an offer of securities within the meaning of the PRC Securities Law or other pertinent laws and regulations of the PRC and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and undertaken that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948) (the “**Financial Instruments and Exchange Act**”). Accordingly, each Joint Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Bermuda

Each Joint Lead Manager has acknowledged that: (i) this Offering Circular, the Notes and any other document relating to the Notes are not subject to, and have not received approval from either the Bermuda Monetary Authority or the Registrar of Companies in Bermuda and no statement to the contrary, explicit or implicit, is authorised to be made in this regard; (ii) for the purposes of the Companies Act 1981 of Bermuda (as amended), the Notes being offered hereby are being offered on a private basis to investors who satisfy the criteria outlined in any of the documents relating to the Notes; (iii) the Notes may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act 2003 of Bermuda (as amended); (iv) non-Bermudian persons may not carry on or engage in any trade or business in Bermuda unless such persons are authorised to do so under applicable Bermuda legislation; and (v) engaging in the activity of offering or marketing the securities being offered in Bermuda to persons in Bermuda may be deemed to be carrying on business in Bermuda.

British Virgin Islands

This Offering Circular does not constitute and shall not be construed as an offer or solicitation to the public in the British Virgin Islands to subscribe for the Notes. The Notes shall not be acquired for the account or benefit of any person who is a resident of, or who is domiciled in, the British Virgin Islands, other than a Business Company incorporated pursuant to the BVI Business Companies Act in the British Virgin Islands that is not resident in the British Virgin Islands, nor to a custodian, nominee or trustee of any such person. Each Joint Lead Manager has represented, warranted and agreed that it has not and will not make any invitation to the public or any member of the public in the British Virgin Islands to purchase the Notes and the Notes may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

GENERAL INFORMATION

1. **Clearing Systems:** The Notes have been accepted for clearance through Euroclear and Clearstream. The securities codes for the Notes are as follows:

Common Code: 146480195

ISIN: XS1464801957

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in the British Virgin Islands in connection with the issue and performance of the Notes. The Guarantor has obtained all necessary consents, approvals and authorisations in Bermuda in connection with the Guarantee of the Notes. The issue of the Notes was authorised by written resolutions of the directors of the Issuer dated 28 July 2016 and the giving of the Guarantee of the Notes was authorised by a resolution of the General Board Executive Committee of the Guarantor passed on 28 July 2016.
3. **Listing of the Notes:** Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Guarantor shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Note Certificate is exchanged for Individual Certificates. In addition, in the event that the Global Note Certificate is exchanged for Individual Certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Individual Certificates, including details of the paying agent in Singapore, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
4. **No Material Adverse Change:** Except as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer, the Guarantor or the Group since 31 March 2016.
5. **Litigation:** Except as disclosed in this Offering Circular, neither the Issuer, the Guarantor nor any member of the Group is involved in any governmental, legal or arbitration proceedings which is material in the context of the issue of the Notes, nor is the Issuer, the Guarantor or any member of the Group aware that any such proceedings are pending or threatened.
6. **Available Documents:** Copies of the latest annual report, the most recently published consolidated financial statements of the Guarantor may be obtained free of charge, and copies of the Agency Agreement (which includes the form of the Global Note Certificate), the Deed of Covenant and the Deed of Guarantee, will be available for inspection at the specified office of the Guarantor at 3108 Bank of America Tower, 12 Harcourt Road, Central, Hong Kong during normal business hours, so long as any of the Notes are outstanding.
7. **Auditor:** The consolidated financial statements of the Guarantor for each of the years ended 31 March 2014, 2015 and 2016 have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants.
8. **Issuer's Financial Statements:** Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any of its financial statements. The Issuer is, however, required to keep proper books of account as are sufficient to show and to explain its transactions and which will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

INDEX TO FINANCIAL STATEMENTS

The following are extracted from the audited consolidated financial statements of the Guarantor and its subsidiaries for the years ended 31 March 2014, 31 March 2015 and 31 March 2016 together with their respective independent auditor's reports as they appear in the 2014, 2015 and 2016 annual reports of the Group, respectively.

References to page numbers in the audited consolidated financial statements refer to the original page numbers in the 2014, 2015 and 2016 annual reports, and cross-references to page numbers included in the independent auditor's report are to such original page numbering.

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Independent Auditor's Report



TO THE MEMBERS OF CSI PROPERTIES LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CSI Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 37 to 133, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 June 2014

Consolidated Statement of Profit or Loss

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	5	2,578,071	1,162,379
Cost of sales/services		(1,638,518)	(424,603)
Gross profit		939,553	737,776
Income and gains (losses) from investments	7	90,885	116,725
Other income	8	62,359	45,036
Other gains and losses	9	21,287	305,166
Administrative expenses		(178,518)	(193,635)
Finance costs	10	(124,802)	(72,464)
Share of results of joint ventures		53,114	21,828
Share of results of associates		7,424	25,108
Profit before taxation		871,302	985,540
Taxation	11	(52,040)	(60,519)
Profit for the year	12	819,262	925,021
Attributable to:			
Owners of the Company		815,489	902,671
Non-controlling interests		3,773	22,350
		819,262	925,021
Earnings per share (HK cents)	16		
Basic		8.57	10.24
Diluted		8.57	10.19

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	819,262	925,021
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operation	7,458	1,463
Share of exchange differences of joint ventures	12,818	893
Change in fair value of available-for-sale investments	4,843	3,555
Reclassification of capital reserve upon deregistration of an associate	–	(1,698)
Reclassification of translation reserve upon deregistration of an associate	–	(116)
Reclassification of investment revaluation reserve upon derecognition of the available-for-sale investments	–	(3,720)
	25,119	377
Total comprehensive income for the year	844,381	925,398
Total comprehensive income attributable to:		
Owners of the Company	840,608	903,048
Non-controlling interests	3,773	22,350
	844,381	925,398

Consolidated Statement of Financial Position

At 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-Current Assets			
Property, plant and equipment	17	660,211	670,866
Available-for-sale investments	18	24,569	39,905
Conversion options embedded in convertible notes	18	–	14,980
Long-term loan receivable	19	–	72,667
Club memberships		6,860	6,860
Interests in joint ventures	20	1,517,088	1,358,331
Amounts due from joint ventures	20	1,701,726	1,466,960
Interests in associates	21	116,897	116,537
Amounts due from associates	21	–	1,040
		4,027,351	3,748,146
Current Assets			
Trade and other receivables	22	143,692	95,717
Deposit paid for acquisition of properties to be held for sale		10,896	257,164
Properties held for sale	23	3,973,587	3,562,675
Investments held for trading	24	1,825,264	690,722
Available-for-sale investments	18	36,043	–
Conversion options embedded in convertible notes	18	31,252	–
Taxation recoverable		4,322	2,995
Cash held by securities brokers	25	3,993	20,192
Bank balances and cash	25	1,790,628	3,112,049
		7,819,677	7,741,514
Current Liabilities			
Other payables and accruals	26	100,813	285,770
Taxation payable		160,290	196,130
Amounts due to joint ventures	20	432	19,967
Amounts due to associates	21	14,097	15,800
Amount due to non-controlling shareholder of a subsidiary	39(b)	25,355	–
Bank borrowings – due within one year	28	802,395	751,853
Derivative financial instruments	29	–	1,134
		1,103,382	1,270,654
Net Current Assets		6,716,295	6,470,860
		10,743,646	10,219,006

Consolidated Statement of Financial Position

At 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Capital and Reserves			
Share capital	30	76,145	76,145
Reserves		7,697,367	6,988,109
Equity attributable to owners of the Company		7,773,512	7,064,254
Non-controlling interests		4,141	20,848
Total Equity		7,777,653	7,085,102
Non-Current Liabilities			
Guaranteed notes	31	1,170,000	1,170,000
Bank borrowings – due after one year	28	1,788,250	1,955,200
Deferred tax liabilities	32	7,743	8,704
		2,965,993	3,133,904
		10,743,646	10,219,006

The consolidated financial statements on pages 37 to 133 were approved and authorised for issue by the Board of Directors on 25 June 2014 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Company												
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Capital reserve HK\$'000 (Note a)	Contributed surplus HK\$'000 (Note b)	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Convertible notes equity reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2012	65,865	1,228,256	371	1,698	276,058	59,685	6,999	7,323	834	4,311,799	5,958,888	13,483	5,972,371
Profit for the year	-	-	-	-	-	-	-	-	-	902,671	902,671	22,350	925,021
Exchange difference arising on translation of foreign operation	-	-	-	-	-	1,463	-	-	-	-	1,463	-	1,463
Share of exchange differences of joint ventures	-	-	-	-	-	893	-	-	-	-	893	-	893
Reclassified to profit or loss on deregistration of an associate	-	-	-	(1,698)	-	(116)	-	-	-	-	(1,814)	-	(1,814)
Reclassified to profit or loss on derecognition of available-for-sale investments	-	-	-	-	-	-	(3,720)	-	-	-	(3,720)	-	(3,720)
Increase in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	-	3,555	-	-	-	3,555	-	3,555
Total comprehensive income for the year	-	-	-	(1,698)	-	2,240	(165)	-	-	902,671	903,048	22,350	925,398
Issue of shares upon exercise of share options	582	5,854	-	-	-	-	-	-	-	-	6,436	-	6,436
Placing of shares	9,698	385,526	-	-	-	-	-	-	-	-	395,224	-	395,224
Lapse of share options	-	-	-	-	-	-	-	(7,323)	-	7,323	-	-	-
Transfer on redemption of convertible note upon maturity	-	-	-	-	-	-	-	-	(834)	834	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(14,985)	(14,985)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	-	-	-	(199,342)	(199,342)	-	(199,342)
At 31 March 2013	76,145	1,619,636	371	-	276,058	61,925	6,834	-	-	5,023,285	7,064,254	20,848	7,085,102
Profit for the year	-	-	-	-	-	-	-	-	-	815,489	815,489	3,773	819,262
Exchange difference arising on translation of foreign operation	-	-	-	-	-	7,458	-	-	-	-	7,458	-	7,458
Share of exchange differences of joint ventures	-	-	-	-	-	12,818	-	-	-	-	12,818	-	12,818
Increase in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	-	4,843	-	-	-	4,843	-	4,843
Total comprehensive income for the year	-	-	-	-	-	20,276	4,843	-	-	815,489	840,608	3,773	844,381
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(20,480)	(20,480)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	-	-	-	(131,350)	(131,350)	-	(131,350)
At 31 March 2014	76,145	1,619,636	371	-	276,058	82,201	11,677	-	-	5,707,424	7,773,512	4,141	7,777,653

Notes:

- (a) The capital reserve represents the Group's share of the deemed capital contribution arising from interest free loans granted to an associate by its shareholders.
- (b) The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	<i>NOTE</i>	2014 HK\$'000	2013 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		871,302	985,540
Adjustments for:			
Finance costs		124,802	72,464
Depreciation of property, plant and equipment		55,442	63,207
Gain on disposal of property, plant and equipment		(15,483)	(770)
Gain on derecognition of investments in convertible notes, net		(500)	(6,800)
Gain on disposal of joint ventures		(5,693)	–
Gain on disposal of an associate		–	(246,383)
Gain on disposal of subsidiaries	34	–	(58,013)
Income from amortisation of financial guarantee contracts		(1,808)	(658)
Decrease (increase) in fair value of financial instruments		39,918	(62,925)
Interest income		(16,823)	(16,826)
Impairment loss on properties held for sale		31,668	–
Share of results of joint ventures		(53,114)	(21,828)
Share of results of associates		(7,424)	(25,108)
Operating cash flow before movements in working capital		1,022,287	681,900
Increase in investments held for trading		(1,190,732)	(67,222)
(Decrease) increase in other payables and accruals		(187,945)	179,022
Increase in properties held for sale		(173,725)	(263,112)
Increase in available-for-sale investments		(19,564)	–
Increase in deposit paid for acquisition of properties held for sale		(10,896)	(276,619)
Decrease in derivative financial instruments		(1,134)	(6,361)
Decrease (increase) in trade and other receivables		6,793	(38,528)
Decrease in cash held by securities brokers		16,199	640
Net cash (used in) from operations		(538,717)	209,720
Hong Kong Profits Tax paid		(43,902)	(70,258)
PRC Enterprise Income Tax paid		(46,266)	–
Interest paid		(124,802)	(72,312)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(753,687)	67,150

Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
INVESTING ACTIVITIES			
Advances to joint ventures		(340,684)	(1,075,278)
Purchases of property, plant and equipment		(48,304)	(1,515)
(Decrease) increase in amount due to joint ventures		(19,535)	103,136
Investment in an associate		(2,320)	(106,735)
Repayment from (advances to) associates		1,040	(272)
Proceeds from disposal of available-for-sale investments		4,200	30,360
Dividend received from an associate		9,384	48,000
Interest received		16,823	16,826
Decrease (increase) in loan receivables		18,040	(75,887)
Proceeds on disposal of property, plant and equipment		19,000	770
Proceeds from disposal of joint ventures		23,582	–
Net cash outflow on acquisition of subsidiaries	33	–	(23,324)
Investment/acquisition of joint ventures		–	(11,001)
Net cash inflow on disposals of subsidiaries (net of cash and cash equivalents disposed of)	34	–	137,965
Proceed from disposal of an associate		–	247,820
NET CASH USED IN INVESTING ACTIVITIES		(318,774)	(709,135)
FINANCING ACTIVITIES			
Repayments of bank borrowings		(1,406,321)	(331,412)
Dividends paid		(151,830)	(214,327)
Repayment to an associate		(1,703)	(40,765)
Advance from (repayment to) non-controlling shareholder of a subsidiary		25,355	(28,658)
New bank borrowings raised		1,285,539	383,049
Redemption of convertible notes		–	(9,550)
Proceeds on issue of shares upon exercise of share options		–	6,436
Proceeds from placing of shares		–	395,224
Issuance of guaranteed notes		–	1,170,000
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(248,960)	1,329,997
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,321,421)	688,012
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,112,049	2,424,037
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		1,790,628	3,112,049

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in the annual report. The directors of the Company considers that Earnest Equity Limited, a private company incorporated in the British Virgin Islands (“BVI”), is its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, is its ultimate holding company. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director and Chief Executive of the Company.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 44, 20 and 21 respectively.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Application of new and revised HKFRSs (disclosure of a detailed list of new and revised HKFRSs)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised 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 HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

- a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and
- b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (Continued)

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group’s consolidated financial statements as the Group does not have offsetting arrangements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and nonfinancial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, 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 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (please see note 42c for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group’s ‘statement of comprehensive income’ is renamed as the ‘statement of profit or loss and other comprehensive income’ and the ‘income statement’ is renamed as the ‘statement of profit or loss’. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

2. APPLICATION OF NEW AND REVISED 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 HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
HKFRS 9	Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

⁵ Effective for annual periods beginning on or after 1 January 2016

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors anticipate that HKFRS 9 will be adopted in the Group’s consolidated financial statements for financial year ending 31 March 2016 and the application of this new standard may mainly affect the classification and measurement of the Group’s available-for-sale investments but may not affect the classification and measurement of the Group’s other financial assets and liabilities based on an analysis of the Group’s financial assets and financial liabilities as at 31 March 2014.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for 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, 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 principal accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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
- 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 Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company 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 Company 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.

Profit or loss and each item 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 into 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership 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 is adjusted and the fair value of the consideration paid or received is recognised directly in equity attributed to owners of the Company.

When the Group loses control of a subsidiary, 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 and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified 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 HKAS 39 *Financial Instruments: Recognition and Measurement*, or HKFRS 9 *Financial Instruments*, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 and 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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 requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* 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.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, 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 in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part 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) when the equity method is discontinued.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 liabilities or assets 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 *Share-based Payment* 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.

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 re-assessment, 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 their fair value or, when applicable, on the basis specified in another standard.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included as receipt in advance for sales of properties held for sale under current liabilities in the consolidated statement of financial position.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant leases.

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 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance lease) held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees 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 assets 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated in the consolidated statement of financial position at the lower of cost and net realisable value on an individual property basis. Cost includes the cost of the properties and other direct attributable expenses. Net realisable value is calculated at the actual or estimated selling price less the estimated costs necessary to make the sales.

If an item of properties held for sale is transferred to property, plant and equipment because its use has been changed, evidenced by the commencement of owner-occupation of the relevant property, the carrying amount of the properties held for sale at the date of transfer is recognised as the cost of the property, plant and equipment.

Properties under development for sale under current assets

Properties under development for sale under current assets are properties held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the cost of property interests, development expenditure and other direct attributable expenses.

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into accounts the price ultimately expected to be realised, less the estimated costs necessary to make the sale and the anticipated cost to completion.

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 are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, 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 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

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, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease. 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.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease and is amortised over the lease term on a straight-line basis. 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.

Club memberships

Club memberships with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of club memberships are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

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 (other than financial assets or 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.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), 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. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 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 debt instrument, 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 other than those financial assets classified as at FVTPL, of which interest income is included in net gain or losses.

Financial assets at FVTPL

Financial assets are reclassified 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 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.

Financial assets at FVTPL are stated at fair value, with any gain 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 assets and is included in income and gains from investments line item. Fair value is determined in the manner described in note 42.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS 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 AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS 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).

AFS 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 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 trade and other receivables, long-term loan receivables, amount(s) due from joint ventures, associates, cash held by securities brokers and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified 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

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 financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 and 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 past the average credit period of 60 days, 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.

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 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 receivables and loan receivable, 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 or a loan 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 AFS 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 the 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 asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

In respect of AFS 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 AFS in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS 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.

Financial liabilities and equity instruments

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 Group are recognised at the proceeds received, net of direct issue costs.

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 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible notes issued by the Company

Convertible notes issued by the Company that contain both the liability and conversion option components are classified separately into the respective items on initial recognition in accordance with the substance of the contractual agreements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in the convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes equity reserve will be released to the accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

Where the convertible notes are redeemed, the consideration paid and any transactions cost thereof is allocated between the liability and conversion option components of the convertible notes at the date of the redemption. The difference between the consideration paid for the redemption of the liability component, which is determined using the prevailing market interest rate of similar non-convertible debts, and its carrying amount at the date of the redemption is recognised in profit or loss while the difference between the consideration paid for the redemption of the conversion option component and its carrying amount at the date of the transaction is included in equity (accumulated profits).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured 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 interest paid on the financial liabilities and is included in the income and gains (losses) from investments in the consolidated statement of profit or loss. Fair value is determined in the manner described in note 42.

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 case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial liabilities

Other financial liabilities including other payables, amounts due to joint ventures, associates, non-controlling shareholders of subsidiaries, guaranteed notes and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contract issued by the Group are initially measured at their fair values and, if not designated at at FVTPL, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial 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.

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 and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations 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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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 in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to defined contribution retirement benefits plans/state-managed retirement benefits schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense 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 base 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 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, 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 the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits 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 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 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.

Current and deferred tax is 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

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 each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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.

Recoverable amount is the higher of fair value less costs to sell 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 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 as income immediately.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees and consultants and vested before 1 April 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to employees and vested on or after 1 April 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Equity-settled share-based payment transactions (Continued)

Share options granted to employees and vested on or after 1 April 2005 (Continued)

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to accumulated profits.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES 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 on-going basis.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the director have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Joint control over Eagle Wonder

During the year ended 31 March 2013, the Group disposed of 40% interest in Eagle Wonder and its subsidiaries to an independent third party while the Group previously had 100% interest immediately before the transaction. Eagle Wonder then became a joint venture of the Group following the transaction. Details are set out in note 34.

The directors assessed whether or not the Group has control over Eagle Wonder based on whether the Group has the practical ability to direct the relevant activities of Eagle Wonder unilaterally. In making their judgement, the directors considered the Group does not have control over Eagle Wonder because under the relevant shareholders' agreement, decisions on operating and financing activities of Eagle Wonder require unanimous consent from all joint venture partners. After assessment, the directors concluded that neither the Group nor the other joint venture partner has the ability to control Eagle Wonder unilaterally and therefore Eagle Wonder is considered as jointly controlled by the Group and the joint venture partner.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairments on properties held for sale and deposit paid for acquisition of properties held for sale

Management reviews the recoverability of the Group's property interests held for sale and deposits paid for acquisition of such properties interests with aggregate carrying amount of HK\$3,984,483,000 (2013: HK\$3,819,839,000) with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on the properties and the deposits is required, the Group takes into consideration the current market environment, the estimated market value of the properties held and to be acquired and/or the estimated net sale proceeds it expects to receive on disposals of the properties. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these property interests held and/or the deposits paid for acquisition of such properties, additional impairment loss may be required.

During the year ended 31 March 2014, impairment loss on properties held for sale amounted to approximately HK\$31,668,000 (2013: HK\$nil) has been recognised in the consolidated statement of profit or loss.

(ii) Fair value of derivative financial instruments

Conversion options embedded in convertible notes of HK\$31,252,000 (2013: HK\$14,980,000) and derivative financial liabilities of HK\$nil (2013: HK\$1,134,000) are carried in the consolidated statement of financial position at fair value, as disclosed in notes 18 and 29 respectively. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses valuation techniques that include unobservable inputs as the basis for assessing the fair value of conversion options embedded in convertible notes. The use of methodologies, models and assumptions in pricing and valuing these financial instruments is subjective and requires varying degrees of judgment by counterparty entities/financial institutions, which may result in significantly different fair values and results.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

5. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue for the year is as follows:

	2014 HK\$'000	2013 HK\$'000
Rental income and hotel operation (<i>Note</i>)	207,656	222,984
Sales of properties held for sale	2,370,415	939,395
	2,578,071	1,162,379

Note: This mainly comprises of rental income from properties.

6. SEGMENTAL INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

- (a) property holding segment, which engages in the investment and trading of properties and hotel operation;
- (b) strategic investment segment, which engages in property holding through strategic alliances with the joint venture partners of the joint ventures and associates; and
- (c) securities investment segment, which engages in the securities trading and investment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

6. SEGMENTAL INFORMATION (Continued)

Segment revenue and results

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

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2014</i>				
Gross proceeds	2,578,071	–	683,527	3,261,598
EXTERNAL REVENUE				
Rental income and hotel operation	207,656	–	–	207,656
Sales of properties held for sale	2,370,415	–	–	2,370,415
Revenue of the Group	2,578,071	–	–	2,578,071
Interest income and dividend income	–	–	130,303	130,303
Gain on disposal of joint ventures	–	5,693	–	5,693
Share of results of joint ventures	–	53,114	–	53,114
Share of results of associates	–	7,424	–	7,424
Segment revenue	2,578,071	66,231	130,303	2,774,605
RESULTS				
Segment profit	857,044	71,755	82,788	1,011,587
Unallocated other income				56,945
Other gains and losses				15,483
Central administration costs				(87,911)
Finance costs				(124,802)
Profit before taxation				871,302

Note: The directors of the Company are not aware of any transactions between the operating segments during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

6. SEGMENTAL INFORMATION (Continued)

Segment revenue and results (Continued)

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2013</i>				
Gross proceeds	1,162,379	–	577,274	1,739,653
EXTERNAL REVENUE				
Rental income and hotel operation	222,984	–	–	222,984
Sales of properties held for sale	939,395	–	–	939,395
Revenue of the Group	1,162,379	–	–	1,162,379
Interest income and dividend income	–	–	47,000	47,000
Gain on disposal of an associate	–	246,383	–	246,383
Share of results of joint ventures	–	21,828	–	21,828
Share of results of associates	–	25,108	–	25,108
Segment revenue	1,162,379	293,319	47,000	1,502,698
RESULTS				
Segment profit	636,182	299,567	107,118	1,042,867
Unallocated other income				38,788
Other gains and losses				58,783
Central administration costs				(82,434)
Finance costs				(72,464)
Profit before taxation				985,540

Note: The directors of the Company are not aware of any transactions between the operating segments during the year.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents profit earned by each segment, interest income, dividend income, fair value change of investments, gain on disposal of joint ventures/an associate and share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income) and of other gains and losses, central administrative costs, finance costs and income tax expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

6. SEGMENTAL INFORMATION (Continued)

Segment assets and liabilities

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

	2014 HK\$'000	2013 HK\$'000
Segment assets		
Property holding	4,512,463	4,386,053
Strategic investment	3,331,073	2,942,868
Securities investment	1,957,308	765,158
Total segment assets	9,800,844	8,094,079
Property, plant and equipment	186,454	164,138
Cash held by securities brokers	3,993	20,192
Bank balances and cash	1,790,628	3,112,049
Other unallocated assets	65,109	99,202
Consolidated assets	11,847,028	11,489,660
Segment liabilities		
Property holding	111,650	273,358
Strategic investment	14,528	35,767
Securities investment	4,994	4,161
Total segment liabilities	131,172	313,286
Guaranteed notes	1,170,000	1,170,000
Bank borrowings	2,590,645	2,707,053
Taxation payable	160,290	196,130
Other unallocated liabilities	17,268	18,089
Consolidated liabilities	4,069,375	4,404,558

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than property, plant and equipment, taxation recoverable, certain other receivables, cash held by securities brokers and bank balances and cash; and
- all liabilities are allocated to operating segments other than accruals and other payables of the head office, taxation payable, guaranteed notes, bank borrowings and deferred tax liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

6. SEGMENTAL INFORMATION (Continued)

Other segment information

For the year ended 31 March 2014

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	-	1,517,088	-	1,517,088	-	1,517,088
Amounts due from joint ventures	-	1,701,726	-	1,701,726	-	1,701,726
Interests in associates	-	116,897	-	116,897	-	116,897
Net decrease in fair value of investment held for trading	-	-	56,190	56,190	-	56,190
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	-	-	500	500	-	500
Depreciation and amortisation	36,462	-	-	36,462	18,980	55,442
Impairment loss on properties held for sale	31,668	-	-	31,668	-	31,668
Gain on disposal of joint ventures	-	5,693	-	5,693	-	5,693

For the year ended 31 March 2013

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	-	1,358,331	-	1,358,331	-	1,358,331
Amounts due from joint ventures	-	1,466,960	-	1,466,960	-	1,466,960
Interests in associates	-	116,537	-	116,537	-	116,537
Amounts due from associates	-	1,040	-	1,040	-	1,040
Net increase in fair value of investment held for trading	-	-	63,108	63,108	-	63,108
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	-	-	6,800	6,800	-	6,800
Depreciation and amortisation	46,544	-	-	46,544	16,663	63,207
Gain on disposal of an associate	-	246,383	-	246,383	-	246,383
Gain on disposal of a subsidiary	58,013	-	-	58,013	-	58,013

Geographical information

The Group's operations in property holding, strategic investment and securities investment are mainly located in Hong Kong and the People's Republic of China (the "PRC").

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

Revenue from property rentals and sales of properties held for sale are allocated based on the geographical location of the property interests.

Non-current assets are allocated by geographical location of the assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

6. SEGMENTAL INFORMATION (Continued)

Geographical information (Continued)

	Revenue from external customers Year ended 31 March		Non-current assets (Note)	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	2,517,150	1,104,727	1,794,023	1,645,497
PRC	60,921	57,652	500,173	500,237
	2,578,071	1,162,379	2,294,196	2,145,734

Note: Non-current assets exclude financial instruments and deposits.

Information about major tenants and buyers of properties

Revenue from customers, who are buyers of properties held for sale, which individually accounted for more than 10% of the consolidated revenue from external customers are detailed as below.

	2014 HK\$'000	2013 HK\$'000
Buyer A	668,000	N/A ¹
Buyer B	440,800	N/A ¹
Buyer C	283,565	N/A ¹
Buyer D	N/A ¹	188,000
Buyer E	N/A ¹	171,270
Buyer F	N/A ¹	170,000
Buyer G	N/A ¹	150,000
	1,392,365	679,270

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

Revenue by type of income

The relevant information is set out in note 5.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2014 HK\$'000	2013 HK\$'000
Interest income from		
– investments held for trading	123,052	41,811
– available-for-sale investments	2,458	4,506
Dividend income from investments held for trading	4,793	683
(Decrease) increase in fair values of		
– investments held for trading	(56,190)	63,108
– conversion options embedded in convertible notes	16,272	–
– derivative financial instruments	–	(183)
Gain on derecognition of investments in convertible notes (note 18)	500	6,800
	90,885	116,725

The following is the analysis of the investment income and gains (losses) from respective financial instruments:

	2014 HK\$'000	2013 HK\$'000
– investments held for trading	71,655	105,602
– available-for-sale investments	2,958	11,306
– conversion options embedded in convertible notes	16,272	–
– derivative financial instruments	–	(183)
	90,885	116,725

8. OTHER INCOME

	2014 HK\$'000	2013 HK\$'000
Bank interest income	16,823	16,826
Loan interest income	4,534	6,148
Interest income from amount due from a joint venture	30,041	13,814
Amortisation of financial guarantee contracts	1,808	658
Others	9,153	7,590
	62,359	45,036

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

9. OTHER GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
Other gains comprise:		
Gain on disposal of property, plant and equipment	15,483	770
Gain on disposal of an associate (<i>Note i</i>)	–	246,383
Gain on disposal of joint ventures (<i>Note ii</i>)	5,693	–
Net exchange gain	111	–
Net gain on disposal of subsidiaries (<i>Note 34(b)</i>)	–	58,013
	21,287	305,166

Notes:

- (i) The gain on disposal of an associate during the year ended 31 March 2013 represented the disposal of the Group's 25% interest in Expert Vision Investments Limited at a consideration of HK\$261,410,000.
- (ii) The gain on disposal of joint ventures during the year ended 31 March 2014 represented the disposal of the Group's 50% interest in Clever Keen Limited at a consideration of HK\$30,000,000.

10. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interests on:		
Bank borrowings wholly repayable within five years	36,052	24,589
Bank borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	1,629	9,245
Bank borrowings not wholly repayable within five years	19,559	22,765
Convertible notes wholly repayable within five years	–	232
Guaranteed notes wholly repayable within five years	76,050	15,633
Total borrowing costs	133,290	72,464
Less: Amounts capitalised in the cost of qualifying assets	(8,488)	–
	124,802	72,464

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11. TAXATION

	2014 HK\$'000	2013 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	45,206	64,498
– Under (over) provision in prior years	3,329	(4,145)
PRC Enterprise Income Tax		
– Underprovision in prior years	4,466	–
	53,001	60,353
Deferred taxation (<i>note 32</i>)	(961)	166
	52,040	60,519

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	871,302	985,540
Taxation at Hong Kong Profits Tax rate of 16.5%	143,765	162,614
Tax effect of expenses not deductible for tax purpose	16,283	17,413
Tax effect of income not taxable for tax purpose	(113,419)	(110,578)
Tax effect of share of results of joint ventures	(8,764)	(3,602)
Tax effect of share of results of associates	(1,225)	(4,143)
Tax effect of tax losses not recognised	13,771	4,499
Utilisation of tax loss previously not recognised	(6,166)	(1,539)
Under(over)provision in prior years	7,795	(4,145)
Tax charge for the year	52,040	60,519

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For the year ended 31 March 2014

12. PROFIT FOR THE YEAR

	2014 HK\$'000	2013 HK\$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (<i>note 13</i>):		
Fees	450	450
Salaries and other benefits	19,152	16,301
Performance-related incentive bonus	25,857	29,970
Contributions to retirement benefits schemes	752	525
	46,211	47,246
Other staff costs:		
Salaries and other benefits	30,118	27,016
Performance-related incentive bonus	8,169	5,723
Contributions to retirement benefits schemes	2,277	2,105
	40,564	34,844
Total staff costs	86,775	82,090
Auditor's remuneration	1,344	1,280
Depreciation of property, plant and equipment	55,442	63,207
Gain on disposal of property, plant and equipment	15,483	770
Impairment loss on properties held for sale	31,668	—
Cost of properties held for sale recognised as an expense	1,523,718	358,297

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13.DIRECTORS' REMUNERATION

The emoluments paid or payable to each of eight (2013: seven) directors were as follows:

For the year ended 31 March 2014

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Total HK\$'000
Directors' remuneration									
Fee	–	–	–	–	–	150	150	150	450
Salaries and other benefits	10,275	2,542	2,357	1,448	2,530	–	–	–	19,152
Performance-related incentive bonus (Note)	20,000	1,667	1,500	600	2,090	–	–	–	25,857
Contributions to retirement benefits schemes	15	211	193	102	231	–	–	–	752
	30,290	4,420	4,050	2,150	4,851	150	150	150	46,211

For the year ended 31 March 2013

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Total HK\$'000
Directors' remuneration								
Fee	–	–	–	–	150	150	150	450
Salaries and other benefits	10,200	2,430	2,187	1,484	–	–	–	16,301
Performance-related incentive bonus (Note)	25,850	1,680	1,680	760	–	–	–	29,970
Contributions to retirement benefits schemes	14	206	193	112	–	–	–	525
	36,064	4,316	4,060	2,356	150	150	150	47,246

Note: Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has not appointed Chief Executive Officer, and the role and function of the Chief Executive Officer has been performed by the executive Board Committee collectively.

No directors waived any emoluments during both years.

During both years, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

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For the year ended 31 March 2014

14. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group four (2013: three) were directors and the chief executive of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2013: two) individual were as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	1,830	4,245
Performance-related incentive bonus (<i>Note</i>)	900	3,150
Contribution to retirement benefits schemes	137	370
	2,867	7,765

Their emoluments were within the following bands:

	2014 Number of employee	2013 Number of employee
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$5,000,001 to HK\$5,500,000	–	1
	1	2

Note: Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

15. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividend recognised as distribution during the year		
– Final dividend of HK1.38 cents per share in respect of financial year ended 31 March 2013 (2013: Final dividend of HK2.4 cents per share in respect of financial year ended 31 March 2012)	131,350	199,342
Dividend proposed after the end of the reporting period		
– Final dividend of HK1.14 cents per share (2013: Final dividend of HK1.38 cents per share)	105,667	131,350

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For the year ended 31 March 2014

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings	2014 HK\$'000	2013 HK\$'000
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	815,489	902,671
Effect of dilutive potential ordinary shares: Interest on convertible notes (net of tax)	–	222
Earnings for the purpose of diluted earnings per share	815,489	902,893

Number of shares	2014 Number of shares	2013 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	9,518,120	8,811,168
Effects of dilutive potential ordinary shares (in thousands)		
– Share options	–	40,870
– Convertible notes	–	5,262
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	9,518,120	8,857,300

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17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Vessel HK\$'000	Total HK\$'000
COST							
At 1 April 2012	575,000	157,539	11,692	1,204	6,264	30,344	782,043
Additions	–	–	1,476	39	–	–	1,515
Disposal	–	–	–	–	(2,526)	–	(2,526)
At 31 March 2013	575,000	157,539	13,168	1,243	3,738	30,344	781,032
Additions	–	–	3,624	143	–	44,537	48,304
Disposal	–	–	–	–	–	(30,144)	(30,144)
At 31 March 2014	575,000	157,539	16,792	1,386	3,738	44,737	799,192
DEPRECIATION							
At 1 April 2012	22,109	4,892	1,185	601	4,420	16,278	49,485
Provided for the year	46,163	7,428	2,492	84	1,012	6,028	63,207
Eliminated on disposals	–	–	–	–	(2,526)	–	(2,526)
At 31 March 2013	68,272	12,320	3,677	685	2,906	22,306	110,166
Provided for the year	35,396	7,426	3,409	146	832	8,233	55,442
Eliminated on disposals	–	–	–	–	–	(26,627)	(26,627)
At 31 March 2014	103,668	19,746	7,086	831	3,738	3,912	138,981
CARRYING VALUES							
At 31 March 2014	471,332	137,793	9,706	555	–	40,825	660,211
At 31 March 2013	506,728	145,219	9,491	558	832	8,038	670,866

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

Hotel property	2.5% to 50%
Land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

The Group's hotel property and buildings comprise properties erected on land held under medium-term leases in Hong Kong.

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 36.

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18. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

	2014 HK\$'000	2013 HK\$'000
Available-for-sale investments comprises:		
Unlisted equity securities, at cost (<i>Note i</i>)	24,569	5,005
Unlisted debt securities, at fair value (<i>Note ii</i>)	36,043	34,900
	60,612	39,905
Analysed for reporting purposes as:		
Non-Current	24,569	39,905
Current	36,043	–
	60,612	39,905
Convertible options embedded in convertible notes, at fair value (<i>Note iii</i>)	31,252	14,980

Notes:

(i) Unlisted equity securities

Included in the unlisted equity securities, the carrying value of HK\$5,005,000 (2013: HK\$5,005,000) represents a 8.27% (2013: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones. The Group's interest in MC Founder is measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

Included in the unlisted equity securities, the carrying value of HK\$19,245,000 (2013: HK\$nil) represents a 5.25% (2013: nil) interest in an investee engaged in holding of properties interest located in the PRC. The unlisted equity securities are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

(ii) Unlisted debt securities/convertible options embedded in convertible notes

The unlisted debt securities ("Asia Orient CB") as at 31 March 2014 represent the fair value of debt elements of the convertible notes issued by Asia Orient Holdings Limited that is independent third party of the Group, whose shares are listed on the Stock Exchange. The Asia Orient CB with a principal amount of HK\$38,000,000 carries interest at 6.5% per annum with maturity on 14 October 2014 at redemption amount of 100% of the principal amount.

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18. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES (Continued)

Notes: (Continued)

(ii) Unlisted debt securities/convertible options embedded in convertible notes (Continued)

As at 31 March 2013, other than the Asia Orient CB, the Group also held the following convertible note issued by Crosby Capital Limited with a principal amount of HK\$4,000,000 carries zero coupon and with maturity on 4 October 2015 at redemption amount of 118.94% of the principal amount ("Crosby CB").

During the year ended 31 March 2014, the Group disposed of its Crosby CB to an independent third party at a consideration of HK\$4,200,000 and resulted in a gain on derecognition of HK\$500,000.

(iii) Convertible options embedded in convertible notes, at fair value

The Group has designated the debt elements of the convertible notes as available-for-sale investments on initial recognition.

At the end of the reporting period, the fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the convertible note issuers and remaining time to maturity.

Conversion options embedded in convertible notes at the end of the reporting period was measured at fair value using the binomial option pricing model.

The fair value of each of the debt and conversion option component of the convertible notes on initial recognition and at the end of each reporting period were determined by the directors of the Company with reference to the valuation performed by Asset Appraisal Limited, firm of independent valuer not connected with the Group.

19. LONG-TERM LOAN RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
The Group's variable rate loan receivables are repayable as follows:		
Within one year	72,667	18,040
More than one year, but not exceeding two years	–	72,667
	72,667	90,707
Less: Amount due within one year (included in other receivables (note 22))	(72,667)	(18,040)
	–	72,667

The Group offers loans to buyers of properties sold by the Group and the repayment terms of the loans are specified in the loan agreement.

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19. LONG-TERM LOAN RECEIVABLES (Continued)

The Group's long-term loan receivables are denominated in Hong Kong dollars, the functional currency of the relevant group entity, and carry interest rates (which are the contractual interest rates) at prime rate minus a fixed margin per annum. The Group has a second mortgage over the property acquired by the purchaser. The effective interest rate of the loan receivable is 4.00% (2013: 4.00%) per annum. The receivable is to be settled within 1 to 2 years by instalments and a lump-sum at maturity.

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES

	2014 HK\$'000	2013 HK\$'000
Cost of unlisted investments in joint ventures	858,049	922,848
Share of post-acquisition profits, net of dividend received	237,103	106,210
Exchange difference arising on translation	44,032	31,214
Deemed capital contribution – interest-free loans (<i>Note i</i>)	369,388	294,339
Deemed capital contribution – financial guarantee contracts	8,516	3,720
	1,517,088	1,358,331
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	1,701,726	1,466,960
Amounts due to joint ventures included in current liabilities (<i>Note ii</i>)	432	19,967

Notes:

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$482,530,000 (2013: HK\$469,330,000), which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts with principal of HK\$1,587,088,000 (2013: HK\$1,289,653,000) are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,217,700,000 (2013: HK\$995,314,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2013: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK\$42,358,000 (2013: HK\$11,498,000) representing share of the loss in excess of the cost of investment and interest income from amounts due from joint ventures of HK\$43,855,000 (2013: 13,814,000).

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

As at 31 March 2014 and 2013, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group (Note i)		Proportion of voting power held		Principal activities
					2014	2013	2014	2013	
Chater Capital Limited and its subsidiaries	Incorporated	British Virgin Islands ("BVI")	PRC	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property development
City Synergy Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note iii)	50% (Note iii)	Property holding
Cyrus Point Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Hotel operation and property holding
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	60% (Note ii)	60% (Note ii)	Property development
Fame Allied Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20% (Note ii)	20% (Note ii)	Property holding
Get Wisdom Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property holding
Vastness Investment Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property development
Vital Triumph Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property holding

Notes:

- (i) All the interests shown are held indirectly by the Group.
- (ii) Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the investment in these entities are treated as joint venture because major decisions require consent of both parties.
- (iii) For these joint ventures without entering into any agreements, the Group and the other shareholder each has owned 50% interest and the directors are of the opinion that both parties have implicitly agreed that they have joint control on these entities because decision on operating activities cannot be made without both parties agreeing.

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

The above table lists the joint ventures of the group which, in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the group. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Chater Capital Limited

	2014 HK\$'000	2013 HK\$'000
Current assets	1,602,054	1,433,849
Non-current assets	704	1,068
Current liabilities	(87,444)	(24,438)
Non-current liabilities	(483,185)	(400,140)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	116,579	31,736
Current financial liabilities (excluding trade and other payables and provisions)	(14,669)	(15,581)
Non-current financial liabilities (excluding trade and other payables and provisions)	(483,185)	(400,140)

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited (Continued)

Current assets mainly comprise of property held for sale under development of HK\$1,498,293,000 (2013: HK\$1,353,636,000). Non-current liabilities mainly comprise of bank loan of HK\$483,185,000 (2013: HK\$400,140,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	–	–
Profit (loss) from continuing operations	2,809	(595)
Post-tax loss from discontinued operations	–	–
Profit (loss) for the year	2,809	(595)
Other comprehensive income for the year	18,979	2,291
Total comprehensive income for the year	21,788	1,696
Dividends received from the joint venture during the year	–	–
The above profit (loss) for the year include the following:		
Depreciation and amortisation	381	385
Interest income	47	99
Interest expense	–	–
Income tax expense	–	–

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Chater Capital Limited (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Net assets of the joint venture	1,032,129	1,010,339
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – financial guarantee contracts	4,574	413
Deemed capital contribution – interest-free loans	12,071	–
Carrying amount of the Group's interest in the joint venture	532,709	505,583

Cyrus Point Limited

	2014 HK\$'000	2013 HK\$'000
Current assets	209,390	120,290
Non-current assets	2,400,047	2,399,328
Current liabilities	(32,107)	(18,195)
Non-current liabilities	(2,452,286)	(2,449,784)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	176,613	100,038
Current financial liabilities (excluding trade and other payables and provisions)	(6,488)	(5,209)
Non-current financial liabilities (excluding trade and other payables and provisions)	(2,413,249)	(2,413,587)

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)
Cyrus Point Limited (Continued)

Non-current assets mainly comprise of hotel property of HK\$2,368,741,000 (2013: HK\$2,368,741,000). Non-current liabilities mainly comprise of amount due to shareholders of HK\$1,220,900,000 (2013: HK\$1,220,900,000) and bank loan of HK\$1,184,000,000 (2013: HK\$1,184,000,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	243,931	164,157
Profit from continuing operations	73,405	51,700
Post-tax profit from discontinued operations	–	–
Profit for the year	73,405	51,700
Other comprehensive income for the year	–	–
Total comprehensive income for the year	73,405	51,700
Dividends received from the joint venture during the year	–	–
The above profit for the year include the following:		
Depreciation and amortisation	167	11
Interest income	18	15
Interest expense	36,791	24,951
Income tax expense	14,854	6,896

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Cyrus Point Limited (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Net assets of the joint venture	125,044	51,639
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – interest-free loans	121,404	121,404
Carrying amount of the Group's interest in the joint venture	183,926	147,224

Vastness Investment Limited

	2014 HK\$'000	2013 HK\$'000
Current assets	1,489,285	1,071,333
Non-current assets	19,590	14,711
Current liabilities	(397,348)	(10,368)
Non-current liabilities	(418,779)	(365,486)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	4,414	8,138
Current financial liabilities (excluding trade and other payables and provisions)	(76,000)	–
Non-current financial liabilities (excluding trade and other payables and provisions)	(418,779)	(365,486)

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)
Vastness Investment Limited (Continued)

Current assets mainly comprise of property held for sale of HK\$1,129,428,000 (2013: HK\$1,061,447,000). Non-current financial liabilities mainly comprise of bank loan of HK\$418,779,000 (2013: HK\$365,486,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	–	–
Loss from continuing operations	(17,448)	(870)
Post-tax loss from discontinued operations	–	–
Loss for the year	(17,448)	(870)
Other comprehensive expense for the year	–	–
Total comprehensive expense for the year	(17,448)	(870)
Dividends received from the joint venture during the year	–	–
The above loss for the year include the following:		
Depreciation and amortisation	11,201	–
Interest income	785	–
Interest expense	–	–
Income tax expense	–	–

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Vastness Investment Limited (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Net assets of the joint venture	692,748	710,190
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – interest free loans	9,199	–
Carrying amount of the Group's interest in the joint venture	355,573	355,095

Eagle Wonder Limited

	2014 HK\$'000	2013 HK\$'000
Current assets	1,510,883	1,491,234
Non-current assets	–	–
Current liabilities	(701,651)	(705,139)
Non-current liabilities	(877,308)	(805,240)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	3,364	7,631
Current financial liabilities (excluding trade and other payables and provisions)	(700,000)	(700,000)
Non-current financial liabilities (excluding trade and other payables and provisions)	(877,308)	(805,240)

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Eagle Wonder Limited (Continued)

Current assets mainly comprise of property held for sale under development of HK\$1,507,519,000 (2013: HK\$1,477,318,000). Current liabilities mainly comprise of bank loan of HK\$700,000,000 (2013: HK\$700,000,000). Non-current liabilities mainly comprise of shareholders' loan of HK\$877,308,000 (2013: HK\$805,240,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	3,855	7,010
Loss from continuing operations	(48,667)	(19,410)
Post-tax profit from discontinued operations	–	–
Loss for the year	(48,667)	(19,410)
Other comprehensive expense for the year	–	–
Total comprehensive expense for the year	(48,667)	(19,410)
Dividends received from the joint venture during the year	–	–
The above loss for the year include the following:		
Depreciation and amortisation	–	–
Interest income	–	–
Interest expense	50,068	24,615
Income tax expense	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)
Eagle Wonder Limited (Continued)**

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

	2014 HK\$'000	2013 HK\$'000
Net liabilities of the joint venture	(68,076)	(19,145)
Proportion of the Group's ownership interest in the joint venture	60%	60%
Deemed capital contribution – financial guarantee contracts	1,260	1,260
Share of net liabilities by amount due from the joint venture	40,846	11,487
Carrying amount of the Group's interest in the joint venture	1,260	1,260

Get Wisdom Limited

	2014 HK\$'000	2013 HK\$'000
Current assets	2,772,994	2,651,012
Non-current assets	88	83
Current liabilities	(2,353,526)	(1,517,383)
Non-current liabilities	–	(826,562)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	430,289	350,292
Current financial liabilities (excluding trade and other payables and provisions)	(2,318,705)	(1,485,788)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(826,562)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)
Get Wisdom Limited (Continued)

Current assets mainly comprise of property held for sale of HK\$2,333,890,000 (2013: HK\$2,291,927,000). Current liabilities mainly comprise of bank loan of HK\$959,343,000 (2013: HK\$214,566,000). Non-current liabilities mainly comprise of bank loan of HK\$Nil (2013: HK\$826,562,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	174,427	167,775
Profit from continuing operations	105,748	65,774
Post-tax profit from discontinued operations	–	–
Profit for the year	105,748	65,774
Other comprehensive income (expenses) for the year	6,657	(504)
Total comprehensive income for the year	112,405	65,270
Dividends received from the joint venture during the year	–	–
The above profit for the year include the following:		
Depreciation and amortisation	14	12
Interest income	7,369	6,323
Interest expense	41,235	45,538
Income tax expense	25,550	21,799

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Get Wisdom Limited (Continued)

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

	2014 HK\$'000	2013 HK\$'000
Net assets of the joint venture	419,556	307,150
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – financial guarantee contracts	2,048	2,048
Deemed capital contribution – interest free loans	171,853	160,720
Carrying amount of the Group's interest in the joint venture	383,679	316,343

Aggregate information of joint ventures that are not individually material

	2014 HK\$'000	2013 HK\$'000
The Group's share of profit (loss) from continuing operations	57	(24,531)
The Group's share of post-tax profit (loss) from discontinued operations	–	–
The Group's share of other comprehensive income (expense)	–	–
The Group's share of total comprehensive income (expense)	57	(24,531)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)
Unrecognised share of losses of a joint venture

	2014 HK\$'000	2013 HK\$'000
The unrecognised share of loss of joint ventures for the year	1,493	11
	2014 HK\$'000	2013 HK\$'000
Cumulative unrecognised share of loss of joint ventures	2,097	604

Significant restriction

There are no significant restrictions on the liability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES

	2014 HK\$'000	2013 HK\$'000
Costs of unlisted investment in associates	109,056	106,736
Share of post-acquisition profits and other comprehensive income, net of dividend received	7,361	9,321
Deemed capital contribution – Financial guarantee contracts	480	480
	116,897	116,537
Amounts due from associates included in non-current assets (Note i)	–	1,040
Amounts due to associates included in current liabilities (Notes ii)	14,097	15,800

Notes:

(i) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values. Included in the amount at 31 March 2013 is share of loss of an associate of HK\$8,832,000 recognised in excess of its cost of investment (2014: nil).

(ii) The amounts are unsecured, non-interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

At 31 March 2013 and 2014, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held indirectly by the Group		Proportion of voting power held		Principal activities
					2014	2013	2014	2013	
Expert Dragon Limited ("Expert Dragon") (Note)	Incorporated	BVI	Hong Kong	Ordinary	40%	40%	33%	33%	Property holding
Trend Rainbow Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	40%	40%	Property holding

Note: Expert Dragon has three shareholders and each shareholder has power to appoint a director to the board of directors, which decisions on operating and financing activities require a majority in number of the directors. Accordingly, Expert Dragon is treated as an associate of the Group.

Summarised financial information of material associates

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 adjusted by the Group for equity accounting purposes.

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

Expert Dragon

	2014 HK\$'000	2013 HK\$'000
Current assets	507,333	511,357
Non-current assets	—	—
Current liabilities	(18,400)	(20,311)
Non-current liabilities	(207,600)	(222,000)

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21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES

(Continued)

Summarised financial information of material associates (Continued)

Expert Dragon (Continued)

Current assets mainly comprise of property held for sale of HK\$504,089,000 (2013: HK\$504,089,000). Non-current financial liabilities mainly comprise of bank loan of HK\$207,600,000 (2013: HK\$222,000,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	16,068	4,815
Profit for the year	6,487	2,209
Other comprehensive income for the year	–	–
Total comprehensive income for the year	6,487	2,209
Dividends received from the associate during the year	–	–

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

	2014 HK\$'000	2013 HK\$'000
Net assets of the associate	281,333	269,046
Proportion of the Group's ownership interest in the associate	40%	40%
Deemed capital contribution – Financial guarantee contracts	480	480
Carrying amount of the Group's interest in the associate	113,013	108,098

Trend Rainbow Limited

	2014 HK\$'000	2013 HK\$'000
Current assets	7,259	17,526
Non-current assets	5,156	21,036
Current liabilities	(2,705)	(17,465)
Non-current liabilities	–	–

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21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Trend Rainbow Limited (Continued)

Current assets mainly comprise of amounts due from shareholders of HK\$7,193,000 (2013: HK\$17,453,000). Current liabilities mainly comprise of amount due to an associate of HK\$2,700,000 (2013: HK\$17,460,000).

	2014 HK\$'000	2013 HK\$'000
Revenue	12,080	42,092
Profit for the year	12,074	42,091
Other comprehensive income for the year	–	–
Total comprehensive income for the year	12,074	42,091
Dividends received from the associate during the year	9,384	48,000

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

	2014 HK\$'000	2013 HK\$'000
Net assets of the associate	9,710	21,097
Proportion of the Group's ownership interest in the associate	40%	40%
Carrying amount of the Group's interest in the associate	3,884	8,439

Significant restriction

There are no significant restrictions on the ability of the associates of transfer funds to the Group in the form of cash dividends, or to repay loans or advance made by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

22. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The aged analysis of the trade receivables, presented based on the invoice date, at the end of the reporting period are as follows:

	2014 HK\$'000	2013 HK\$'000
Trade receivables:		
0 – 30 days	1,620	2,700
31 – 90 days	5,072	4,909
	6,692	7,609
Long-term loan receivable – due within one year (<i>note 19</i>)	72,667	18,040
Prepayments and deposits	14,603	37,952
Other receivables	49,730	32,116
	143,692	95,717

Before accepting new customers, the Group will assess and understand the potential customer's credit quality.

The entire trade receivable balance was neither past due nor impaired and had no default record based on historical information.

23. PROPERTIES HELD FOR SALE

	2014 HK\$'000	2013 HK\$'000
The Group's carrying amounts of properties held for sale, stated at cost, comprise:		
– Completed properties	3,074,139	3,013,997
– Property under development	899,448	548,678
	3,973,587	3,562,675

In the opinion of the directors, all properties held for sale are expected to be realised in the business cycle of two to three years.

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 36.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

24. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	2014 HK\$'000	2013 HK\$'000
Listed equity securities (<i>Note i</i>)	64,510	60,338
Listed debt securities (<i>Note ii</i>)	1,760,754	630,384
	1,825,264	690,722
Total and reported as:		
Listed		
Hong Kong	473,246	68,872
Elsewhere	1,352,018	621,850
	1,825,264	690,722

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) The listed debt securities at 31 March 2014 represent bonds with fixed interest of 4.75% to 13.00% (2013: 1.60% to 13.50%) per annum. The maturity dates of the listed debt securities range from 29 April 2014 to 5 February 2020 (2013: 23 December 2014 to 5 February 2020). Their fair values are determined based on quoted market bid prices available from the market.

Certain of the listed debt securities is pledged to secure the general banking facilities granted to the Group. Details are set out in note 36.

25. CASH HELD BY SECURITIES BROKERS/BANK BALANCES AND CASH

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.025% to 0.15% (2013: 0.025% to 0.15%) per annum.

The amounts of Group's cash held by securities brokers denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2014 HK\$'000	2013 HK\$'000
United States dollars ("USD")	2,782	16,997

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For the year ended 31 March 2014

25. CASH HELD BY SECURITIES BROKERS/BANK BALANCES AND CASH (Continued)

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.01% to 1.75% (2013: 0.01% to 1.21%) per annum.

The amounts of Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2014 HK\$'000	2013 HK\$'000
Renminbi ("RMB")	1,574	44
USD	337,811	1,268,580
Euro ("EUR")	2,061	12,447
	341,446	1,281,071

26. OTHER PAYABLES AND ACCRUALS

The following is the breakdown of other payables and accruals at the end of the reporting period:

	2014 HK\$'000	2013 HK\$'000
Receipt in advance for sales of properties held for sale	–	191,072
Rental and related deposits received	47,085	51,400
Other tax payables	5,404	2,025
Other payables	5,838	2,841
Accruals	42,486	38,432
	100,813	285,770

27. CONVERTIBLE NOTES

2% convertible notes due 2012 (2012 Convertible Notes I)

On 7 June 2007, the Company entered into seven subscription agreements of which five independent third parties, Lehman Brothers Commercial Corporation Asia Limited ("Lehman Brothers") and Centar Investments (Asia) Limited ("Centar Investments"), a fund managed by Stark Investments (Hong Kong) Limited ("Stark Investment"), agreed to subscribe for an aggregate principal amount of HK\$390,000,000 unsecured 2% convertible notes due 2012 (the "2012 Convertible Notes I") issued by the Company. The principal amounts subscribed by the independent third parties, Lehman Brothers and Centar Investments were HK\$257,400,000, HK\$78,000,000 and HK\$54,600,000 respectively.

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27. CONVERTIBLE NOTES (Continued)

2% convertible notes due 2012 (2012 Convertible Notes I) (Continued)

Lehman Brothers was a substantial shareholder of one of the Company's non-wholly owned subsidiaries. As at 7 June 2007, Lehman Brothers and Stark Investments held 464,200,000 and 511,060,000 ordinary shares of HK0.8 cent each in the share capital of the Company, representing approximately 9.35% and 10.29% of the then total issued share capital of the Company, respectively.

The 2012 Convertible Notes I bear interest at 2% per annum and with maturity on 12 July 2012. The holders of the 2012 Convertible Notes I have the right to convert their 2012 Convertible Notes I into shares of the Company at a conversion price of HK\$0.429 per share (subject to anti-dilutive adjustments) at any time during the period from the 7th day after the date of the issue of the 2012 Convertible Notes I up to and including the date which is 7 days prior to 12 July 2012.

At any time after the third anniversary of the 7th day after the issue date, the Company may redeem unexercised 2012 Convertible Notes I at an amount equal to outstanding principal amount of the 2012 Convertible Notes I plus a premium calculated to provide a yield of 5.5% per annum (inclusive of interest of 2% per annum) from the 7th day after the issue date to the date of redemption if the spot price was at least 140% of the conversion price of each convertible note for any 15 trading days out of the 20 consecutive trading days prior to the date of redemption notice.

Unless previously converted, purchased or redeemed, the Company will redeem the 2012 Convertible Notes I on the maturity date at 119.38% of the principal amount of the 2012 Convertible Notes I then outstanding.

The 2012 Convertible Notes I contain two components, namely the liability and equity elements. The effective interest rate of the liability component of 2012 Convertible Notes I is 9.15% per annum. The equity element is presented in equity under the heading of "convertible notes equity reserve".

During the year ended 31 March 2012, none of the 2012 Convertible Notes I were converted.

During the year ended 31 March 2013, the Company redeemed all of the then outstanding 2012 Convertible Notes I with principal amounted to HK\$8,000,000 at aggregate consideration of HK\$9,550,000 upon its maturity. Convertible note equity reserve transferred to accumulated profits upon redemption of the 2012 Convertible Notes I amounted to HK\$834,000.

The movement of the liability component of the convertible notes for the year is set out below:

	2014 HK\$'000	2013 HK\$'000
Carrying amount at the beginning of the year	–	9,398
Redemption	–	(9,550)
Interest charge	–	232
Interest paid	–	(80)
Carrying amount at the end of the year	–	–

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28. BANK BORROWINGS

	2014 HK\$'000	2013 HK\$'000
The Group's secured borrowings are repayable as follows:		
Within one year	670,179	396,725
More than one year, but not exceeding two years	303,636	333,873
More than two years, but not exceeding three years	508,573	116,230
More than three years, but not exceeding four years	236,732	494,207
More than four years, but not exceeding five years	107,054	121,228
More than five years	632,255	889,662
	2,458,429	2,351,925
The Group's secured borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	29,709	75,900
Not repayable within one year	102,507	279,228
	132,216	355,128
	2,590,645	2,707,053
Less: Amount due within one year or contain a repayment on demand clause in the loan agreement shown under current liabilities	(802,395)	(751,853)
	1,788,250	1,955,200

The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and investments held for trading. The carrying amount of the assets pledged are disclosed in note 36.

All amounts of the Group's bank borrowings are denominated in the functional currency of the relevant group entity.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK\$2,358,629,000 (2013: HK\$2,456,920,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.50% to 2.95% (2013: HIBOR plus 0.6% to 3.0%) per annum and borrowings amounting to HK\$232,016,000 (2013: HK\$250,133,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2014, the effective interest rates ranged from 0.65% to 5.99% (2013: 0.8% to 6.2%) per annum, which are also equal to contracted interest rates for bank borrowings.

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For the year ended 31 March 2014

29.DERIVATIVE FINANCIAL INSTRUMENTS

	Liabilities	
	2014 HK\$'000	2013 HK\$'000
Interest rate collar contract	–	1,134

Notes:

Major terms of the interest rate collar as at 31 March 2013 were as follows:

Notional amount	Contract period	Cap rate	Floor rate
HK\$400,000,000	From 30 June 2009 to 31 May 2013	4.5% per annum	2.0% per annum

During the contract period, the interest rate collar was settled quarterly on a net basis based on a notional amount of HK\$400,000,000 and the contract ended on 31 May 2013. A decrease in fair value of HK\$183,000 was recognised to the profit or loss during the year ended 31 March 2013.

The Group received from the counterparty the difference between the cap rate and the Hong Kong dollars HIBOR if the Hong Kong dollars HIBOR on the payment date during the contract period was higher than the cap rate.

The Group paid the counterparty the difference between HIBOR and the floor rate if Hong Kong dollars HIBOR on the payment date during the contract period was lower than the floor rate.

If the applicable transaction rate on a payment date lied between the floor rate and the cap rate, no exchange of cash flows between the counterparty and the Group was resulted.

The fair value was arrived at on the basis of using valuations provided by the counterparty financial institution as at the end of the reporting period with reference to market data, settlement date, settlement price and interest rates.

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30. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2012, 31 March 2013 and 2014	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2012 and 31 March 2012	8,233,107,426	65,865
Issue of shares upon exercise of share options (<i>Note i</i>)	72,812,250	582
Placing of shares (<i>Note ii</i>)	1,212,200,000	9,698
At 31 March 2013 and 2014	9,518,119,676	76,145

Notes:

- (i) During the year ended 31 March 2013, the Company has issued 72,812,250 shares upon exercise of share options by the employees and directors at an exercise price of HK\$0.0884 per share in which, there were 39,571,876 share options being exercised during the year ended 31 March 2012 and the procedures for the issue of the relevant shares were completed during the year ended 31 March 2013.
- (ii) During the year ended 31 March 2013, the Company has placed 1,212,200,000 shares at a price of HK\$0.335 per share.

31. GUARANTEED NOTES

On 9 January 2013, a wholly-owned subsidiary of the Company, Estate Sky Limited, issued guaranteed notes, of which the Company is the guarantor, in the aggregate principal amount of US\$150,000,000 (equivalent to approximately HK\$1,170,000,000) at an interest rate of 6.5% per annum, payable semi-annually in arrears. The guaranteed notes will be matured on 16 January 2018.

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32. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation HK\$'000	Convertible notes HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2012	9,049	10	(521)	8,538
Charge (credit) to consolidated income statement for the year	751	(10)	(575)	166
At 31 March 2013	9,800	–	(1,096)	8,704
Charge (credit) to consolidated income statement for the year	(792)	–	(169)	(961)
At 31 March 2014	9,008	–	(1,265)	7,743

As at 31 March 2014, the Group had unused tax losses of approximately HK\$173,709,000 (2013: HK\$126,589,000) available for offset against future profits of which certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK\$7,666,000 (2013: HK\$6,642,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK\$166,043,000 (2013: HK\$119,947,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. For financial reporting purposes, the deferred tax balances are analysed as deferred tax liabilities.

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33. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2013

On 28 February 2013, the Group completed the acquisition of the entire equity interest of MSA Investors Limited through a wholly owned subsidiary for a consideration of HK\$23,324,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction are as follows:

	HK\$'000
Net assets acquired:	
Deposit paid for acquisition of properties to be held for sale	42,959
Other receivables	508
Other payables	(20,143)
	<u>23,324</u>
Total consideration satisfied by:	
Cash paid during the year ended 31 March 2013	<u>23,324</u>
Net cash inflow arising on acquisition during the year ended 31 March 2013:	
Bank balances and cash acquired	<u>—</u>

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

34. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES

(a) Disposal of assets through disposal of subsidiaries

For the year ended 31 March 2014

During the year ended 31 March 2014, the Group disposed of, to an independent third party, the entire interest in Ample Thrive Global Limited, Ample Faith Developments Limited and Amorita Holdings Limited (“the disposed subsidiaries”) for a cash consideration of HK\$283,565,000. Since the disposed subsidiaries were principally engaged in the business of property held for sale, which represented their single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the disposed subsidiaries in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the disposed subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	267,005
Gain on disposal of subsidiaries	16,560
Gross cash consideration	283,565
Transaction cost for disposal of subsidiaries	(3,731)
Total consideration satisfied by cash and net cash inflow arising from disposal	279,834
Gain on disposal of subsidiaries is included in the consolidated statement of profit or loss as follows:	
Revenue	283,565
Cost of sales	(267,005)
	16,560

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34. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES/DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries

For the year ended 31 March 2013

During the year ended 31 March 2013, the Group disposed of its 40% interest in Eagle Wonder, a former wholly owned subsidiary of the Group, to an independent third party. Eagle Wonder and its subsidiaries ("Eagle Wonder Group") became joint ventures of the Group following the completion of transaction. Under the relevant shareholders' agreement, decisions on operating and financing activities of Eagle Wonder require unanimous consent from all joint venture partners. Accordingly, neither the Group nor the other joint venture partner has the ability to control Eagle Wonder unilaterally and it is considered as jointly controlled by the Group and the joint venture partner.

The aggregate amounts of the assets and liabilities attributable to these subsidiaries on the respective dates of disposal were as follows:

	Eagle Wonder Group HK\$'000
Net assets disposed of:	
Deposit paid for acquisition of properties to be held for sale	199,899
Shareholder's loan	(199,912)
	(13)
Assignment of shareholder's loan	79,965
Gain on disposal of a subsidiary	58,013
	137,965
Total consideration satisfied by:	
Cash	137,965
Net cash inflow arising on disposal:	
Cash received	137,965

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For the year ended 31 March 2014

35. CONTINGENT LIABILITIES

	2014 HK\$'000	2013 HK\$'000
Corporate guarantee given by the Group for banking facilities granted to:		
Joint ventures	1,723,709	1,523,312
An associate	96,000	96,000
	1,819,709	1,619,312
and utilised by:		
Joint ventures	1,173,308	971,570
An associate	88,800	96,000
	1,262,108	1,067,570

In addition, at 31 March 2014, the other joint venture partners of certain joint ventures of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant joint venture amounting to approximately HK\$625 million (2013: HK\$625 million). The banking facilities utilised by the relevant joint ventures amounted to approximately HK\$419 million (2013: HK\$365 million) at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities.

The directors assess the risk of default of the joint ventures and associates at the end of each reporting period and consider the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$5,772,000 (2013: HK\$2,785,000).

36. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2014 HK\$'000	2013 HK\$'000
Property, plant and equipment	593,739	636,031
Properties held for sale	3,708,517	3,394,825
Investments held for trading	300,517	92,926
	4,602,773	4,123,782

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37. OPERATING LEASE AND CAPITAL COMMITMENTS

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK\$1,207,000 (2013: HK\$1,194,000) minimum lease payments in respect of office premises.

At 31 March 2014, the Group had outstanding commitments for future lease payments under non-cancellable operating leases, amounting to HK\$1,290,000, which falls due within one year (2013: nil).

The Group as lessor

Property rental income earned during the year was HK\$207,656,000 (2013: HK\$222,984,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to eight years.

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

	2014	2013
	HK\$'000	HK\$'000
Within one year	139,012	181,300
In the second to fifth years inclusive	80,299	216,291
Over five years	7,012	5,675
	226,323	403,266

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

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38. RETIREMENT BENEFIT SCHEMES

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The MPF Scheme is registered with the Mandatory Provident Fund Scheme 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 rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The employees employed by the operations in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated statement of profit or loss of HK\$3,029,000 (2013: HK\$2,630,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

39. RELATED PARTY DISCLOSURES

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

		2014 HK\$'000	2013 HK\$'000
Joint ventures	Asset management income	3,716	5,591
Joint venture	Interest income	30,041	13,814

(b) The amount due to non-controlling shareholder of a subsidiary are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the consolidated statement of financial position and on notes 20 and 21.

(c) The remuneration of directors and other members of key management during the year is as follows:

	2014 HK\$'000	2013 HK\$'000
Short-term benefits	47,739	53,666
Post-employment benefits	889	895
	48,628	54,561

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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40. SHARE OPTION SCHEMES

2002 Scheme

On 26 August 2002, the Company adopted a new share option scheme (the “2002 Scheme”), for the primary purpose of providing incentives to directors and eligible employees. The 2002 Scheme expired on 25 August 2012. Under the 2002 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Scheme (excluding those options that have already been granted by the Company prior to date of approval of the 2002 Scheme) must not in aggregate exceed 10% of the shares in issue at the adoption date unless the Company obtains a fresh approval from its shareholders.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK\$1 per grant. Subjected to the limits discussed below, options may be exercised at any time from the date of grant to the 25 August 2012. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price was determined by the directors of the Company, and would not be less than the higher of (i) the closing price, (ii) the average price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

There were limits on the number of share options under the 2002 Scheme that may be exercised by each grantee during each period of 12 months commencing from date of grant (until five years after the date of grant), namely, the aggregate of (a) 20% of the total number of such share options granted and (b) any unused limits accumulated during previous period(s), subject to the written consent of the chief executive of the Company to the exercise of share options exceeding such limit.

During the year ended 31 March 2013, 33,240,375 options were exercised and the same number of shares of the Company were issued. In addition, all of the remaining outstanding options were then lapsed at the end of the exercisable period during the year ended 31 March 2013.

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40. SHARE OPTION SCHEMES (Continued)

2012 Scheme

On 16 August 2012, the Company adopted a share option scheme (the “2012 Scheme”), for the primary purpose of providing incentives to directors and eligible employees. The 2012 Scheme will be expired on 15 August 2022. Under the 2012 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, non-executive directors, any consultant, adviser or agent engaged by the Company and its subsidiaries and any vendor, supplier of goods or services or customer of the Company and its subsidiaries to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the 2012 Scheme is not permitted to exceed 10% of the shares of the Company in issue at 16 August 2012 unless the Company obtains a fresh approval from its shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the number of shares in issue unless the Company obtains a fresh approval from its shareholders.

Options granted must be taken up within 60 days of the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company’s shares on the date of grant, (ii) the average closing price of the Company’s shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company’s shares.

As at 31 March 2013 and 2014, none of the share options had been granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all share option schemes of the Company is not permitted to exceed 30% of the shares of the Company in issue from time to time. No share option may be granted under any share option scheme of the Company if such limit is exceeded.

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40. SHARE OPTION SCHEMES (Continued)

The following tables disclose movements in the Company's share options during the year ended 31 March 2013.

	Option scheme type	Date of grant	Adjusted exercise price HK\$	Exercisable period	Number of options outstanding at 1.4.2012	Exercised during the year	Lapsed during the year	Number of options outstanding at 31.3.2013
Director								
Wong Chung Kwong	2002	3.10.2007	0.3198	3.10.2007 – 25.08.2012	25,326,000	–	(25,326,000)	–
Total for director					25,326,000	–	(25,326,000)	–
Employees and consultants								
	2002	23.9.2002	0.0884	23.9.2002 – 25.8.2012	90,223,875	(33,240,375)	(56,983,500)	–
	2002	8.1.2004	0.0884	8.1.2004 – 25.8.2012	47,486,250	–	(47,486,250)	–
	2002	9.1.2004	0.0948	9.1.2004 – 25.8.2012	23,743,125	–	(23,743,125)	–
	2002	3.10.2007	0.3198	3.10.2007 – 25.8.2012	69,646,500	–	(69,646,500)	–
Total for employees and consultants					231,099,750	(33,240,375)	(197,859,375)	–
Grand total					256,425,750	(33,240,375)	(223,185,375)	–
Exercisable as at 31 March 2013					256,425,750	–	–	–
Weighted average exercise price (HK\$)					0.1747	–	–	–

Note: There were 39,571,876 share options being exercised during the year ended 31 March 2012 but the procedures for the issue of the relevant shares were completed during the year ended 31 March 2013.

For the year ended 31 March 2013, the weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$0.30.

41. 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 balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the convertible notes disclosed in note 27 and bank borrowings disclosed in note 28, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

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For the year ended 31 March 2014

41. CAPITAL RISK MANAGEMENT (Continued)

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK\$'000	2013 HK\$'000
Financial assets		
<i>Financial assets at fair value through profit or loss</i>		
Investments held for trading	1,825,264	690,722
Conversion options embedded in convertible notes	31,252	14,980
	1,856,516	705,702
<i>Loans and receivables</i>		
Trade and other receivables	129,090	57,765
Long-term loan receivable	–	72,667
Amounts due from joint ventures	1,701,726	1,466,960
Amounts due from associates	–	1,040
Cash held by securities brokers	3,993	20,192
Bank balances and cash	1,790,628	3,112,049
	3,625,437	4,730,673
<i>Available-for-sale financial assets</i>		
Available-for-sale investments	60,612	39,905
Financial liabilities		
<i>At amortised cost</i>		
Other payables	47,135	48,409
Amounts due to joint ventures	432	19,967
Amounts due to associates	14,097	15,800
Amount due to non-controlling shareholder of a subsidiary	25,355	–
Guaranteed notes	1,170,000	1,170,000
Bank borrowings	2,590,645	2,707,053
	3,847,664	3,961,229
Derivative financial instruments	–	1,134

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For the year ended 31 March 2014

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include investments held for trading, conversion options embedded in convertible notes, trade and other receivables, long-term loan receivable, amounts due from joint ventures and associates, cash held by securities brokers, bank balances and cash, available-for-sale investments, other payables, amounts due to non-controlling shareholders of subsidiaries, joint ventures and associates, guaranteed notes, bank borrowings and derivative financial instruments. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risks, interest rate risk and equity and other price risks), credit risk 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 risks*(i) Currency risk*

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to currency risk in relation to RMB, USD and EUR arising from foreign currency bank balances and cash, and cash held by securities brokers as set out in note 25.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
RMB	1,574	44	–	–
USD	340,593	1,285,577	1,170,000	1,170,000
EUR	2,061	12,447	–	–

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42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(i) Currency risk (Continued)

Sensitivity analyses for currency risk

The following table details the Group's sensitivity to a 5% (2013: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2013: 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 other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD, and adjusts their translation at the year end for a 5% (2013: 5%) change in foreign currency rate. A positive number below indicates an increase in profit where the above foreign currencies strengthen by 5% (2013: 5%) against the functional currency of each group entity. For a 5% (2013: 5%) weakening of the above foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the profit and the balance below would be opposite.

	2014 HK\$'000	2013 HK\$'000
Profit for the year	152	521

In management's opinion, the sensitivity analysis is not necessarily representative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to debt element of convertible notes held (included in available-for-sale investments), amounts due from (to) joint ventures/associates, investments held for trading and guaranteed notes issued by the Company as set out in notes 18, 20, 21, 24 and 31 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate loan receivable, bank balances, cash held by securities brokers, and bank borrowings as set out in notes 19, 25 and 28 respectively. It is the Group's policy to keep its borrowings (other than guaranteed notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and interest rate determined by the People's Bank of China arising from the Group's RMB denominated borrowings.

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For the year ended 31 March 2014

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments. For variable rate loan receivable, cash held by securities brokers, bank balances and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2013: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2013: 50 basis points) for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For cash held by securities brokers and bank balances, if interest rates had been 10 basis points (2013: 10 basis points) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2014 would increase/decrease by HK\$1,499,000 (2013: HK\$2,676,000).

For bank borrowings, if interest rates had been 50 basis points (2013: 50 basis points) basis points higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2014 would decrease/increase by HK\$10,816,000 (2013: HK\$11,302,000).

No sensitivity analysis for derivative financial instruments has been presented since the effect of which to the Group's profit for both years is insignificant.

The Group's sensitivity to interest rate has decreased during the year mainly due to decrease in the balances of cash held by securities brokers, bank balances and variable rate bank borrowings as at 31 March 2014. In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks

The Group is exposed to equity and other price risks through its investments in investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity and debt securities quoted in the open markets. The management considers that there is no significant equity and other price risks through conversion options embedded in convertible notes. In addition, the Group has appointed a special team to monitor the price risks and will consider hedging the risk exposure should the need arise.

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42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Equity and other price risks (Continued)

Sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the end of reporting period. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risks as the year end exposure does not reflect the exposure during the year.

If the prices of the respective listed equity securities had been 5% (2013: 5%) higher/lower, profit for the year ended 31 March 2014 would increase/decrease by HK\$2,693,000 (2013: increase/decrease by HK\$2,519,000) as a result of the changes in fair value of equity securities held by the Group.

If the prices of the respective debt securities had been 5% (2013: 5%) higher/lower, profit for the year ended 31 March 2014 would increase/decrease by HK\$73,511,000 (2013: increase/decrease by HK\$26,319,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has increased during the year mainly due to the increase in investments held for trading.

Credit risk

As at 31 March 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 35.

In order to minimise the credit risk, 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. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputations.

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42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on investments in listed debt securities is limited because majority of the counterparties are corporations with good reputations.

The credit quality of the listed debt securities as set out in note 24, determined by external credit-ratings assigned by Moody's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2014 %	2013 %
Ba1	6.5	–
Ba2	17.7	2.0
Ba3	27.2	26.0
B1 to Caal	32.9	33.0
Unrated	15.7	39.0
	100.0	100.0

Significant concentration of credit risk

The Group does not have significant concentration of credit risk on investment in listed debt securities as counterparties are diversified.

The Group has concentration of credit risk on its investment in convertible notes (included in available-for-sale investments and conversion options embedded in convertible notes) as the entire amount of the convertible notes are issued by one (2013: two) independent third parties. The management of the Group considers that the credit risk on investments in these convertible notes is limited as they were issued by reputable companies whose shares are listed on the Stock Exchange.

The Group also has concentration of credit risk as 96% (2013: 98%) of the amounts due from joint ventures are due from five (2013: five) joint ventures. The joint ventures are private companies and mainly located in Hong Kong and the PRC. In order to minimise the credit risk, the management of the Group has monitored the repayment ability of the joint ventures continuously. The counterparties of the entire amounts due from joint ventures that are repayable on demand had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in Hong Kong, which accounted for approximately 90% of the Group's total recognised financial assets as at 31 March 2014 and 2013.

Notes to the Consolidated Financial Statements

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42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group has sufficient funds to finance its current working capital requirements. 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 management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants.

The following table details the Group's contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative 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 the rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on the interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2014 HK\$'000
31 March 2014									
Other payables	-	47,135	-	-	-	-	-	47,135	47,135
Amounts due to joint ventures	-	432	-	-	-	-	-	432	432
Amounts due to associates	-	14,097	-	-	-	-	-	14,097	14,097
Amount due to non-controlling shareholders of a subsidiary	-	25,355	-	-	-	-	-	25,355	25,355
Guaranteed notes	6.5	-	9,506	38,025	76,050	1,398,150	-	1,521,731	1,170,000
Bank borrowings	2.0	132,216	6,085	694,517	339,044	940,545	694,848	2,807,255	2,590,645
		219,235	15,591	732,542	415,094	2,338,695	694,848	4,416,005	3,847,664
Financial guarantee contracts (Note ii)		-	2,130	326,640	632,280	190,598	110,460	1,262,108	5,772

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42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2013 HK\$'000
31 March 2013									
Other payables	–	48,409	–	–	–	–	–	48,409	48,409
Amounts due to joint ventures	–	19,967	–	–	–	–	–	19,967	19,967
Amounts due to associates	–	15,800	–	–	–	–	–	15,800	15,800
Guaranteed notes	6.5	–	–	38,025	76,050	1,398,150	–	1,512,225	1,170,000
Bank borrowings	2.2	355,128	–	422,979	377,082	839,160	909,324	2,903,673	2,707,053
		439,304	–	461,004	453,132	2,237,310	909,324	4,500,074	3,961,229
Financial guarantee contracts (Note ii)	–	–	2,880	36,320	325,260	703,110	–	1,067,570	2,785
Interest rate collar contract – net settled	–	–	1,134	–	–	–	–	1,134	1,134

Notes:

- (i) This is categorised based on contractual term of redemption obligation at maturity on the assumption that there are no redemption or conversion of convertible notes.
- (ii) The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contracts guaranteed by the Group.

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42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Bank loans with a repayment on demand clause are included in the “on demand” time band in the above maturity analysis. As at 31 March 2014 and 31 March 2013, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$132,216,000 and HK\$355,128,000 respectively. Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
31 March 2014	327	31,018	9,548	28,923	73,128	142,944	132,216
31 March 2013	60,427	19,784	48,580	196,970	58,222	383,983	355,128

The amounts included above for financial guarantee contracts are the maximum amounts the Group be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for variable rate bank borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements recognised in the consolidated statement of financial position

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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42. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

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

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial (liabilities)	Fair value as at 31.3.2014	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
1) Conversion options classified as conversion options embedded in convertible notes in the statement of financial position	HK\$31,252,000	Level 3	Binomial tree pricing model	Volatility determined by the annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share price	The higher the volatility the higher the fair value
2) Unlisted debt securities classified as available-for-sale investments in the statement of financial position	HK\$36,043,000	Level 3	Discounted cash flow Future cash flows are discounted by the discount rate	Interest rate determined by reference to the market rate of issuer with similar credit ratio	The higher the discount rate, the lower the fair value
3) Held-for-trading non-derivative financial assets classified as investment held for trading in the statement of financial position	Listed equity securities in: – Hong Kong: HK\$154,386,000 – Elsewhere: HK\$1,670,878,000	Level 1	Quoted bid prices in an active market	N/A	N/A

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

42. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

In addition, the Group's investment in unlisted equity interest classified as available-for-sale investments of approximately HK\$24,569,000 is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

	2014			Total HK\$'000
	Level 1 measurements HK\$'000	Level 2 measurements HK\$'000	Level 3 measurements HK\$'000	
Financial assets				
<i>Investments held for trading</i>				
– Listed equity securities	64,510	–	–	64,510
– Listed debt securities	1,760,754	–	–	1,760,754
	1,825,264	–	–	1,825,264
<i>Available-for-sale investments/ conversion options in convertible notes</i>				
– Unlisted debt securities	–	–	36,043	36,043
– Conversion options embedded in convertible notes	–	–	31,252	31,252
	–	–	67,295	67,295
	1,825,264	–	67,295	1,892,559

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

42. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

	2013			
	Level 1 measurements HK\$'000	Level 2 measurements HK\$'000	Level 3 measurements HK\$'000	Total HK\$'000
Financial assets				
<i>Investments held for trading</i>				
– Listed equity securities	60,338	–	–	60,338
– Listed debt securities	630,384	–	–	630,384
	690,722	–	–	690,722
<i>Available-for-sale investments/ conversion options in convertible notes</i>				
– Unlisted debt securities	–	–	34,900	34,900
– Conversion options embedded in convertible notes	–	–	14,980	14,980
	–	–	49,880	49,880
	690,722	–	49,880	740,602
Financial liabilities				
<i>Derivative financial instruments</i>	–	1,134	–	1,134

There were no transfers between Level 1 measurements and Level 2 measurements in the current year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

42. FINANCIAL INSTRUMENTS (Continued)

(d) Reconciliation of Level 3 measurements of financial assets

	Unlisted mutual funds (included in investments held for trading) HK\$'000	Conversion options embedded in convertible notes HK\$'000	Total HK\$'000
At 1 April 2012	96,795	20,180	116,975
Disposal	(96,795)	(5,200)	(101,995)
At 31 March 2013	–	14,980	14,980
Net increase in fair value recognised in profit or loss (included in income and gains from investments)	–	16,272	16,272
At 31 March 2014	–	31,252	31,252

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

43. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information of the statement of financial position of the Company as at 31 March 2014 and 2013:

	2014 HK\$'000	2013 HK\$'000
Investments in subsidiaries	397,378	319,454
Amounts due from subsidiaries	5,361,726	4,285,435
Other assets	262,688	633,426
Liabilities	(19,187)	(17,647)
	6,002,605	5,220,668
Share capital	76,145	76,145
Reserves (Note)	5,926,460	5,144,523
	6,002,605	5,220,668

Note:

Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Convertible notes equity reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2012	1,228,256	371	834	338,410	7,323	2,134,415	3,709,609
Profit and other comprehensive income for the year	-	-	-	-	-	1,242,877	1,242,877
Issue of shares upon exercise of share options	5,854	-	-	-	-	-	5,854
Placing of shares	385,526	-	-	-	-	-	385,526
Transfer on redemption of convertible notes upon maturity	-	-	(834)	-	-	834	-
Lapse of share options	-	-	-	-	(7,323)	7,323	-
Dividend recognised as distribution	-	-	-	-	-	(199,343)	(199,343)
At 31 March 2013	1,619,636	371	-	338,410	-	3,186,106	5,144,523
Profit and other comprehensive income for the year	-	-	-	-	-	913,287	913,287
Dividend recognised as distribution	-	-	-	-	-	(131,350)	(131,350)
At 31 March 2014	1,619,636	371	-	338,410	-	3,968,043	5,926,460

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2014 %	2013 %	2014 %	2013 %	
Able Market Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Absolute Keen Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Apex Harvest Limited	Hong Kong	HK\$1	–	–	92	100	Property development
Capital Delight Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Capital Strategic Property (Shanghai) Limited (<i>Note ii</i>)	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding and leasing of property
Century Unicorn Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
CH Property Services Limited	Hong Kong	HK\$1	–	–	100	100	Provision of property management service
Clear Luck Group Limited	BVI	US\$1	–	–	100	100	Property holding
Couture Homes Limited	BVI	US\$1	100	100	–	–	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK\$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK\$2	100	100	–	–	Provision of property management service
Digital Option Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Earn Centre Limited	Hong Kong	HK\$2	–	–	100	100	Property holding and leasing of property
Estate Sky Limited	BVI	US\$1	100	100	–	–	Bond issuer
Ever Novel Limited (<i>Note i</i>)	Hong Kong	HK\$1	–	–	100	–	Property holding
Far Beyond Limited	Hong Kong	HK\$10,000	–	–	90	90	Property holding
Fortress Jet Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property

Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			2014 %	2013 %	2014 %	2013 %	
Geotalent Limited <i>(Note i)</i>	BVI	US\$1	–	–	100	–	Property holding
Golden United Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
High Supreme Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Mark Well Investment Limited	Hong Kong	HK\$100	100	100	–	–	Sale of securities and investment holding
Million Base Properties Limited	Hong Kong	HK\$2	–	–	100	100	Property holding
Million Basis Property Limited	BVI	US\$1	–	–	100	100	Property holding
Modern Value Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Smart Charm Holdings Limited	Hong Kong	HK\$1	–	–	100	100	Hotel operation
Smart Future Holdings Limited <i>(Note i)</i>	Hong Kong	HK\$1	–	–	100	–	Property holding
Smart Kept Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Smart Tide Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Trinity Value Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Well Clever International Limited	BVI	US\$1	–	–	100	100	Sale of securities and investment holding

Notes:

- (i) These companies were incorporated during the year ended 31 March 2014.
- (ii) Capital Strategic Property (Shanghai) Limited is a wholly foreign owned enterprise established in the PRC.

None of the subsidiaries had issued any debt securities at the end of the year except for Estate Sky Limited which has issued HK\$1,170 million of guaranteed note, in which the Group has HK\$1,170 million interest.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, 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.

Independent Auditor's Report

**TO THE MEMBERS OF CSI PROPERTIES LIMITED**

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CSI Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 39 to 137, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of consolidated financial statements that give a true and fair view 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

26 June 2015

Consolidated Statement of Profit or Loss

For the year ended 31 March 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Revenue	5	745,611	2,578,071
Cost of sales/services		(385,167)	(1,638,518)
Gross profit		360,444	939,553
Income and gains (losses) from investments	7	47,581	90,885
Other income	8	72,217	62,359
Other gains and losses	9	1,147	21,287
Administrative expenses		(152,307)	(178,518)
Finance costs	10	(122,089)	(124,802)
Share of results of joint ventures		16,631	53,114
Share of results of associates		57,737	7,424
Profit before taxation		281,361	871,302
Income tax expense	11	(16,308)	(52,040)
Profit for the year	12	265,053	819,262
Attributable to:			
Owners of the Company		262,936	815,489
Non-controlling interests		2,117	3,773
		265,053	819,262
Earnings per share (HK cents)	16		
Basic		2.65	8.57
Diluted		2.65	8.57

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	265,053	819,262
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	521	7,458
Share of exchange differences of joint ventures	(3,545)	12,818
Change in fair value of available-for-sale investments	(409)	4,843
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	(11,677)	–
	(15,110)	25,119
Total comprehensive income for the year	249,943	844,381
Total comprehensive income attributable to:		
Owners of the Company	247,826	840,608
Non-controlling interests	2,117	3,773
	249,943	844,381

Consolidated Statement of Financial Position

At 31 March 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Non-Current Assets			
Property, plant and equipment	17	664,818	660,211
Available-for-sale investments	18	50,033	24,569
Club memberships		11,385	6,860
Interests in joint ventures	20	1,653,996	1,517,088
Amounts due from joint ventures	20	1,937,397	1,701,726
Interests in associates	21	17,567	116,897
Amount due from an associate	21	18,947	–
Other investments	22	14,546	–
		4,368,689	4,027,351
Current Assets			
Trade and other receivables	23	117,595	143,692
Deposit paid for acquisition of properties held for sale		–	10,896
Properties held for sale	24	5,556,593	3,973,587
Investments held for trading	25	1,231,378	1,825,264
Available-for-sale investments	18	–	36,043
Conversion options embedded in convertible notes	18	–	31,252
Taxation recoverable		7,703	4,322
Cash held by securities brokers	26	5,340	3,993
Bank balances and cash	26	1,274,443	1,790,628
		8,193,052	7,819,677
Current Liabilities			
Other payables and accruals	27	120,089	100,813
Taxation payable		138,854	160,290
Amount due to a joint venture	20	169	432
Amounts due to associates	21	10,218	14,097
Amounts due to non-controlling shareholders of subsidiaries	38(b)	91,178	25,355
Bank borrowings – due within one year	28	710,204	802,395
		1,070,712	1,103,382
Net Current Assets		7,122,340	6,716,295
		11,491,029	10,743,646

At 31 March 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Capital and Reserves			
Share capital	29	83,896	76,145
Reserves		8,180,824	7,697,367
Equity attributable to owners of the Company		8,264,720	7,773,512
Non-controlling interests		2,066	4,141
Total Equity		8,266,786	7,777,653
Non-Current Liabilities			
Guaranteed notes	30	1,170,000	1,170,000
Bank borrowings – due after one year	28	2,045,713	1,788,250
Deferred tax liabilities	31	8,530	7,743
		3,224,243	2,965,993
		11,491,029	10,743,646

The consolidated financial statements on pages 39 to 137 were approved and authorised for issue by the Board of Directors on 26 June 2015 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (Note a)	Translation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2013	76,145	1,619,636	371	276,058	61,925	6,834	5,023,285	7,064,254	20,848	7,085,102
Profit for the year	-	-	-	-	-	-	815,489	815,489	3,773	819,262
Exchange differences arising on translation of foreign operations	-	-	-	-	7,458	-	-	7,458	-	7,458
Share of exchange differences of joint ventures	-	-	-	-	12,818	-	-	12,818	-	12,818
Increase in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	4,843	-	4,843	-	4,843
Total comprehensive income for the year	-	-	-	-	20,276	4,843	815,489	840,608	3,773	844,381
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(20,480)	(20,480)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	(131,350)	(131,350)	-	(131,350)
At 31 March 2014	76,145	1,619,636	371	276,058	82,201	11,677	5,707,424	7,773,512	4,141	7,777,653
Profit for the year	-	-	-	-	-	-	262,936	262,936	2,117	265,053
Exchange differences arising on translation of foreign operations	-	-	-	-	521	-	-	521	-	521
Share of exchange differences of joint ventures	-	-	-	-	(3,545)	-	-	(3,545)	-	(3,545)
Decrease in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	(409)	-	(409)	-	(409)
Reclassified to profit and loss on derecognition of available-for-sale investments	-	-	-	-	-	(11,677)	-	(11,677)	-	(11,677)
Total comprehensive income for the year	-	-	-	-	(3,024)	(12,086)	262,936	247,826	2,117	249,943
Placing of shares (note 29(i))	10,400	432,499	-	-	-	-	-	442,899	-	442,899
Share repurchases (note 29(ii))	(2,649)	-	2,649	(91,683)	-	-	(2,649)	(94,332)	-	(94,332)
Expenses related to shares repurchased and cancelled	-	-	-	(453)	-	-	-	(453)	-	(453)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,192)	(4,192)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	(104,732)	(104,732)	-	(104,732)
At 31 March 2015	83,896	2,052,135	3,020	183,922	79,177	(409)	5,862,979	8,264,720	2,066	8,266,786

Note:

- (a) The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	281,361	871,302
Adjustments for:		
Finance costs	122,089	124,802
Depreciation of property, plant and equipment	35,876	55,442
Gain on disposal of property, plant and equipment	(285)	(15,483)
Gain on derecognition of investments in convertible notes, net	(1,575)	(500)
Gain on disposal of joint ventures	–	(5,693)
Income from amortisation of financial guarantee contracts	(1,328)	(1,808)
Decrease in fair value of investments held for trading	86,420	56,190
Increase in fair value of conversion options embedded in convertible notes	–	(16,272)
Interest income	(11,075)	(16,823)
Impairment loss on properties held for sale	36,341	31,668
Share of results of joint ventures	(16,631)	(53,114)
Share of results of associates	(57,737)	(7,424)
Operating cash flow before movements in working capital	473,456	1,022,287
Decrease (increase) in investments held for trading	564,659	(1,190,732)
Decrease in other payables and accruals	(158,828)	(187,945)
Increase in properties held for sale	(888,919)	(173,725)
Increase in available-for-sale investments	(25,873)	(19,564)
Increase in deposit paid for acquisition of properties held for sale	–	(10,896)
Decrease in derivative financial instruments	–	(1,134)
Decrease in trade and other receivables	4,342	6,793
(Increase) decrease in cash held by securities brokers	(1,347)	16,199
Net cash used in operations	(32,510)	(538,717)
Hong Kong Profits Tax paid	(40,368)	(43,902)
PRC Enterprise Income Tax paid	–	(46,266)
Interest paid	(122,089)	(124,802)
NET CASH USED IN OPERATING ACTIVITIES	(194,967)	(753,687)

For the year ended 31 March 2015

	NOTE	2015 HK\$'000	2014 HK\$'000
INVESTING ACTIVITIES			
Advances to joint ventures		(357,408)	(340,684)
Purchases of property, plant and equipment		(6,483)	(48,304)
Investments in associates		(2,642)	(2,320)
(Advance to) repayment from an associate		(24,998)	1,040
Proceeds from disposal of available-for-sale investments		–	4,200
Dividends received from associates		165,280	9,384
Dividend received from a joint venture		50,000	–
Interest received		11,075	16,823
Decrease in loan receivables		22,667	18,040
Proceeds on disposal of property, plant and equipment		285	19,000
Proceeds from disposal of joint ventures		–	23,582
Net cash outflow on acquisition of subsidiaries	32	(573,230)	–
Investment/acquisition of joint ventures		(52,567)	–
Purchase of a club membership		(4,525)	–
Purchase of wine investments		(14,546)	–
NET CASH USED IN INVESTING ACTIVITIES		(787,092)	(299,239)
FINANCING ACTIVITIES			
Repayments of bank borrowings		(925,889)	(1,406,321)
Dividends paid		(108,924)	(151,830)
Repayments to associates		(3,879)	(1,703)
Decrease in amount due to a joint venture		(263)	(19,535)
Advances from non-controlling shareholders of subsidiaries		65,823	25,355
New bank borrowings raised		1,090,892	1,285,539
Net proceeds from placing of shares		442,899	–
Payment on repurchase of shares and related expenses		(94,785)	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		465,874	(268,495)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(516,185)	(1,321,421)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,790,628	3,112,049
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		1,274,443	1,790,628

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in the annual report. The directors of the Company considers that Earnest Equity Limited, a private company incorporated in the British Virgin Islands (“BVI”), is its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, is its ultimate holding company. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director and Chief Executive of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 43, 20 and 21 respectively.

The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC*) – INT 21	Leases

* IFRIC represents the IFRS Interpretations Committee

The application of the new and amendments to HKFRSs and the new Interpretation 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.

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED 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 HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁴
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application permitted.

HKFRS 9 “Financial Instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 “*Financial Instruments*” (Continued)

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 “*Financial Instruments: Recognition and Measurement*” are 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 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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of 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.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented 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.

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 “*Financial Instruments*” (Continued)

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company anticipate based on the Group’s consolidated financial statements as at 31 March 2015, the adoption of HKFRS 9 in the future will not affect the classification and measurement of the Group’s consolidated financial statements.

HKFRS 15 “*Revenue from Contracts with Customers*”

In July 2014, 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

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 15 “Revenue from Contracts with Customers” (Continued)

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.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a potential impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company do not anticipate that the application of the other new and revised standards, amendments and interpretations will have a material impact on the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 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.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

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.

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.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company 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 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 into 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership 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 and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, 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 and any non-controlling interests. 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 HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. 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 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.

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 requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* 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.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, 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 in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part 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) when the equity method is discontinued.

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.

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.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

Business combinations (Continued)

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 *Share-based Payment* 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.

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 re-assessment, 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 their fair value or, when applicable, on the basis specified in another HKFRS.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included as receipt in advance for sales of properties held for sale under current liabilities in the consolidated statement of financial position.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant leases.

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 basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts 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 shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets less their residual values over their 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.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated in the consolidated statement of financial position at the lower of cost and net realisable value on an individual property basis. Cost includes the cost of the properties and other direct attributable expenses. Net realisable value is calculated at the actual or estimated selling price less the estimated costs necessary to make the sales.

If an item of properties held for sale is transferred to property, plant and equipment because its use has been changed, evidenced by the commencement of owner-occupation of the relevant property, the carrying amount of the properties held for sale at the date of transfer is recognised as the cost of the property, plant and equipment.

Properties under development for sale under current assets

Properties under development for sale under current assets are properties held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the cost of property interests, development expenditure and other direct attributable expenses.

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into accounts the price ultimately expected to be realised, less the estimated costs necessary to make the sale and the anticipated cost to completion.

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

Leasehold land for own use

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, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease. 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.

To the extent the allocation of the lease 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. 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.

Club memberships

Club memberships with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of club memberships are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at 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.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("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. 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 debt instrument 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 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 debt instrument, 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 other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are reclassified 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 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.

Financial assets at FVTPL are stated at fair value, with any gain or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in income and gains (losses) from investments line item. Fair value is determined in the manner described in note 41.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS 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 AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS 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).

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see 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. Loans and receivables (including trade and other receivables, amount(s) due from joint ventures, an associate, cash held by securities brokers and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

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 AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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 past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are 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.

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 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 receivables and loan receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable or a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account, changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS 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 the year ended 31 March 2015

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 the 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 AFS equity securities, 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 investments revaluation reserve. In respect of AFS debt securities, 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.

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.

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.

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 group entity are recognised at the proceeds received, net of direct issue costs.

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 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 liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

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 on initial recognition.

Financial liabilities 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 incorporates any interest paid on the financial liability and is included in the income and gains (losses) from investments line item. Fair value is determined in the manner described in note 41.

Other financial liabilities

Other financial liabilities including other payables, amount(s) due to a joint venture, associates, non-controlling shareholders of subsidiaries, guaranteed notes and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial 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.

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 and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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 in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to defined contribution retirement benefits plans/state-managed retirement benefits schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

Current 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 items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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 differences 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 goodwill or 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 associates, and interests in joint arrangements, 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 profits 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 is 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 year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Current and deferred tax for the year

Current and deferred tax is 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.

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 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 at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the 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 translation reserve (attributed to non-controlling interests as appropriate).

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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).

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 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.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments 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 option reserve).

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements (Continued)

Share-based payment transactions of the Company (Continued)

At the end of each reporting period, the Group revises its estimate of the number of equity instruments 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 option reserve.

When the share options are exercised, the amount previously recognised in share option 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 equity (share option reserve) will be transferred to retained earnings.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Estimated impairments on properties held for sale and deposit paid for acquisition of properties held for sale

Management reviews the recoverability of the Group's property interests held for sale and deposits paid for acquisition of such properties interests with aggregate carrying amount of HK\$5,556,593,000 (2014: HK\$3,984,483,000) with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on the properties and the deposits is required, the Group takes into consideration the current market environment, the estimated market value of the properties held and to be acquired and/or the estimated net sale proceeds it expects to receive on disposals of the properties. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these property interests held and/or the deposits paid for acquisition of such properties, additional impairment loss may be required.

During the year ended 31 March 2015, impairment loss on properties held for sale amounted to approximately HK\$36,341,000 (2014: HK\$31,668,000) has been recognised in the consolidated statement of profit or loss.

For the year ended 31 March 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

(ii) Fair value of derivative financial instruments

During the year ended 31 March 2014, conversion options embedded in convertible notes of HK\$31,252,000 are carried in the consolidated statement of financial position at fair value, as disclosed in notes 18. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses valuation techniques that include unobservable inputs as the basis for assessing the fair value of conversion options embedded in convertible notes. The use of methodologies, models and assumptions in pricing and valuing these financial instruments is subjective and requires varying degrees of judgment by counterparty entities/financial institutions, which may result in significantly different fair values and results.

5. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue for the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Rental income and hotel operation (<i>Note</i>)	202,641	207,656
Sales of properties held for sale	542,970	2,370,415
	745,611	2,578,071

Note: This mainly comprises of rental income from properties.

6. SEGMENT INFORMATION

The Group's operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") in order to allocate resources to the segments and to assess its performance, are summarised as follows:

- (a) property holding segment, which engages in the investment and trading of properties and hotel operation;
- (b) strategic investment segment, which engages in property holding through strategic alliances with the joint venture partners of the joint ventures and associates; and
- (c) securities investment segment, which engages in the securities trading and investment.

For the year ended 31 March 2015

6. SEGMENT INFORMATION (Continued)**Segment revenues and results**

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

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2015</i>				
Gross proceeds	745,611	–	1,069,349	1,814,960
EXTERNAL REVENUE				
Rental income and hotel operation	202,641	–	–	202,641
Sales of properties held for sale	542,970	–	–	542,970
Revenue of the Group	745,611	–	–	745,611
Interest income and dividend income	–	–	132,426	132,426
Share of results of joint ventures (<i>Note ii</i>)	–	16,631	–	16,631
Share of results of associates (<i>Note ii</i>)	–	57,737	–	57,737
Segment revenue	745,611	74,368	132,426	952,405
RESULTS				
Segment profit	305,873	81,079	40,733	427,685
Unallocated other income				65,506
Other gains and losses				1,147
Central administration costs				(90,888)
Finance costs				(122,089)
Profit before taxation				281,361

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the year.
- (ii) Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

For the year ended 31 March 2015

6. SEGMENT INFORMATION (Continued)**Segment revenues and results (Continued)**

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2014</i>				
Gross proceeds	2,578,071	–	683,527	3,261,598
EXTERNAL REVENUE				
Rental income and hotel operation	207,656	–	–	207,656
Sales of properties held for sale	2,370,415	–	–	2,370,415
Revenue of the Group	2,578,071	–	–	2,578,071
Interest income and dividend income	–	–	130,303	130,303
Gain on disposal of joint ventures	–	5,693	–	5,693
Share of results of joint ventures (<i>Note ii</i>)	–	53,114	–	53,114
Share of results of associates (<i>Note ii</i>)	–	7,424	–	7,424
Segment revenue	2,578,071	66,231	130,303	2,774,605
RESULTS				
Segment profit	857,044	71,755	82,788	1,011,587
Unallocated other income				56,945
Other gains and losses				15,483
Central administration costs				(87,911)
Finance costs				(124,802)
Profit before taxation				871,302

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the year.
- (ii) Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment, interest income, dividend income, fair value change of investments, gain on disposal of joint ventures and share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income) and of other gains and losses, central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

For the year ended 31 March 2015

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2015 HK\$'000	2014 HK\$'000
Segment assets		
Property holding	6,026,754	4,512,463
Strategic investment	3,627,907	3,331,073
Securities investment	1,311,742	1,957,308
Total segment assets	10,966,403	9,800,844
Property, plant and equipment	202,805	186,454
Cash held by securities brokers	5,340	3,993
Bank balances and cash	1,274,443	1,790,628
Other unallocated assets	112,750	65,109
Consolidated assets	12,561,741	11,847,028
Segment liabilities		
Property holding	202,131	111,650
Strategic investment	10,387	14,528
Securities investment	7,625	4,994
Total segment liabilities	220,143	131,172
Guaranteed notes	1,170,000	1,170,000
Bank borrowings	2,755,917	2,590,645
Taxation payable	138,854	160,290
Other unallocated liabilities	10,041	17,268
Consolidated liabilities	4,294,955	4,069,375

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, taxation recoverable, certain other receivables, cash held by securities brokers and bank balances and cash; and
- all liabilities are allocated to operating segments other than accruals and other payables of the head office, taxation payable, guaranteed notes, bank borrowings and deferred tax liabilities.

For the year ended 31 March 2015

6. SEGMENT INFORMATION (Continued)**Other segment information***For the year ended 31 March 2015*

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	-	1,653,996	-	1,653,996	-	1,653,996
Amounts due from joint ventures	-	1,937,397	-	1,937,397	-	1,937,397
Interests in associates	-	17,567	-	17,567	-	17,567
Amount due from an associate	-	18,947	-	18,947	-	18,947
Net decrease in fair value of investments held for trading	-	-	86,420	86,420	-	86,420
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	-	-	1,575	1,575	-	1,575
Depreciation and amortisation	15,550	-	-	15,550	20,326	35,876
Impairment loss on properties held for sale	36,341	-	-	36,341	-	36,341

For the year ended 31 March 2014

	Property holding HK\$'000	Strategic investment HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	-	1,517,088	-	1,517,088	-	1,517,088
Amounts due from joint ventures	-	1,701,726	-	1,701,726	-	1,701,726
Interests in associates	-	116,897	-	116,897	-	116,897
Net decrease in fair value of investments held for trading	-	-	56,190	56,190	-	56,190
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	-	-	500	500	-	500
Depreciation and amortisation	36,462	-	-	36,462	18,980	55,442
Impairment loss on properties held for sale	31,668	-	-	31,668	-	31,668
Gain on disposal of joint ventures	-	5,693	-	5,693	-	5,693

Geographical information

The Group's operations in property holding, strategic investment and securities investment are mainly located in Hong Kong, the People's Republic of China (the "PRC") and Macau.

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

Revenue from property rentals and sales of properties held for sale are allocated based on the geographical location of the property interests.

Non-current assets are allocated by geographical location of the assets.

For the year ended 31 March 2015

6. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

	Revenue from external customers		Non-current assets (Note)	
	Year ended 31 March			
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong	368,273	2,517,150	1,836,276	1,794,023
PRC	55,230	60,921	500,105	500,173
Macau	322,108	–	–	–
	745,611	2,578,071	2,336,381	2,294,196

Note: Non-current assets exclude financial instruments and deposits.

Information about major tenants and buyers of properties

Revenue from customers, who are buyers of properties held for sale, which individually accounted for more than 10% of the consolidated revenue from external customers are detailed as below.

	2015 HK\$'000	2014 HK\$'000
Buyer A	221,000	N/A ¹
Buyer B	N/A ¹	668,000
Buyer C	N/A ¹	440,800
Buyer D	N/A ¹	283,565
	221,000	1,392,365

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

Revenue by type of income

The relevant information is set out in note 5.

For the year ended 31 March 2015

7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2015 HK\$'000	2014 HK\$'000
Interest income from		
– investments held for trading	128,556	123,052
– available-for-sale investments	983	2,458
Dividend income from investments held for trading	2,887	4,793
(Decrease) increase in fair values of		
– investments held for trading	(86,420)	(56,190)
– conversion options embedded in convertible notes	–	16,272
Gain on derecognition of investments in convertible notes (<i>note 18</i>)	1,575	500
	47,581	90,885

The following is the analysis of the investment income and gains from respective financial instruments:

	2015 HK\$'000	2014 HK\$'000
– investments held for trading	45,023	71,655
– available-for-sale investments	2,558	2,958
– conversion options embedded in convertible notes	–	16,272
	47,581	90,885

8. OTHER INCOME

	2015 HK\$'000	2014 HK\$'000
Bank interest income	11,075	16,823
Loan interest income	6,011	4,534
Interest income from amount due from a joint venture	33,202	30,041
Amortisation of financial guarantee contracts	1,328	1,808
Assets management income	6,711	3,716
Others	13,890	5,437
	72,217	62,359

For the year ended 31 March 2015

9. OTHER GAINS AND LOSSES

	2015	2014
	HK\$'000	HK\$'000
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	285	15,483
Net exchange gain	1,031	111
Gain on disposal of joint ventures (<i>Note i</i>)	–	5,693
Other sundry losses	(169)	–
	1,147	21,287

Note:

- (i) The gain on disposal of joint ventures during the year ended 31 March 2014 represented the disposal of the Group's 50% interest in Clever Keen Limited at a consideration of HK\$30,000,000.

10. FINANCE COSTS

	2015	2014
	HK\$'000	HK\$'000
Interests on:		
Bank borrowings wholly repayable within five years	44,349	36,052
Bank borrowings not wholly repayable within five years but contain a repayment on demand clause in the loan agreement	543	1,629
Bank borrowings not wholly repayable within five years	17,479	19,559
Guaranteed notes	76,050	76,050
Total borrowing costs	138,421	133,290
Less: Amounts capitalised in the cost of qualifying assets	(16,332)	(8,488)
	122,089	124,802

For the year ended 31 March 2015

11. INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	11,123	45,206
– Underprovision in prior years	4,398	3,329
PRC Enterprise Income Tax		
– Underprovision in prior years	–	4,466
	15,521	53,001
Deferred taxation (<i>note 31</i>)	787	(961)
	16,308	52,040

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca (“MOP”) 300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdictions.

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

	2015 HK\$'000	2014 HK\$'000
Profit before taxation	281,361	871,302
Taxation at Hong Kong Profits Tax rate of 16.5%	46,425	143,765
Tax effect of expenses not deductible for tax purpose	76,888	16,283
Tax effect of income not taxable for tax purpose	(106,703)	(113,419)
Tax effect of share of results of joint ventures	(2,744)	(8,764)
Tax effect of share of results of associates	(9,527)	(1,225)
Tax effect of tax losses not recognised	10,104	13,771
Utilisation of tax loss previously not recognised	(2,178)	(6,166)
Underprovision in prior years	4,398	7,795
Effect of different tax rates of group entities operating in other jurisdictions	(355)	–
Income tax expense for the year	16,308	52,040

For the year ended 31 March 2015

12. PROFIT FOR THE YEAR

	2015	2014
	HK\$'000	HK\$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration (<i>note 13</i>):		
Fees	600	450
Salaries and other benefits	20,218	19,152
Performance-related incentive bonus	11,271	25,857
Contributions to retirement benefits schemes	661	752
	32,750	46,211
Other staff costs:		
Salaries and other benefits	24,077	30,118
Performance-related incentive bonus	8,194	8,169
Contributions to retirement benefits schemes	2,673	2,277
	34,944	40,564
Total staff costs	67,694	86,775
Auditor's remuneration	1,438	1,344
Depreciation of property, plant and equipment	35,876	55,442
Gain on disposal of property, plant and equipment	285	15,483
Impairment loss on properties held for sale	36,341	31,668
Cost of properties held for sale recognised as an expense	307,331	1,523,718

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13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of nine (2014: eight) directors were as follows:

For the year ended 31 March 2015

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Dr. Lo Wing Yan, William [#] HK\$'000	Total HK\$'000
Directors' remuneration										
Fees	-	-	-	-	-	150	150	150	150	600
Salaries and other benefits	10,616	2,763	2,581	1,561	2,697	-	-	-	-	20,218
Performance-related incentive bonus (Note)	8,000	1,000	900	371	1,000	-	-	-	-	11,271
Contributions to retirement benefits schemes	17	188	174	97	185	-	-	-	-	661
	18,633	3,951	3,655	2,029	3,882	150	150	150	150	32,750

[#] Dr. Lo Wing Yan, William was appointed on 1 April 2014.

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	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Total HK\$'000
Directors' remuneration									
Fees	-	-	-	-	-	150	150	150	450
Salaries and other benefits	10,275	2,542	2,357	1,448	2,530	-	-	-	19,152
Performance-related incentive bonus (Note)	20,000	1,667	1,500	600	2,090	-	-	-	25,857
Contributions to retirement benefits schemes	15	211	193	102	231	-	-	-	752
	30,290	4,420	4,050	2,150	4,851	150	150	150	46,211

Note: Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company has not appointed Chief Executive Officer, and the role and function of the Chief Executive Officer has been performed by the executive Board Committee collectively.

No directors waived any emoluments during both years.

During both years, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

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14. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group four (2014: four) were directors and the chief executive of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2014: one) individual were as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other benefits	1,940	1,830
Performance-related incentive bonus (<i>Note</i>)	576	900
Contributions to retirement benefits schemes	126	137
	2,642	2,867

Their emoluments were within the following bands:

	2015 Number of employee	2014 Number of employee
HK\$2,500,001 to HK\$3,000,000	1	1

Note: Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

15. DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Dividend recognised as distribution during the year		
– Final dividend of HK1.14 cents per share in respect of financial year ended 31 March 2014 (2014: Final dividend of HK1.38 cents per share in respect of financial year ended 31 March 2013)	104,732	131,350
Dividend proposed after the end of the reporting period		
– Final dividend of HK0.378 cents per share (2014: Final dividend of HK1.14 cents per share)	39,641	104,732
– Special dividend of HK0.252 cents per share (2014: Special dividend of nil per share)	26,427	–

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16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015 HK\$'000	2014 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share: (profit for the year attributable to owners of the Company)	262,936	815,489
	2015 Number of shares	2014 Number of shares
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (in thousands)	9,908,854	9,518,120

There were no potential ordinary shares outstanding as at end of both reporting periods.

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17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Vessel HK\$'000	Total HK\$'000
COST							
At 1 April 2013	575,000	157,539	13,168	1,243	3,738	30,344	781,032
Additions	–	–	3,624	143	–	44,537	48,304
Disposal	–	–	–	–	–	(30,144)	(30,144)
At 31 March 2014	575,000	157,539	16,792	1,386	3,738	44,737	799,192
Additions	–	912	3,509	244	1,818	–	6,483
Transfer	–	34,000	–	–	–	–	34,000
Disposal	–	–	–	–	(924)	–	(924)
At 31 March 2015	575,000	192,451	20,301	1,630	4,632	44,737	838,751
DEPRECIATION							
At 1 April 2013	68,272	12,320	3,677	685	2,906	22,306	110,166
Provided for the year	35,396	7,426	3,409	146	832	8,233	55,442
Eliminated on disposal	–	–	–	–	–	(26,627)	(26,627)
At 31 March 2014	103,668	19,746	7,086	831	3,738	3,912	138,981
Provided for the year	13,863	8,345	4,051	147	563	8,907	35,876
Eliminated on disposal	–	–	–	–	(924)	–	(924)
At 31 March 2015	117,531	28,091	11,137	978	3,377	12,819	173,933
CARRYING VALUES							
At 31 March 2015	457,469	164,360	9,164	652	1,255	31,918	664,818
At 31 March 2014	471,332	137,793	9,706	555	–	40,825	660,211

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

Hotel property	2.78% to 50%
Land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

The Group's hotel property and buildings comprise properties erected on land held under medium-term leases in Hong Kong.

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 35.

For the year ended 31 March 2015

18. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES

	2015 HK\$'000	2014 HK\$'000
Available-for-sale investments comprises:		
Unlisted equity security, at cost (<i>Note i</i>)	5,005	5,005
Unlisted equity securities, at fair value (<i>Note ii</i>)	45,028	19,564
Unlisted debt securities, at fair value (<i>Note iii</i>)	–	36,043
	50,033	60,612
Analysed for reporting purposes as:		
Non-Current	50,033	24,569
Current	–	36,043
	50,033	60,612
Convertible options embedded in convertible notes, at fair value (<i>Note iv</i>)	–	31,252

Notes:

(i) Unlisted equity security, at cost

Included in the unlisted equity security, the carrying value of HK\$5,005,000 (2014: HK\$5,005,000) represents a 8.27% (2014: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones.

The unlisted equity security is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

(ii) Unlisted equity securities, at fair value

Included in the unlisted equity securities, the carrying value of HK\$37,932,000 (2014: HK\$19,245,000) represents a 5.25% (2014: 5.25%) interest in an investee engaged in holding of properties interest located in the PRC, which the Group further invested HK\$18,468,000 during the current year.

Included in the unlisted equity securities, the carrying value of HK\$6,062,000 (2014: HK\$nil) represents a 4.83% (2014: nil) interest in an investee engaged in provision of financial services in the PRC, which the Group invested during the current year.

For the year ended 31 March 2015

18. AVAILABLE-FOR-SALE INVESTMENTS/CONVERSION OPTIONS EMBEDDED IN CONVERTIBLE NOTES (Continued)

Notes: (Continued)

(iii) Unlisted debt securities/convertible options embedded in convertible notes

As at 31 March 2014, the unlisted debt securities ("Asia Orient CB") represent the fair value of debt elements of the convertible notes issued by Asia Orient Holdings Limited that was independent third party of the Group, whose shares are listed on the Stock Exchange. The Asia Orient CB with a principal amount of HK\$38,000,000 carries interest at 6.5% per annum with maturity on 14 October 2014 at redemption amount of 100% of the principal amount.

During the year ended 31 March 2015, the Group converted all Asia Orient CB into shares of Asia Orient Holdings Limited at exercise price of HK\$1.1 per share. All converted shares have been disposed of and a profit of HK\$1,575,000 was recognised to profit or loss during the year.

(iv) Convertible options embedded in convertible notes, at fair value

The Group has designated the debt elements of the convertible notes as available-for-sale investments on initial recognition.

As at 31 March 2014, the fair value of debt element was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the convertible note issuers and remaining time to maturity.

Conversion options embedded in convertible notes as at 31 March 2014 was measured at fair value using the binomial option pricing model.

The fair value of each of the debt and conversion option component of the convertible notes on initial recognition and at the end of each reporting period were determined by the directors of the Company with reference to the valuation performed by Asset Appraisal Limited, firm of independent valuer not connected with the Group.

As mentioned in note (iii) above, the unlisted debt securities were disposed of during the year, the relevant convertible option embedded in convertible notes have also been derecognised.

19. LOAN RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
The Group's variable rate loan receivables are repayable as follows:		
Within one year	–	72,667
Less: Amount due within one year (included in other receivables (note 23))	–	(72,667)
	–	–

The Group offers loans to buyers of properties sold by the Group and the repayment terms of the loans are specified in the loan agreements.

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19. LOAN RECEIVABLES (Continued)

The Group's loan receivables are denominated in Hong Kong dollars, the functional currency of the relevant group entity, and carry interest rates (which are the contractual interest rates) at prime rate minus a fixed margin per annum. The Group has a second mortgage over the property acquired by the purchaser. The effective interest rate of the loan receivables is 4.00% per annum during the year ended 31 March 2014. The receivable is to be settled within 1 year by instalments and a lump-sum at maturity.

During the year ended 31 March 2014, the non-current portion of the long-term loan receivables are due within one year, and these amounts are reclassified to current portion of loan receivables which are included in trade and other receivables.

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES

	2015 HK\$'000	2014 HK\$'000
Costs of unlisted investments in joint ventures	860,616	858,049
Share of post-acquisition profits, net of dividend received	297,168	237,103
Exchange difference arising on translation	44,950	44,032
Deemed capital contribution – financial guarantee contracts	8,034	8,516
Deemed capital contribution – interest-free loans (<i>Note i</i>)	443,228	369,388
	1,653,996	1,517,088
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	1,937,397	1,701,726
Amount due to a joint venture included in current liabilities (<i>Note ii</i>)	169	432

Notes:

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$505,330,000 (2014: HK\$482,530,000), which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts with principal of HK\$1,888,493,000 (2014: HK\$1,587,088,000) are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,445,265,000 (2014: HK\$1,217,700,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2014: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK\$85,793,000 (2014: HK\$42,358,000) representing share of the loss in excess of the cost of investment and interest income from amounts due from joint ventures of HK\$77,056,000 (2014: HK\$43,855,000).

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

As at 31 March 2015 and 2014, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group <i>(Note i)</i>		Proportion of voting power held		Principal activities
					2015	2014	2015	2014	
Chater Capital Limited and its subsidiaries	Incorporated	British Virgin Islands ("BVI")	PRC	Ordinary	50%	50%	50% <i>(Note ii)</i>	50% <i>(Note ii)</i>	Property development
Cyrus Point Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% <i>(Note ii)</i>	50% <i>(Note ii)</i>	Hotel operation and property holding
Vastness Investment Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% <i>(Note ii)</i>	50% <i>(Note ii)</i>	Property development
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	60% <i>(Note ii)</i>	60% <i>(Note ii)</i>	Property development
Get Wisdom Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% <i>(Note ii)</i>	50% <i>(Note ii)</i>	Property holding
Hillcharm Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	–	50% <i>(Note ii)</i>	–	Property holding

Notes:

- (i) All the interests shown are held indirectly by the Group.
- (ii) Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the investment in these entities are treated as joint venture because major decisions require consent of both parties.

The above table lists the joint ventures of the group which, in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the group. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Chater Capital Limited

	2015 HK\$'000	2014 HK\$'000
Current assets	2,242,967	1,602,054
Non-current assets	426	704
Current liabilities	(849,320)	(87,444)
Non-current liabilities	(365,775)	(483,185)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	242,136	116,579
Current financial liabilities (excluding trade and other payables and provisions)	(14,561)	(14,669)
Non-current financial liabilities (excluding trade and other payables and provisions)	(365,775)	(483,185)

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Chater Capital Limited (Continued)**

Current assets mainly comprise of property held for sale under development of HK\$2,018,382,000 (2014: HK\$1,498,293,000). Current liabilities mainly comprise of bank loan of HK\$594,390,000 (2014: HK\$nil). Non-current liabilities mainly comprise of bank loan of HK\$365,775,000 (2014: HK\$483,185,000).

	2015	2014
	HK\$'000	HK\$'000
Revenue	–	–
(Loss) profit from continuing operations	(5,109)	2,809
Post-tax loss from discontinued operations	–	–
(Loss) profit for the year	(5,109)	2,809
Other comprehensive income for the year	1,278	18,979
Total comprehensive (expense) income for the year	(3,831)	21,788
Dividends received from the joint venture during the year	–	–
The above (loss) profit for the year include the following:		
Depreciation and amortisation	385	381
Interest income	71	47
Interest expense	–	–
Income tax expense	–	–

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Net assets of the joint venture	1,028,298	1,032,129
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – financial guarantee contracts	891	4,574
Deemed capital contribution – interest-free loans	31,076	12,071
Carrying amount of the Group's interest in the joint venture	546,116	532,709

Cyrus Point Limited

	2015 HK\$'000	2014 HK\$'000
Current assets	170,943	209,390
Non-current assets	2,401,856	2,400,047
Current liabilities	(31,401)	(32,107)
Non-current liabilities	(2,452,294)	(2,452,286)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	139,150	176,613
Current financial liabilities (excluding trade and other payables and provisions)	(8,443)	(6,488)
Non-current financial liabilities (excluding trade and other payables and provisions)	(2,313,256)	(2,413,249)

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Cyrus Point Limited (Continued)**

Non-current assets mainly comprise of hotel property of HK\$2,368,769,000 (2014: HK\$2,368,741,000). Non-current liabilities mainly comprise of amount due to shareholders of HK\$1,120,900,000 (2014: HK\$1,220,900,000) and bank loan of HK\$1,184,000,000 (2014: HK\$1,184,000,000).

	2015	2014
	HK\$'000	HK\$'000
Revenue	231,891	243,931
Profit from continuing operations	64,027	73,405
Post-tax profit from discontinued operations	–	–
Profit for the year	64,027	73,405
Other comprehensive income for the year	–	–
Total comprehensive income for the year	64,027	73,405
Dividends received from the joint venture during the year	50,000	–
	2015	2014
	HK\$'000	HK\$'000
The above profit for the year include the following:		
Depreciation and amortisation	420	167
Interest income	19	18
Interest expense	36,969	36,791
Income tax expense	16,644	14,854

For the year ended 31 March 2015

20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Cyrus Point Limited (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Net assets of the joint venture	89,104	125,044
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – interest-free loans	121,404	121,404
Carrying amount of the Group's interest in the joint venture	165,956	183,926

Vastness Investment Limited

	2015 HK\$'000	2014 HK\$'000
Current assets	1,671,360	1,489,285
Non-current assets	15,113	19,590
Current liabilities	(1,013,067)	(397,348)
Non-current liabilities	–	(418,779)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	1,923	4,414
Current financial liabilities (excluding trade and other payables and provisions)	(588,375)	(76,000)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(418,779)

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Vastness Investment Limited (Continued)**

Current assets mainly comprise of property held for sale of HK\$1,292,332,000 (2014: HK\$1,129,428,000). Current liabilities mainly comprise of bank loan of HK\$482,375,000 (2014: HK\$nil). Non-current financial liabilities mainly comprise of bank loan of HK\$nil (2014: HK\$418,779,000).

	2015	2014
	HK\$'000	HK\$'000
Revenue	–	–
Loss from continuing operations	(19,341)	(17,448)
Post-tax loss from discontinued operations	–	–
Loss for the year	(19,341)	(17,448)
Other comprehensive expense for the year	–	–
Total comprehensive expense for the year	(19,341)	(17,448)
Dividends received from the joint venture during the year	–	–
	2015	2014
	HK\$'000	HK\$'000
The above loss for the year include the following:		
Depreciation and amortisation	9,952	11,201
Interest income	2,970	785
Interest expense	–	–
Income tax expense	–	–

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Vastness Investment Limited (Continued)**

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

	2015	2014
	HK\$'000	HK\$'000
Net assets of the joint venture	673,406	692,748
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – interest-free loans	12,830	9,199
Carrying amount of the Group's interest in the joint venture	349,533	355,573

Eagle Wonder Limited

	2015	2014
	HK\$'000	HK\$'000
Current assets	1,550,152	1,510,883
Non-current assets	–	–
Current liabilities	(1,090,707)	(701,651)
Non-current liabilities	(582,386)	(877,308)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	11,205	3,364
Current financial liabilities (excluding trade and other payables and provisions)	(1,088,357)	(700,000)
Non-current financial liabilities (excluding trade and other payables and provisions)	(582,386)	(877,308)

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Eagle Wonder Limited (Continued)**

Current assets mainly comprise of property held for sale under development of HK\$1,538,945,000 (2014: HK\$1,507,519,000). Current liabilities mainly comprise of bank loan of HK\$700,100,000 (2014: HK\$700,000,000). Non-current liabilities mainly comprise of shareholders' loan of HK\$582,386,000 (2014: HK\$877,308,000).

	2015	2014
	HK\$'000	HK\$'000
Revenue	–	3,855
Loss from continuing operations	(54,865)	(48,667)
Post-tax loss from discontinued operations	–	–
Loss for the year	(54,865)	(48,667)
Other comprehensive expense for the year	–	–
Total comprehensive expense for the year	(54,865)	(48,667)
Dividends received from the joint venture during the year	–	–
	2015	2014
	HK\$'000	HK\$'000
The above loss for the year include the following:		
Depreciation and amortisation	–	–
Interest income	–	–
Interest expense	55,336	50,068
Income tax expense	–	–

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Eagle Wonder Limited (Continued)**

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

	2015 HK\$'000	2014 HK\$'000
Net liabilities of the joint venture	(122,941)	(68,076)
Proportion of the Group's ownership interest in the joint venture	60%	60%
Deemed capital contribution – financial guarantee contracts	2,760	1,260
Share of net liabilities by amount due from the joint venture	73,765	40,846
Carrying amount of the Group's interest in the joint venture	2,760	1,260

Get Wisdom Limited

	2015 HK\$'000	2014 HK\$'000
Current assets	2,796,323	2,772,994
Non-current assets	100	88
Current liabilities	(1,336,791)	(2,353,526)
Non-current liabilities	(963,310)	–

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	450,186	430,289
Current financial liabilities (excluding trade and other payables and provisions)	(1,301,496)	(2,318,705)
Non-current financial liabilities (excluding trade and other payables and provisions)	(963,310)	–

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Get Wisdom Limited (Continued)**

Current assets mainly comprise of property held for sale of HK\$2,336,719,000 (2014: HK\$2,333,890,000). Current liabilities mainly comprise of bank loan of HK\$121,062,000 (2014: HK\$959,343,000). Non-current liabilities mainly comprise of bank loan of HK\$963,310,000 (2014: HK\$nil).

	2015	2014
	HK\$'000	HK\$'000
Revenue	182,408	174,427
Profit from continuing operations	76,209	105,748
Post-tax profit from discontinued operations	–	–
Profit for the year	76,209	105,748
Other comprehensive income for the year	559	6,657
Total comprehensive income for the year	76,768	112,405
Dividends received from the joint venture during the year	–	–
	2015	2014
	HK\$'000	HK\$'000
The above profit for the year include the following:		
Depreciation and amortisation	16	14
Interest income	8,420	7,369
Interest expense	37,966	41,235
Income tax expense	26,936	25,550

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Get Wisdom Limited (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Net assets of the joint venture	496,322	419,556
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution – financial guarantee contracts	1,343	2,048
Deemed capital contribution – interest-free loans	148,444	171,853
Carrying amount of the Group's interest in the joint venture	397,948	383,679

Hillcharm Limited

	2015 HK\$'000
Current assets	6,394
Non-current assets	669,792
Current liabilities	(394,393)
Non-current liabilities	(280,671)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	2,475
Current financial liabilities (excluding trade and other payables and provisions)	(389,350)
Non-current financial liabilities (excluding trade and other payables and provisions)	(280,671)

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Hillcharm Limited (Continued)**

Non-current assets mainly comprise of property held for sale of HK\$669,792,000 (2014: HK\$nil). Current liabilities mainly comprise of amount due to shareholders of HK\$389,350,000 (2014: HK\$nil). Non-current liabilities mainly comprise of bank loan of HK\$280,671,000 (2014: HK\$nil).

	2015 HK\$'000
Revenue	1,919
Profit from continuing operations	1,122
Post-tax profit from discontinued operations	–
Profit for the year	1,122
Other comprehensive income for the year	–
Total comprehensive income for the year	1,122
Dividends received from the joint venture during the year	–
	2015 HK\$'000
The above profit for the year include the following:	
Depreciation and amortisation	–
Interest income	–
Interest expense	–
Income tax expense	226

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20.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Hillcharm Limited (Continued)**

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

	2015 HK\$'000
Net assets of the joint venture	1,122
Proportion of the Group's ownership interest in the joint venture	50%
Deemed capital contribution – financial guarantee contracts	1,700
Deemed capital contribution – interest-free loans	47,126
Carrying amount of the Group's interest in the joint venture	49,387

Aggregate information of joint ventures that are not individually material

	2015 HK\$'000	2014 HK\$'000
The Group's share of (loss) profit from continuing operations	(8,904)	57
The Group's share of post-tax profit (loss) from discontinued operations	–	–
The Group's share of other comprehensive expense	(4,464)	–
The Group's share of total comprehensive (expense) income	(13,368)	57

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20. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)**Summarised financial information of material joint ventures (Continued)****Unrecognised share of losses of joint ventures**

	2015 HK\$'000	2014 HK\$'000
The unrecognised share of losses of joint ventures for the year	(2,097)	1,493
	2015 HK\$'000	2014 HK\$'000
Cumulative unrecognised share of losses of joint ventures	–	2,097

Significant restriction

There are no significant restrictions on the liability of the joint venture to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES

	2015 HK\$'000	2014 HK\$'000
Costs of unlisted investments in associates	10,247	109,056
Share of post-acquisition profits and other comprehensive income, net of dividend received	1,269	7,361
Deemed capital contribution – financial guarantee contracts	–	480
Deemed capital contribution – interest-free loans	6,051	–
	17,567	116,897
Amount due from an associate included in non-current assets (<i>Note i</i>)	18,947	–
Amounts due to associates included in current liabilities (<i>Notes ii</i>)	10,218	14,097

Notes:

- (i) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors, settlement is neither planned nor likely to occur in the foreseeable future. The directors considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values.
- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

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21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

At 31 March 2014 and 2015, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held indirectly by the Group		Proportion of voting power held		Principal activities
					2015	2014	2015	2014	
Expert Dragon Limited ("Expert Dragon") (Note)	Incorporated	BVI	Hong Kong	Ordinary	40%	40%	33%	33%	Property holding
Trend Rainbow Limited ("Trend Rainbow")	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	40%	40%	Property holding
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	–	20%	–	Property holding

Note: Expert Dragon has three shareholders and each shareholder has power to appoint a director to the board of directors, which decisions on operating and financing activities require a majority in number of the directors. Accordingly, Expert Dragon is treated as an associate of the Group.

Summarised financial information of material associates

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 adjusted by the Group for equity accounting purposes.

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

Expert Dragon

	2015 HK\$'000	2014 HK\$'000
Current assets	25,615	507,333
Non-current assets	–	–
Current liabilities	(2)	(18,400)
Non-current liabilities	–	(207,600)

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21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Expert Dragon (Continued)

Current assets mainly comprise of property held for sale of HK\$nil (2014: HK\$504,089,000). Non-current financial liabilities mainly comprise of bank loan of HK\$nil (2014: HK\$207,600,000).

	2015 HK\$'000	2014 HK\$'000
Revenue	7,286	16,068
Profit for the year	149,343	6,487
Other comprehensive income for the year	–	–
Total comprehensive income for the year	149,343	6,487
Dividends received from the associate during the year	161,200	–

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

	2015 HK\$'000	2014 HK\$'000
Net assets of the associate	25,613	281,333
Proportion of the Group's ownership interest in the associate	40%	40%
Deemed capital contribution – Financial guarantee contracts	–	480
Carrying amount of the Group's interest in the associate	10,245	113,013

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**21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES
(Continued)****Summarised financial information of material associates (Continued)****Trend Rainbow**

	2015	2014
	HK\$'000	HK\$'000
Current assets	135	7,259
Non-current assets	3,113	5,156
Current liabilities	(73)	(2,705)
Non-current liabilities	–	–

Current assets mainly comprise of amounts due from shareholders of HK\$nil (2014: HK\$7,193,000).
Current liabilities mainly comprise of amount due to an associate of HK\$nil (2014: HK\$2,700,000).

	2015	2014
	HK\$'000	HK\$'000
Revenue	3,657	12,080
Profit for the year	3,647	12,074
Other comprehensive income for the year	–	–
Total comprehensive income for the year	3,647	12,074
Dividends received from the associate during the year	4,080	9,384

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

	2015	2014
	HK\$'000	HK\$'000
Net assets of the associate	3,175	9,710
Proportion of the Group's ownership interest in the associate	40%	40%
Carrying amount of the Group's interest in the associate	1,270	3,884

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21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Wealth Explorer

	2015 HK\$'000
Current assets	–
Non-current assets	125,000
Current liabilities	(5)
Non-current liabilities	(124,992)

Non-current assets mainly comprise of deposit paid for acquisition of subsidiary of HK\$125,000,000. Non-current liabilities mainly comprise of amount due to shareholders of HK\$124,992,000.

	2015 HK\$'000
Revenue	–
Loss for the year	(5)
Other comprehensive expense for the year	–
Total comprehensive expense for the year	(5)
Dividends received from the associate during the year	–

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21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Wealth Explorer (Continued)

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

	2015 HK\$'000
Net assets of the associate	3
Proportion of the Group's ownership interest in the associate	20%
Deemed capital contribution – interest-free loans	6,051
Carrying amount of the Group's interest in the associate	6,052

Significant restriction

There are no significant restrictions on the ability of the associates of transfer funds to the Group in the form of cash dividends, or to repay or advance made by the Group.

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22. OTHER INVESTMENTS

	2015 HK\$'000	2014 HK\$'000
Wine investments, at cost (<i>Note</i>)	14,546	–

Note: Wine investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

23. TRADE AND OTHER RECEIVABLES

The Group allows its trade customers with a credit period normally ranging from 30 days to 90 days. The aged analysis of the trade receivables, presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2015 HK\$'000	2014 HK\$'000
Trade receivables:		
0 – 30 days	910	1,620
31 – 90 days	5,095	5,072
	6,005	6,692
Loan receivables – due within one year (<i>note 19</i>)	–	72,667
Prepayments and deposits	22,879	14,603
Other receivables	88,711	49,730
	117,595	143,692

Before accepting new customers, the Group will assess and understand the potential customer's credit quality.

The entire trade receivable balance was neither past due nor impaired and had no default record based on historical information.

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24. PROPERTIES HELD FOR SALE

	2015 HK\$'000	2014 HK\$'000
The Group's carrying amounts of properties held for sale, stated at cost, comprise:		
– Completed properties	3,690,646	3,074,139
– Property under development	1,865,947	899,448
	5,556,593	3,973,587

In the opinion of the directors, all properties held for sale are expected to be realised in the business cycle of two to four years.

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 35.

25. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	2015 HK\$'000	2014 HK\$'000
Listed equity securities (<i>Note i</i>)	43,199	64,510
Unlisted mutual funds (<i>Note ii</i>)	11,700	–
	54,899	64,510
Listed debt securities (<i>Note iii</i>)	1,176,479	1,760,754
	1,231,378	1,825,264
Total and reported as:		
Listed		
Hong Kong	472,869	473,246
Elsewhere	746,809	1,352,018
Unlisted	11,700	–
	1,231,378	1,825,264

For the year ended 31 March 2015

25. INVESTMENTS HELD FOR TRADING (Continued)

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia.

The Group has the right to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the value of the underlying assets of the funds.

- (iii) The listed debt securities at 31 March 2015 represent bonds with fixed interest of 2.7% to 11.75% (2014: 4.75% to 13.00%) per annum. The maturity dates of the listed debt securities range from 1 April 2015 to 9 March 2020 (2014: 29 April 2015 to 5 February 2020). Their fair values are determined based on quoted market bid prices available from the market.

Certain of the listed debt securities is pledged to secure the general banking facilities granted to the Group. Details are set out in note 35.

26. CASH HELD BY SECURITIES BROKERS/BANK BALANCES AND CASH

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.025% to 0.15% (2014: 0.025% to 0.15%) per annum.

The amounts of Group's cash held by securities brokers denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
United States dollars ("USD")	1,303	2,782

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.01% to 4.3% (2014: 0.01% to 1.75%) per annum.

The amounts of Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2015 HK\$'000	2014 HK\$'000
Renminbi ("RMB")	23,068	1,574
USD	103,805	337,811
Euro ("EUR")	1,646	2,061
	128,519	341,446

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27. OTHER PAYABLES AND ACCRUALS

The following is the breakdown of other payables and accruals at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
Rental and related deposits received	52,433	47,085
Receipt in advance for sales of properties held for sale	11,137	–
Other tax payables	2,050	5,404
Other payables	6,761	5,838
Accruals	47,708	42,486
	120,089	100,813

28. BANK BORROWINGS

	2015 HK\$'000	2014 HK\$'000
The Group's secured borrowings are repayable as follows:		
Within one year	418,996	670,179
More than one year, but not exceeding two years	673,379	303,636
More than two years, but not exceeding three years	336,798	508,573
More than three years, but not exceeding four years	134,907	236,732
More than four years, but not exceeding five years	288,568	107,054
More than five years	612,061	632,255
	2,464,709	2,458,429
The Group's secured borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	6,431	29,709
Not repayable within one year	284,777	102,507
	291,208	132,216
	2,755,917	2,590,645
Less: Amount due within one year or contain a repayment on demand clause in the loan agreement shown under current liabilities	(710,204)	(802,395)
	2,045,713	1,788,250

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28. BANK BORROWINGS (Continued)

The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and investments held for trading. The carrying amount of the assets pledged are disclosed in note 35.

All amounts of the Group's bank borrowings are denominated in the functional currency of the relevant group entity.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK\$2,542,557,000 (2014: HK\$2,358,629,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.55% to 2.95% (2014: HIBOR plus 0.50% to 2.95%) per annum and borrowings amounting to HK\$213,360,000 (2014: HK\$232,016,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2015, the effective interest rates ranged from 0.64% to 6.49% (2014: 0.65% to 5.99%) per annum, which are also equal to contracted interest rates for bank borrowings.

29. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2013, 31 March 2014 and 2015	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2013 and 31 March 2014	9,518,119,676	76,145
Placing of shares (<i>Note i</i>)	1,300,000,000	10,400
Share repurchases (<i>Note ii</i>)	(331,080,000)	(2,649)
At 31 March 2015	10,487,039,676	83,896

Notes:

- (i) On 25 September 2014, the Company completed a placing of 1,300,000,000 shares at a subscription price of HK\$0.35 per placing share. Details of the placing are set out in the Company's announcement dated 16 September 2014.

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29.SHARE CAPITAL (Continued)

Notes: (Continued)

- (ii) During the year ended 31 March 2015, the Company repurchased 331,080,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK\$94,332,000 was deducted from equity holder's equity. The details are as follows:

Month of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2014	42,000,000	0.280	0.270	11,577
May 2014	207,050,000	0.280	0.275	57,018
July 2014	46,390,000	0.315	0.290	14,165
August 2014	35,640,000	0.330	0.320	11,572
	331,080,000			94,332

All the shares issued by the Company during the year ended 31 March 2015 rank pari passu with the then existing ordinary shares in all respects.

30.GUARANTEED NOTES

On 9 January 2013, a wholly-owned subsidiary of the Company, Estate Sky Limited, issued guaranteed notes, of which the Company is the guarantor, in the aggregate principal amount of US\$150,000,000 (equivalent to approximately HK\$1,170,000,000) at an interest rate of 6.5% per annum, payable semi-annually in arrears. The guaranteed notes will be matured on 16 January 2018.

31.DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2013	9,800	(1,096)	8,704
Credit to consolidated statement of profit or loss for the year	(792)	(169)	(961)
At 31 March 2014	9,008	(1,265)	7,743
Charge (credit) to consolidated statement of profit or loss for the year	1,102	(315)	787
At 31 March 2015	10,110	(1,580)	8,530

For the year ended 31 March 2015

31. DEFERRED TAXATION (Continued)

As at 31 March 2015, the Group had unused tax losses of approximately HK\$146,823,000 (2014: HK\$128,372,000) available for offset against future profits of which certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK\$9,576,000 (2014: HK\$7,666,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK\$137,247,000 (2014: HK\$120,706,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. For financial reporting purposes, the deferred tax balances are analysed as deferred tax liabilities.

32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

- (i) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Smart Event Trading Limited ("Smart Event") through two wholly owned subsidiaries for a consideration of HK\$179,835,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (ii) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Excess Gain Company Limited ("Excess Gain") through a wholly owned subsidiary for a consideration of HK\$328,334,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (iii) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Hin Kuok Investment and Development Real Estate Limited ("Hin Kuok") through two subsidiaries for a consideration of HK\$52,658,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (iv) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Wui Tak Investment Limited ("Wui Tak") through two subsidiaries for a consideration of HK\$52,658,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

For the year ended 31 March 2015

32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

(iv) (Continued)

The net assets acquired in the transaction are as follow:

	Smart Event HK\$'000	Excess Gain HK\$'000	Hin Kuok HK\$'000	Wui Tak HK\$'000	Total HK\$'000
Net assets acquired:					
Properties held for sales	197,744	330,000	112,500	112,500	752,744
Other receivables	–	910	–	–	910
Bank balances and cash	40,225	30	–	–	40,255
Shareholder's loan	(73,579)	–	–	–	(73,579)
Other payables	(58,134)	(2,576)	(17,772)	(17,772)	(96,254)
Taxation payable	–	(30)	–	–	(30)
	106,256	328,334	94,728	94,728	624,046
Assignment of shareholder's loan (<i>Note a</i>)	73,579	–	–	–	73,579
Deposits received for sales of properties to the third party (<i>Note b</i>)	–	–	(6,965)	(6,965)	(13,930)
Contributed by non-controlling interests	–	–	(35,105)	(35,105)	(70,210)
	179,835	328,334	52,658	52,658	613,485
Total consideration satisfied by:					
Cash paid	179,835	328,334	52,658	52,658	613,485
Net cash outflow arising on acquisition:					
Cash consideration paid	(179,835)	(328,334)	(52,658)	(52,658)	(613,485)
Bank balances and cash	40,225	30	–	–	40,255
	(139,610)	(328,304)	(52,658)	(52,658)	(573,230)

Notes:

- (a) As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$73,579,000 as consideration for the assignment of the shareholder's loan to Smart Event.
- (b) As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$6,965,000 as consideration for the deposits received for sale of properties to third party.

For the year ended 31 March 2015

33. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2015

During the year ended 31 March 2015, the Group disposed of, to an independent third party, the entire interest in Affluent Wheel Limited ("the disposed subsidiary") for a cash consideration of HK\$221,000,000. Since the disposed subsidiary was principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the disposed subsidiary in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the disposed subsidiary on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	67,220
Gain on disposal of a subsidiary	153,780
Gross cash consideration	221,000
Transaction cost for disposal of a subsidiary	(67,220)
Total consideration satisfied by cash and net cash inflow arising from disposal	153,780
Gain on disposal of a subsidiary is included in the consolidated statement of profit or loss as follows:	
Revenue	221,000
Cost of sales	(67,220)
	153,780

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33. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 March 2014

During the year ended 31 March 2014, the Group disposed of, to an independent third party, the entire interest in Ample Thrive Global Limited, Ample Faith Developments Limited and Amorita Holdings Limited ("the disposed subsidiaries") for a cash consideration of HK\$283,565,000. Since the disposed subsidiaries were principally engaged in the business of property held for sale, which represented their single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the disposed subsidiaries in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the disposed subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sale	267,005
Gain on disposal of subsidiaries	16,560
Gross cash consideration	283,565
Transaction cost for disposal of subsidiaries	(3,731)
Total consideration satisfied by cash and net cash inflow arising from disposal	279,834
Gain on disposal of subsidiaries is included in the consolidated statement of profit or loss as follows:	
Revenue	283,565
Cost of sales	(267,005)
	16,560

For the year ended 31 March 2015

34. CONTINGENT LIABILITIES

	2015	2014
	HK\$'000	HK\$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	2,503,188	1,723,709
An associate	–	96,000
	2,503,188	1,819,709
and utilised by:		
Joint ventures	1,929,676	1,173,308
An associate	–	88,800
	1,929,676	1,262,108

In addition, as at 31 March 2015, the other joint venture partner of a joint venture of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant joint venture amounting to approximately HK\$625 million (2014: HK\$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK\$482 million (2014: HK\$419 million) at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities.

The directors assessed the risk of default of the joint ventures and the associates at the end of the reporting period and consider the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$6,689,000 (2014: HK\$5,772,000).

For the year ended 31 March 2015

35. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2015 HK\$'000	2014 HK\$'000
Property, plant and equipment	606,966	593,739
Properties held for sale	5,172,481	3,708,517
Investments held for trading	37,870	300,517
	5,817,317	4,602,773

36. OPERATING LEASE AND CAPITAL COMMITMENTS

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK\$1,621,000 (2014: HK\$1,207,000) minimum lease payments in respect of office premises.

At 31 March 2015, the Group had outstanding commitments for the following future lease payments under non-cancellable operating leases:

	2015 HK\$'000	2014 HK\$'000
Within one year	1,193	1,290
In second to fifth years inclusive	1,193	–
	2,386	1,290

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36. OPERATING LEASE AND CAPITAL COMMITMENTS (Continued)

(a) Operating lease commitments (Continued)

The Group as lessor

Property rental income earned during the year was HK\$202,641,000 (2014: HK\$207,656,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to five years (2014: two to eight years).

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

	2015 HK\$'000	2014 HK\$'000
Within one year	136,044	139,012
In the second to fifth years inclusive	132,945	80,299
Over five years	–	7,012
	268,989	226,323

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

37. RETIREMENT BENEFIT SCHEMES

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The MPF Scheme is registered with the Mandatory Provident Fund Scheme 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 rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The employees employed by the operations in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The retirement benefit scheme contributions relating to the MPF Scheme and state-managed retirement benefit schemes charged to the consolidated statement of profit or loss of HK\$3,334,000 (2014: HK\$3,029,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

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38. RELATED PARTY DISCLOSURES

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

		2015 HK\$'000	2014 HK\$'000
Joint ventures	Asset management income	6,711	3,716
Joint venture	Interest income	33,202	30,041

- (b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the consolidated statement of financial position and on notes 20 and 21.

- (c) The remuneration of directors and other members of key management during the year is as follows:

	2015 HK\$'000	2014 HK\$'000
Short-term benefits	34,005	47,739
Post-employment benefits	787	889
	34,792	48,628

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

39. SHARE OPTION SCHEMES

2012 Scheme

On 16 August 2012, the Company adopted a share option scheme (the "2012 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2012 Scheme will be expired on 15 August 2022. Under the 2012 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, non-executive directors, any consultant, adviser or agent engaged by the Company and its subsidiaries and any vendor, supplier of goods or services or customer of the Company and its subsidiaries to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the 2012 Scheme is not permitted to exceed 10% of the shares of the Company in issue at 16 August 2012 unless the Company obtains a fresh approval from its shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the number of shares in issue unless the Company obtains a fresh approval from its shareholders.

For the year ended 31 March 2015

39. SHARE OPTION SCHEMES (Continued)

2012 Scheme (Continued)

Options granted must be taken up within 60 days of the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

As at 31 March 2014 and 2015, none of the share options had been granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all share option schemes of the Company is not permitted to exceed 30% of the shares of the Company in issue from time to time. No share option may be granted under any share option scheme of the Company if such limit is exceeded.

40. 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 balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the bank borrowings disclosed in note 28, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

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41. FINANCIAL INSTRUMENTS**(a) Categories of financial instruments**

	2015 HK\$'000	2014 HK\$'000
Financial assets		
<i>Financial assets at fair value through profit or loss</i>		
Investments held for trading	1,231,378	1,825,264
Conversion options embedded in convertible notes	–	31,252
	1,231,378	1,856,516
<i>Loans and receivables</i>		
Trade and other receivables	94,716	129,089
Amounts due from joint ventures	1,937,397	1,701,726
Amount due from an associate	18,947	–
Cash held by securities brokers	5,340	3,993
Bank balances and cash	1,274,443	1,790,628
	3,330,843	3,625,436
<i>Available-for-sale financial assets</i>		
Available-for-sale investments	50,033	60,612
Financial liabilities		
<i>At amortised cost</i>		
Other payables	52,334	47,135
Amount due to a joint venture	169	432
Amounts due to associates	10,218	14,097
Amounts due to non-controlling shareholders of subsidiaries	91,178	25,355
Guaranteed notes	1,170,000	1,170,000
Bank borrowings	2,755,917	2,590,645
	4,079,816	3,847,664

(b) Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

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41. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks

(i) Foreign currency risk management

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to foreign currency risk in relation to RMB, USD and EUR arising from foreign currency bank balances and cash, and cash held by securities brokers as set out in note 26.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
RMB	23,068	1,574	–	–
USD	105,109	340,593	1,170,000	1,170,000
EUR	1,646	2,061	–	–

Sensitivity analyses for foreign currency risk

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2014: 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 other than the items denominated in USD as the directors consider that the Group's exposure to USD is insignificant on the ground that HKD is pegged to USD, and adjusts their translation at the year end for a 5% (2014: 5%) change in foreign currency rate. A positive number below indicates an increase in profit where the above foreign currencies strengthen by 5% (2014: 5%) against the functional currency of each group entity. For a 5% (2014: 5%) weakening of the above foreign currencies against the functional currency of each group entity, there would be an equal and opposite impact on the profit and the balance below would be opposite.

	2015 HK\$'000	2014 HK\$'000
Profit for the year	1,032	152

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the year.

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41. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to available-for-sale investments, amounts due from (to) joint ventures, associates, non-controlling shareholders of subsidiaries, investments held for trading and guaranteed notes issued by the Company as set out in notes 18, 20, 21, 38(b), 25 and 30 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, cash held by securities brokers, and bank borrowings as set out in notes 26 and 28 respectively. It is the Group's policy to keep its borrowings (other than guaranteed notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and interest rate determined by the People's Bank of China arising from the Group's RMB denominated borrowings.

Sensitivity analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate cash held by securities brokers, bank balances and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2014: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2014: 50 basis points) for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For cash held by securities brokers and bank balances, if interest rates had been 10 basis points (2014: 10 basis points) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2015 would increase/decrease by HK\$1,069,000 (2014: HK\$1,499,000).

For bank borrowings, if interest rates had been 50 basis points (2014: 50 basis points) basis points higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2015 would decrease/increase by HK\$11,506,000 (2014: HK\$10,816,000).

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

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41. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity securities, listed debt securities and unlisted mutual funds quoted in the open markets. The management considers that there is no significant equity and other price risks through available-for-sale investments. In addition, the Group has appointed a special team to monitor the price risks and will consider hedging the risk exposure should the need arise.

Sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the end of reporting period. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risks as the year end exposure does not reflect the exposure during the year.

If the prices of the respective listed equity securities and unlisted mutual funds had been 5% (2014: 5%) higher/lower, profit for the year ended 31 March 2015 would increase/decrease by HK\$2,292,000 (2014: increase/decrease by HK\$2,693,000) as a result of the changes in fair value of equity securities mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2014: 5%) higher/lower, profit for the year ended 31 March 2015 would increase/decrease by HK\$49,118,000 (2014: increase/decrease by HK\$73,511,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has decreased during the year mainly due to the decrease in investments held for trading.

Credit risk management

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 34.

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41. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management (Continued)

In order to minimise the credit risk, 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. In addition, the Group reviews the recoverable amount of each individual trade debt and debt instrument at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputations.

The credit risk on investments in listed debt securities is limited because majority of the counterparties are corporations with good reputations.

The credit quality of the listed debt securities as set out in note 25, determined by external credit-ratings assigned by Moody's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2015 %	2014 %
Ba1	15.5	6.5
Ba2	21.1	17.7
Ba3	13.7	27.2
B1 to Caal	19.3	32.9
Unrated	30.4	15.7
	100.0	100.0

Significant concentration of credit risk

The Group does not have significant concentration of credit risk on investment in listed debt securities as counterparties are diversified.

As at 31 March 2014, the Group has concentration of credit risk on its investment in convertible notes (included in available-for-sale investments and conversion options embedded in convertible notes) as the entire amount of the convertible notes are issued by one independent third party. The management of the Group considers that the credit risk on investments in these convertible notes is limited as they were issued by reputable companies whose shares are listed on the Stock Exchange.

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41. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management (Continued)

Significant concentration of credit risk (Continued)

The Group also has concentration of credit risk as 87% (2014: 96%) of the amounts due from joint ventures are due from five (2014: five) joint ventures. The joint ventures are private companies and mainly located in the PRC. In order to minimise the credit risk, the management of the Group has monitored the repayment ability of the joint ventures continuously. The counterparties of the entire amounts due from joint ventures that are repayable on demand had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in Hong Kong, which accounted for approximately 90% of the Group's total recognised financial assets as at 31 March 2015 and 2014.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by monitoring and maintaining 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 management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants.

Liquidity tables

In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

For non-derivative 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 the rights.

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41. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****Liquidity risk management (Continued)***Liquidity tables (Continued)*

The amounts included below for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of the reporting period.

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2015 HK\$'000
31 March 2015									
<i>Non-derivative financial assets</i>									
Available-for-sale investments	-	50,033	-	-	-	-	-	50,033	50,033
Investments held for trading	-	1,231,378	-	-	-	-	-	1,231,378	1,231,378
Trade and other receivables	-	94,716	-	-	-	-	-	94,716	94,716
Amounts due from joint ventures	-	1,937,397	-	-	-	-	-	1,937,397	1,937,397
Amount due from an associate	-	18,947	-	-	-	-	-	18,947	18,947
Cash held by securities brokers	-	5,340	-	-	-	-	-	5,340	5,340
Bank balances and cash	0.65	1,274,443	-	-	-	-	-	1,274,443	1,274,443
		4,612,254	-	-	-	-	-	4,612,254	4,612,254
<i>Non-derivative financial liabilities</i>									
Other payables	-	52,334	-	-	-	-	-	52,334	52,334
Amount due to a joint venture	-	169	-	-	-	-	-	169	169
Amounts due to associates	-	10,218	-	-	-	-	-	10,218	10,218
Amounts due to non-controlling shareholders of subsidiaries	-	91,178	-	-	-	-	-	91,178	91,178
Guaranteed notes	6.5	-	9,506	38,025	76,050	1,398,150	-	1,521,731	1,170,000
Bank borrowings	2.4	291,208	7,242	447,965	721,468	857,051	683,999	3,008,933	2,755,917
		445,107	16,748	485,990	797,518	2,255,201	683,999	4,684,563	4,079,816
<i>Financial guarantee contracts (Note)</i>									
	-	-	860,233	8,676	69,600	990,767	-	1,929,276	7,313

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41. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****Liquidity risk management (Continued)***Liquidity tables (Continued)*

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2014 HK\$'000
31 March 2014									
<i>Non-derivative financial assets</i>									
Available-for-sale investments	-	60,612	-	-	-	-	-	60,612	60,612
Investments held for trading	-	1,825,264	-	-	-	-	-	1,825,264	1,825,264
Conversion options embedded in convertible notes	-	31,252	-	-	-	-	-	31,252	31,252
Trade and other receivables	-	129,089	-	-	-	-	-	129,089	129,089
Amounts due from joint ventures	-	1,701,726	-	-	-	-	-	1,701,726	1,701,726
Cash held by securities brokers	-	3,993	-	-	-	-	-	3,993	3,993
Bank balances and cash	0.78	1,790,628	-	-	-	-	-	1,790,628	1,790,628
		5,542,564	-	-	-	-	-	5,542,564	5,542,564
<i>Non-derivative financial liabilities</i>									
Other payables	-	47,135	-	-	-	-	-	47,135	47,135
Amounts due to joint ventures	-	432	-	-	-	-	-	432	432
Amounts due to associates	-	14,097	-	-	-	-	-	14,097	14,097
Amount due to non-controlling shareholder of a subsidiary	-	25,355	-	-	-	-	-	25,355	25,355
Guaranteed notes	6.5	-	9,506	38,025	76,050	1,398,150	-	1,521,731	1,170,000
Bank borrowings	2.0	132,216	6,085	694,517	339,044	940,545	694,848	2,807,255	2,590,645
		219,235	15,591	732,542	415,094	2,338,695	694,848	4,416,005	3,847,664
Financial guarantee contracts (Note)		-	2,130	326,640	632,280	190,598	110,460	1,262,108	5,772

Note: The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contracts guaranteed by the Group.

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41. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity tables (Continued)

Bank loans with a repayment on demand clause are included in the “on demand” time band in the above maturity analysis. As at 31 March 2015 and 31 March 2014, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$291,208,000 and HK\$132,216,000 respectively. Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months HK\$’000	3 months to 1 year HK\$’000	1 – 2 years HK\$’000	2 – 5 years HK\$’000	More than 5 years HK\$’000	Total undiscounted cash flows HK\$’000	Total carrying amounts HK\$’000
31 March 2015	855	9,854	13,258	254,548	44,303	322,818	291,208
31 March 2014	327	31,018	9,548	28,923	73,128	142,944	132,216

The amounts included above for financial guarantee contracts are the maximum amounts the Group be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for variable rate bank borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements recognised in the consolidated statement of financial position

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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41. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

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

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant Unobservable inputs	Relationship of unobservable inputs to fair value
	31.3.2015	31.3.2014				
1) Held-for-trading non-derivative financial assets classified as investments held for trading in the statement of financial position	Listed equity securities in: – Hong Kong: HK\$43,199,000 Listed debt securities in: – Hong Kong: HK\$429,670,000 – Elsewhere: HK\$746,809,000 Unlisted mutual funds HK\$11,700,000	Listed equity securities in: – Hong Kong: HK\$64,510,000 Listed debt securities in: – Hong Kong: HK\$89,876,000 – Elsewhere: HK\$1,670,878,000	Level 1 Level 3	Quoted bid prices in an active market Redemption price provided by the investment fund managers	N/A Value of the underlying assets of the funds	N/A The higher the redemption price, the higher the fair value
2) Unlisted equity securities classified as available-for-sale investments in the consolidated statement of financial position	HK\$45,028,000	HK\$19,564,000	Level 3	Redemption price provided by the investment fund managers	Value of the underlying assets of the funds	The higher the redemption price, the higher the fair value
3) Unlisted debt securities classified as available-for-sale investments in the consolidated statement of financial position	–	HK\$36,043,000	Level 3	Discounted cash flow, future cash flows by discount rate	Discount rate determined by reference to the list bonds in similar rating	The higher the discount rate, the lower the fair value
4) Conversion option classified as conversion options embedded in convertible notes in the consolidated statement of financial position	–	HK\$31,252,000	Level 3	Binomial Free Pricing Model	Volatility determined by the annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share price	The higher the volatility rate, the lower the fair value

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

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41. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

In addition, the Group's investment in unlisted equity interest classified as available-for-sale investments of approximately HK\$5,005,000 is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

	2015			Total HK\$'000
	Level 1 measurements HK\$'000	Level 2 measurements HK\$'000	Level 3 measurements HK\$'000	
Financial assets				
<i>Investments held for trading</i>				
– Listed equity securities	43,199	–	–	43,199
– Unlisted mutual funds	–	–	11,700	11,700
– Listed debt securities	1,176,479	–	–	1,176,479
	1,219,678	–	11,700	1,231,378
<i>Available-for-sale investments</i>				
– Unlisted equity securities	–	–	45,028	45,028
	1,219,678	–	56,728	1,276,406

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41. FINANCIAL INSTRUMENTS (Continued)**(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)**

	Level 1 measurements HK\$'000	Level 2 measurements HK\$'000	2014 Level 3 measurements HK\$'000	Total HK\$'000
Financial assets				
<i>Investments held for trading</i>				
– Listed equity securities	64,510	–	–	64,510
– Listed debt securities	1,760,754	–	–	1,760,754
	1,825,264	–	–	1,825,264
<i>Available-for-sale investments/conversion options in convertible notes</i>				
– Unlisted equity securities	–	–	19,564	19,564
– Unlisted debt securities	–	–	36,043	36,043
– Conversion options embedded in convertible notes	–	–	31,252	31,252
	–	–	86,859	86,859
	1,825,264	–	86,859	1,912,123

There were no transfers between Level 1 measurements and Level 2 measurements in the current year.

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41. FINANCIAL INSTRUMENTS (Continued)**(d) Reconciliation of Level 3 measurements of financial assets**

	Unlisted equity securities (included in available- for-sale investments) HK\$'000	Unlisted mutual funds (included in investments held for trading) HK\$'000	Unlisted debt securities (included in available- for-sale investments) HK\$'000	Conversion options embedded in convertible notes HK\$'000	Total HK\$'000
At 1 April 2013	–	–	34,900	14,980	49,880
Addition	19,564	–	–	–	19,564
Disposal	–	–	(3,700)	–	(3,700)
Net increase in fair value recognised directly in equity	–	–	4,843	–	4,843
Net increase in fair value recognised in profit or loss (included in income and gains from investments)	–	–	–	16,272	16,272
At 31 March 2014	19,564	–	36,043	31,252	86,859
Additions	25,873	11,700	–	–	37,573
Disposal	–	–	(36,043)	(31,252)	(67,295)
Net decrease in fair value recognised directly in equity	(409)	–	–	–	(409)
At 31 March 2015	45,028	11,700	–	–	56,728

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

42. INFORMATION OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information of the statement of financial position of the Company as at 31 March 2015 and 2014:

	2015 HK\$'000	2014 HK\$'000
Investments in subsidiaries	474,821	397,378
Amounts due from subsidiaries	6,525,883	5,361,726
Other assets	189,100	262,688
Liabilities	(16,477)	(19,187)
	7,173,327	6,002,605
Share capital	83,896	76,145
Reserves (<i>Note</i>)	7,089,431	5,926,460
	7,173,327	6,002,605

Note:

Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2013	1,619,636	371	338,410	3,186,106	5,144,523
Profit and other comprehensive income for the year	–	–	–	913,287	913,287
Dividend recognised as distribution	–	–	–	(131,350)	(131,350)
At 31 March 2014	1,619,636	371	338,410	3,968,043	5,926,460
Profit and other comprehensive income for the year	–	–	–	927,340	927,340
Placing of shares	432,499	–	–	–	432,499
Share repurchases	–	2,649	(91,683)	(2,649)	(91,683)
Expenses related to shares repurchased and cancelled	–	–	(453)	–	(453)
Dividend recognised as distribution	–	–	–	(104,732)	(104,732)
At 31 March 2015	2,052,135	3,020	246,274	4,788,002	7,089,431

For the year ended 31 March 2015

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2015 and 2014 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly	Indirectly	2015	2014	
			2015 %	2014 %	2015 %	2014 %	
Able Market Limited	Hong Kong	HK\$1	–	–	100	100	Property development
Absolute Keen Limited	Hong Kong	HK\$1	–	–	100	100	Property development
Apex Harvest Limited	Hong Kong	HK\$100	–	–	92	92	Property development
Capital Delight Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Capital Strategic Property (Shanghai) Limited <i>(Note ii)</i>	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding and leasing of property
Century Unicorn Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
CH Property Services Limited	Hong Kong	HK\$1	–	–	100	100	Provision of property management service
Clear Luck Group Limited	BVI	US\$1	–	–	100	100	Property holding
Couture Homes Limited	BVI	US\$1	100	100	–	–	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK\$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK\$2	100	100	–	–	Provision of property management service
Digital Option Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Eagle Shore Limited	BVI	US\$1	–	–	100	100	Sales of securities and investing holding

For the year ended 31 March 2015

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly	Indirectly	2015	2014	
			2015	2014	2015	2014	
%			%	%	%	%	
Earn Centre Limited	Hong Kong	HK\$2	–	–	100	100	Property holding and leasing of property
Estate Sky Limited	BVI	US\$1	100	100	–	–	Bond issuer
Ever Novel Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Excess Gain Company Limited (Note iii)	Hong Kong	HK\$1,000,000	–	–	100	–	Property holding and leasing of property
Fortress Jet Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Geotalent Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Golden United Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Growth Safe Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
High Land Management Services Limited (formerly named “Premium Management Services Limited”)	Hong Kong	HK\$1	–	–	92	92	Management services
High Supreme Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Hoyden Holdings Limited (Note i)	BVI	US\$1	–	–	100	–	Property development
Hin Kuok Investment and Development Real Estate Limited (Note iii)	Macau	MOP300,000	–	–	60	–	Property holding and leasing of property
ICC Financial Limited	Hong Kong	HK\$1	–	–	100	100	Money lender
Mark Well Investment Limited	Hong Kong	HK\$100	100	100	–	–	Sale of securities and investment holding

For the year ended 31 March 2015

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly	Indirectly	2015	2014	
			2015 %	2014 %	2015 %	2014 %	
Million Base Properties Limited	Hong Kong	HK\$2	–	–	100	100	Property holding and leasing of property
Million Basis Property Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Modern Value Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Smart Charm Holdings Limited	Hong Kong	HK\$1	–	–	100	100	Hotel operation
Smart Future Holdings Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Smart Kept Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Smart Tide Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Trinity Value Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Well Clever International Limited	BVI	US\$1	–	–	100	100	Sale of securities and investment holding
Wui Tak Investment Limited (Note iii)	Macau	MOP80,000	–	–	60	–	Property holding and leasing of property

Notes:

- (i) These companies were incorporated during the year ended 31 March 2015.
- (ii) Capital Strategic Property (Shanghai) Limited is a wholly foreign owned enterprise established in the PRC.
- (iii) These companies were acquired during the year ended 31 March 2015.

None of the subsidiaries had issued any debt securities at the end of the year except for Estate Sky Limited which has issued HK\$1,170 million of guaranteed note, in which the Group has HK\$1,170 million interest.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, 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.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF CSI PROPERTIES LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of CSI Properties Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 34 to 125, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 June 2016

Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Revenue	5	2,201,494	745,611
Cost of sales and services		(1,029,524)	(385,167)
Gross profit		1,171,970	360,444
Income and gains (losses) from investments	7	112,278	47,581
Other income	8	71,883	72,217
Other gains and losses	9	19,125	1,147
Administrative expenses		(214,268)	(152,307)
Finance costs	10	(138,609)	(122,089)
Share of results of joint ventures		687,752	16,631
Share of results of associates		1,085	57,737
Profit before taxation		1,711,216	281,361
Income tax expense	11	(53,948)	(16,308)
Profit for the year	12	1,657,268	265,053
Attributable to:			
Owners of the Company		1,645,022	262,936
Non-controlling interests		12,246	2,117
		1,657,268	265,053
Earnings per share (HK cents)	16		
Basic		15.83	2.65

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
Profit for the year	1,657,268	265,053
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(22,027)	521
Share of exchange differences of joint ventures	(25,527)	(3,545)
Change in fair value of available-for-sale investments	(376)	(409)
Reclassification of translation reserve upon disposal of joint ventures	(13,690)	–
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	–	(11,677)
	(61,620)	(15,110)
Total comprehensive income for the year	1,595,648	249,943
Total comprehensive income attributable to:		
Owners of the Company	1,583,402	247,826
Non-controlling interests	12,246	2,117
	1,595,648	249,943

Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Non-Current Assets			
Property, plant and equipment	17	623,307	664,818
Available-for-sale investments	18	59,630	64,579
Club memberships		11,385	11,385
Interests in joint ventures	19	1,308,350	1,653,996
Amounts due from joint ventures	19	1,743,320	1,937,397
Interests in associates	20	137,855	17,567
Amounts due from associates	20	4,152	18,947
		3,887,999	4,368,689
Current Assets			
Trade and other receivables	21	140,273	117,595
Properties held for sale	22	8,850,223	5,556,593
Investments held for trading	23	1,813,664	1,231,378
Taxation recoverable		20,141	7,703
Cash held by securities brokers	24	3,983	5,340
Bank balances and cash	24	3,525,228	1,274,443
		14,353,512	8,193,052
Current Liabilities			
Other payables and accruals	25	236,598	120,089
Taxation payable		185,864	138,854
Amounts due to joint ventures	19	20,130	169
Amounts due to associates	20	–	10,218
Amounts due to non-controlling shareholders of subsidiaries	36(b)	100,832	91,178
Bank borrowings – due within one year	26	561,101	710,204
		1,104,525	1,070,712
Net Current Assets		13,248,987	7,122,340
		17,136,986	11,491,029

Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Capital and Reserves			
Share capital	27	80,296	83,896
Reserves		9,586,815	8,180,824
Equity attributable to owners of the Company		9,667,111	8,264,720
Non-controlling interests		14,241	2,066
Total Equity		9,681,352	8,266,786
Non-Current Liabilities			
Guaranteed notes	28	1,040,130	1,170,000
Bank borrowings – due after one year	26	6,410,008	2,045,713
Deferred tax liabilities	29	5,496	8,530
		7,455,634	3,224,243
		17,136,986	11,491,029

The consolidated financial statements on pages 34 to 125 were approved and authorised for issue by the Board of Directors on 29 June 2016 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Investment revaluation reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Note)						
At 1 April 2014	76,145	1,619,636	371	276,058	82,201	11,677	5,707,424	7,773,512	4,141	7,777,653
Profit for the year	-	-	-	-	-	-	262,936	262,936	2,117	265,053
Exchange differences arising on translation of foreign operations	-	-	-	-	521	-	-	521	-	521
Share of exchange differences of joint ventures	-	-	-	-	(3,545)	-	-	(3,545)	-	(3,545)
Decrease in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	(409)	-	(409)	-	(409)
Reclassified to profit and loss on derecognition of available-for-sale investments	-	-	-	-	-	(11,677)	-	(11,677)	-	(11,677)
Total comprehensive income for the year	-	-	-	-	(3,024)	(12,086)	262,936	247,826	2,117	249,943
Placing of shares (note 27(i))	10,400	432,499	-	-	-	-	-	442,899	-	442,899
Share repurchases (note 27(iii))	(2,649)	-	2,649	(91,683)	-	-	(2,649)	(94,332)	-	(94,332)
Expenses related to shares repurchased and cancelled	-	-	-	(453)	-	-	-	(453)	-	(453)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,192)	(4,192)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	(104,732)	(104,732)	-	(104,732)
At 31 March 2015	83,896	2,052,135	3,020	183,922	79,177	(409)	5,862,979	8,264,720	2,066	8,266,786
Profit for the year	-	-	-	-	-	-	1,645,022	1,645,022	12,246	1,657,268
Exchange differences arising on translation of foreign operations	-	-	-	-	(22,027)	-	-	(22,027)	-	(22,027)
Share of exchange differences of joint ventures	-	-	-	-	(25,527)	-	-	(25,527)	-	(25,527)
Decrease in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	(3,284)	-	(3,284)	-	(3,284)
Reclassification adjustment upon impairment on available-for-sale investments	-	-	-	-	-	2,908	-	2,908	-	2,908
Reclassified to profit and loss on derecognition of a subsidiary of joint venture	-	-	-	-	(13,690)	-	-	(13,690)	-	(13,690)
Total comprehensive income for the year	-	-	-	-	(61,244)	(376)	1,645,022	1,583,402	12,246	1,595,648
Share repurchases (note 27(iii))	(3,600)	-	3,600	(110,552)	-	-	(3,600)	(114,152)	-	(114,152)
Expenses related to shares repurchased and cancelled	-	-	-	(791)	-	-	-	(791)	-	(791)
Acquisition of additional interest of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	(224)	(224)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(500)	(500)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	(66,068)	(66,068)	-	(66,068)
Partial disposal of interest in subsidiaries without loss of control	-	-	-	-	-	-	-	-	653	653
At 31 March 2016	80,296	2,052,135	6,620	72,579	17,933	(785)	7,438,333	9,667,111	14,241	9,681,352

Note: The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	1,711,216	281,361
Adjustments for:		
Finance costs	138,609	122,089
Depreciation of property, plant and equipment	45,595	35,876
Gain on disposal of property, plant and equipment	(579)	(285)
Gain on derecognition of investments in convertible notes, net	–	(1,575)
Gain on disposal of joint ventures	(14,706)	–
Income from amortisation of financial guarantee contracts	(2,597)	(1,328)
(Increase) decrease in fair value of investments held for trading	(12,581)	86,420
Interest income	(10,479)	(11,075)
Impairment loss on amount due from a joint venture	3,500	–
Impairment loss on properties held for sale	125,729	36,341
Impairment loss on available-for-sale investments	2,908	–
Share of results of joint ventures	(687,752)	(16,631)
Share of results of associates	(1,085)	(57,737)
Operating cash flow before movements in working capital	1,297,778	473,456
(Increase) decrease in investments held for trading	(569,705)	564,659
Increase (decrease) in other payables and accruals	116,625	(158,828)
Increase in properties held for sale	(2,430,404)	(1,109,919)
Decrease (increase) in available-for-sale investments	1,665	(40,419)
(Increase) decrease in trade and other receivables	(50,222)	4,342
Decrease (increase) in cash held by securities brokers	1,357	(1,347)
Net cash used in operations	(1,632,906)	(268,056)
Hong Kong Profits Tax paid	(22,410)	(40,368)
NET CASH USED IN OPERATING ACTIVITIES	(1,655,316)	(308,424)

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
INVESTING ACTIVITIES			
Repayment from (advances to) joint ventures		160,226	(357,408)
Purchases of property, plant and equipment		(4,094)	(6,483)
Investments in associates		(124,559)	(2,642)
Repayment from (advance to) an associate		19,529	(24,998)
Dividends received from associates		1,200	165,280
Dividends received from joint ventures		661,085	50,000
Interest received		10,479	11,075
Decrease in loan receivables		27,135	22,667
Proceeds on disposal of property, plant and equipment		589	285
Proceeds from disposal of joint ventures		9,868	–
Net cash inflow on disposal of subsidiaries	31	1,189,021	221,000
Net cash outflow on acquisition of subsidiaries	30	(1,806,688)	(573,230)
Investment/acquisition of joint ventures		–	(52,567)
Purchase of a club membership		–	(4,525)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		143,791	(551,546)
FINANCING ACTIVITIES			
Repayments of bank borrowings		(1,253,424)	(925,889)
Repurchase of guaranteed notes		(129,870)	–
Dividends paid		(66,568)	(108,924)
Repayments to associates		(10,218)	(3,879)
Increase (decrease) in amounts due to joint ventures		19,961	(263)
Advances from non-controlling shareholders of subsidiaries		9,654	65,823
New bank borrowings raised		5,479,155	1,090,892
Net proceeds from placing of shares		–	442,899
Payment on repurchase of shares and related expenses		(114,943)	(94,785)
Interest paid		(171,866)	(122,089)
Acquisition of additional interest of non-wholly owned subsidiaries		(224)	–
Partial disposal of interest in subsidiaries without loss of control		653	–
NET CASH FROM FINANCING ACTIVITIES		3,762,310	343,785
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,250,785	(516,185)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,274,443	1,790,628
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		3,525,228	1,274,443

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (“HKSE”). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in the annual report. The directors of the Company considers that Earnest Equity Limited, a private company incorporated in the British Virgin Islands (“BVI”), is its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, is its ultimate holding company. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director and Chief Executive of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 41, 19 and 20 respectively.

The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ¹
HKFRS 16	Leases ⁴
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ²
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers ¹
Amendments to HKAS 1	Disclosure initiative ²
Amendments to HKAS 7	Disclosure initiative ⁵
Amendments to HKAS 12	Recognition of deferred tax assets for unrealized losses ⁵
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ²
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ²
Amendments to HKAS 27	Equity method in separate financial statements 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 HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2019

⁵ Effective for annual periods beginning on or after 1 January 2017

HKFRS 9 “Financial instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 “*Financial instruments*” (Continued)

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 “*Financial instruments: Recognition and measurement*” 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 FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of 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.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented 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.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company will assess the impact of the application of HKFRS 9. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

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.

The directors of the Company will assess the impact of the application of HKFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating 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. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. The directors of the Company anticipate that the application of HKFRS 16 in the future will have a material impact on the Group's consolidated financial statements; however, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRS 10 and HKAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”

The amendments to HKFRS 10 “Consolidated financial statements” and HKAS 28 “Investments in associates and joint ventures” deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

Other than as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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 (the “Listing Rules”) on The Stock Exchange and by the Hong Kong Companies Ordinance (“CO”).

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance (Cap. 622) regarding presentation of accounts and directors’ report and audits and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 is presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies 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 principal accounting policies are set out below.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Company 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.

Profit or loss and each item 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 into 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership 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 and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, 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 and any non-controlling interests. 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 HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. 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 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.

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 requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "*Impairment of Assets*" 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, 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 in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a partial 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) when the equity method is discontinued.

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

Business combinations (Continued)

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 *"Share-based Payment"* 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.

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 re-assessment, 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included as receipt in advance for sales of properties under current liabilities in the consolidated statement of financial position.

Rental income, including rental invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant leases.

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 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Assets management income relating to properties is recognised when services are rendered.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) 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 subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets 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.

Properties held for sale

Properties held for sale are stated in the consolidated statement of financial position at the lower of cost and net realisable value on an individual property basis. Cost includes the cost of the properties and other direct attributable expenses. Net realisable value is calculated at the actual or estimated selling price less the estimated selling expenses.

If an item of properties held for sale is transferred to property, plant and equipment because its use has been changed, evidenced by the commencement of owner-occupation of the relevant property, the carrying amount of the properties held for sale at the date of transfer is recognised as the cost of the property, plant and equipment.

Properties under development for sale under current assets

Properties under development for sale under current assets are properties held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the cost of property interests, development expenditure and other direct attributable expenses.

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into accounts the price ultimately expected to be realised, less the estimated selling expenses.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease. 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.

To the extent the allocation of the lease 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. 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.

Club memberships

Club memberships with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of club memberships are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at 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.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), '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. 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 debt instrument 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 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 debt instrument, 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 other than those financial assets classified as at FVTPL.

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 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.

Financial assets at FVTPL are stated at fair value, with any gain or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in income and gains (losses) from investments line item. Fair value is determined in the manner described in note 39.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS 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 AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS 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).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see 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 trade and other receivables, amount(s) due from joint ventures, an associate, cash held by securities brokers and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

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 AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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 past the average credit period of 60 days, 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.

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 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 receivables and loan receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable or a loan 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 AFS 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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 the 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 AFS equity securities, 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 AFS debt securities, 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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments

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 group entity 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.

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 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 liability, or, (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

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 on initial recognition.

Financial liabilities 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 incorporates any interest paid on the financial liability and is included in the income and gains (losses) from investments line item. Fair value is determined in the manner described in note 39.

Other financial liabilities

Other financial liabilities including other payables, amount(s) due to joint ventures, associates, non-controlling shareholders of subsidiaries, guaranteed notes and bank borrowings are subsequently measured at amortised cost using the effective interest method.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated at FVTPL, are subsequently measured at the higher of:

- (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial 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.

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 and accumulated in equity is recognised in profit or loss.

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.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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 in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to defined contribution retirement benefits plans/state-managed retirement benefits schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense 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 items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's 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 differences 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 goodwill or 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 associates, and interests in joint arrangements, 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 profits 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 is 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.

Current and deferred tax is 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 business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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 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 at 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

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

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated translation differences is reclassified to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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).

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 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.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37 to the Group's consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments 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 option reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments 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 option reserve.

When the share options are exercised, the amount previously recognised in share option 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 equity (share option reserve) will be transferred to accumulated profit.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis.

Key sources of estimation uncertainty

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

Estimated impairments on properties held for sale

Management reviews the recoverability of the Group's property interests held for sale with carrying amount of HK\$8,850,223,000 (2015: HK\$5,556,593,000) with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment on the properties is required, the Group takes into consideration the current market environment, the estimated market value of the properties held and to be acquired and/or the estimated net sale proceeds it expects to receive on disposals of the properties. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these property interests held, additional impairment loss may be required.

During the year ended 31 March 2016, impairment loss on properties held for sale amounted to approximately HK\$125,729,000 (2015: HK\$36,341,000) has been recognised in the consolidated statement of profit or loss.

5. REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. An analysis of the Group's revenue for the year is as follows:

	2016 HK\$'000	2015 HK\$'000
Rental income and hotel operation (<i>Note</i>)	226,278	202,641
Sales of properties held for sale	1,975,216	542,970
	2,201,494	745,611

Note: This mainly comprises of rental income from properties.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

In prior years, there were three reportable and operating segments, namely (i) property holding segment, (ii) strategic investment segment, and (iii) securities investment segment.

During the current year, in view of the continuing significance of the operation of the property holding segment, the CODM revised the organisation of segments that are used to allocate resources and assess performance, and considered to change its analysis based on nature of the property holding, being (i) commercial property holding and (ii) residential property holding, which is currently the basis used for the purpose of allocating resources and assessing their performance, and also the basis of organisation of the Group for managing the business operations. Other than the commercial property holding and residential property holding segments, the CODM continues to review the performance of securities investment segment as similar basis as prior years. Trading of commercial properties and hotels operation and strategic alliances with the joint venture partners of the joint ventures and associates, and investment and trading of residential properties and strategic alliances with the joint venture partners of the joint ventures and associates are aggregated into single reportable segments, respectively, as the CODM considered that they have similar economic characteristics.

Therefore, there are three reportable and operating segments in current year as follows:

- (a) commercial property holding segment, which engages in the investment and trading of commercial properties and hotels operation, and also the strategic alliances with the joint venture partners of the joint ventures and associates;
- (b) residential property holding segment, which engages in the investment and trading of residential properties, and also the strategic alliances with the joint venture partners of the joint ventures and associates; and
- (c) securities investment segment, which engages in the securities trading and investment.

Consequently, the comparative segment information for the year ended 31 March 2015 have been re-presented in order to conform with the presentation adopted in current year. The changes in the segment information do not have any impact on the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. SEGMENT INFORMATION (Continued)

Segment revenues and results

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

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2016</i>				
EXTERNAL REVENUE				
Rental income and hotels operation	220,307	–	–	220,307
Rental income	–	5,971	–	5,971
Sales of properties held for sale	1,752,973	222,243	–	1,975,216
Revenue of the Group	1,973,280	228,214	–	2,201,494
Interest income and dividend income	–	–	102,605	102,605
Gain on disposal of joint ventures	14,706	–	–	14,706
Share of results of joint ventures (Note ii)	531,992	155,760	–	687,752
Share of results of associates (Note ii)	1,212	(127)	–	1,085
Segment revenue/income	2,521,190	383,847	102,605	3,007,642
RESULTS				
Segment profit	1,594,606	236,776	98,771	1,930,153
Unallocated other income				60,008
Other gains and losses				7,919
Central administration costs				(148,255)
Finance costs				(138,609)
Profit before taxation				1,711,216

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the year.
- (ii) Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2015 (Restated)</i>				
EXTERNAL REVENUE				
Rental income and hotels operation	197,228	–	–	197,228
Rental income	–	5,413	–	5,413
Sales of properties held for sale	542,970	–	–	542,970
Revenue of the Group	740,198	5,413	–	745,611
Interest income and dividend income	–	–	132,426	132,426
Share of results of joint ventures (<i>Note ii</i>)	61,610	(44,979)	–	16,631
Share of results of associates (<i>Note ii</i>)	57,738	(1)	–	57,737
Segment revenue/income	859,546	(39,567)	132,426	952,405
RESULTS				
Segment profit (loss)	431,854	(44,902)	40,733	427,685
Unallocated other income				65,506
Other gains and losses				1,147
Central administration costs				(90,888)
Finance costs				(122,089)
Profit before taxation				281,361

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the year.
- (ii) Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned (loss incurred) by each segment, interest income, dividend income, fair value change of investments, gain on disposal of joint ventures and share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income) and of other gains and losses, central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2016 HK\$'000	2015 HK\$'000 (Restated)
Segment assets		
Commercial property holding	8,041,417	6,194,591
Residential property holding	4,507,192	3,460,070
Securities investment	1,901,379	1,311,742
Total segment assets	14,449,988	10,966,403
Property, plant and equipment	175,469	202,805
Cash held by securities brokers	3,983	5,340
Bank balances and cash	3,525,228	1,274,443
Other unallocated assets	86,843	112,750
Consolidated assets	18,241,511	12,561,741
Segment liabilities		
Commercial property holding	183,110	170,975
Residential property holding	139,522	41,543
Securities investment	18,541	7,625
Total segment liabilities	341,173	220,143
Guaranteed notes	1,040,130	1,170,000
Bank borrowings	6,971,109	2,755,917
Taxation payable	185,864	138,854
Other unallocated liabilities	21,883	10,041
Consolidated liabilities	8,560,159	4,294,955

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, taxation recoverable, cash held by securities brokers, bank balances and cash and assets used jointly by reportable and operating segments; and
- all liabilities are allocated to operating segments other than guaranteed notes, bank borrowings, taxation payable and liabilities for which reportable and operating segments are jointly liable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2016

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	307,503	1,000,847	–	1,308,350	–	1,308,350
Amounts due from joint ventures	744,617	998,703	–	1,743,320	–	1,743,320
Interests in associates	1,085	136,770	–	137,855	–	137,855
Amounts due from associates	27	4,125	–	4,152	–	4,152
Net increase in fair value of investments held for trading	–	–	(12,581)	(12,581)	–	(12,581)
Depreciation and amortisation	15,609	–	–	15,609	29,986	45,595
Impairment loss on properties held for sale	119,063	6,666	–	125,729	–	125,729

For the year ended 31 March 2015 (Restated)

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	744,623	909,373	–	1,653,996	–	1,653,996
Amounts due from joint ventures	1,300,206	637,191	–	1,937,397	–	1,937,397
Interests in associates	11,515	6,052	–	17,567	–	17,567
Amounts due from associates	–	18,497	–	18,947	–	18,947
Net decrease in fair value of investments held for trading	–	–	86,420	86,420	–	86,420
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	–	–	(1,575)	(1,575)	–	(1,575)
Depreciation and amortisation	15,550	–	–	15,550	20,326	35,876
Impairment loss on properties held for sale	19,660	16,681	–	36,341	–	36,341

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations in commercial property holding, residential property holding and securities investment are mainly located in Hong Kong, the People's Republic of China (the "PRC") and Macau.

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

Revenue from property rentals and sales of properties held for sale are allocated based on the geographical location of the property interests.

Non-current assets are allocated by geographical location of the assets.

	Revenue from external customers Year ended 31 March		Non-current assets (Note)	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	2,097,399	368,273	1,469,154	1,836,276
PRC	57,300	55,230	600,064	500,105
Macau	46,795	322,108	294	–
	2,201,494	745,611	2,069,512	2,336,381

Note: Non-current assets exclude financial instruments and club membership.

Information about major tenants and buyers of properties

Revenue from customers, who are buyers of commercial properties held for sale, which individually accounted for more than 10% of the consolidated revenue from external customers are detailed as below.

	2016 HK\$'000	2015 HK\$'000
Buyer A	700,000	N/A ¹
Buyer B	493,330	N/A ¹
Buyer C	N/A ¹	221,000
	1,193,330	221,000

¹ The corresponding revenue from this buyer did not contribute over 10% of the total revenue of the Group for the relevant year.

Revenue by type of income

The relevant information is set out in note 5.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2016 HK\$'000	2015 HK\$'000
Interest income from		
– investments held for trading	101,620	128,556
– available-for-sale investments	–	983
Dividend income from investments held for trading	985	2,887
Increase (decrease) in fair values of investments held for trading	12,581	(86,420)
Gain on derecognition of convertible notes in available-for-sale investments	–	1,575
Impairment loss on available-for-sale investments	(2,908)	–
	112,278	47,581

The following is the analysis of the investment income and gains (losses) from respective financial instruments:

	2016 HK\$'000	2015 HK\$'000
Investments held for trading	115,186	45,023
Available-for-sale investments	(2,908)	2,558
	112,278	47,581

8. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Bank interest income	8,975	11,075
Loan interest income	1,504	6,011
Interest income from amounts due from joint ventures	35,603	33,202
Amortisation of financial guarantee contracts	2,597	1,328
Assets management income	11,875	6,711
Others	11,329	13,890
	71,883	72,217

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

9. OTHER GAINS AND LOSSES

	2016 HK\$'000	2015 HK\$'000
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	579	285
Net exchange gain	7,340	1,031
Gain on disposal of a joint venture (<i>Note</i>)	14,706	–
Impairment loss of amounts due from joint ventures	(3,500)	–
Other sundry losses	–	(169)
	19,125	1,147

Note: During the year ended 31 March 2016, the Group disposed its entire 50% equity interest in a joint venture, which principally engaged in properties holding, for a consideration of HK\$9,868,000. The negative carrying amount of the Group's interest in this joint venture was HK\$4,838,000, and hence a gain arising on this disposal resulted in HK\$14,706,000 and recognised in the profit or loss in current year.

10. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interests on:		
Bank borrowings	98,462	62,371
Guaranteed notes	73,404	76,050
Total borrowing costs	171,866	138,421
Less: Amounts capitalised in the cost of qualifying assets	(33,257)	(16,332)
	138,609	122,089

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

11. INCOME TAX EXPENSE

	2016 HK\$'000	2015 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	52,330	10,170
– Underprovision in prior years	2,015	4,398
Macau Complementary Tax		
– Current year	2,637	953
	56,982	15,521
Deferred taxation (<i>Note 29</i>)	(3,034)	787
	53,948	16,308

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca (“MOP”)300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdictions.

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

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	1,711,216	281,361
Taxation at Hong Kong Profits Tax rate of 16.5%	282,351	46,425
Tax effect of expenses not deductible for tax purpose	85,387	76,888
Tax effect of income not taxable for tax purpose	(211,609)	(106,703)
Tax effect of share of results of joint ventures	(113,479)	(2,744)
Tax effect of share of results of associates	(179)	(9,527)
Tax effect of tax losses not recognised	11,303	10,104
Utilisation of tax loss previously not recognised	(812)	(2,178)
Underprovision in prior years	2,015	4,398
Effect of different tax rates of group entities operating in other jurisdictions	(1,029)	(355)
Income tax expense for the year	53,948	16,308

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

12. PROFIT FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration (<i>Note 13</i>):		
Fees	558	600
Salaries and other benefits	21,584	20,218
Performance-related incentive bonus	41,530	11,271
Contributions to retirement benefits schemes	910	661
	64,582	32,750
Other staff costs:		
Salaries and other benefits	36,365	24,077
Performance-related incentive bonus	10,211	8,194
Contributions to retirement benefits schemes	2,402	2,673
	48,978	34,944
Total staff costs	113,560	67,694
Auditor's remuneration	1,800	1,438
Cost of properties held for sale recognised as an expense	798,202	307,331
Depreciation of property, plant and equipment	45,595	35,876
Gain on disposal of property, plant and equipment	(579)	(285)
Impairment loss on properties held for sale (included in cost of sales)	125,729	36,341

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For the year ended 31 March 2016

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of nine (2015: nine) directors were as follows:

For the year ended 31 March 2016

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Dr. Lo Wing Yan, William HK\$'000	Total HK\$'000
Directors' remuneration										
Fees	-	-	-	-	-	165	63	165	165	558
Salaries and other benefits	11,072	3,149	2,700	1,558	3,105	-	-	-	-	21,584
Performance-related incentive bonus (Note)	33,800	3,200	2,400	450	1,680	-	-	-	-	41,530
Contributions to retirement benefits schemes	18	318	255	80	239	-	-	-	-	910
	44,890	6,667	5,355	2,088	5,024	165	63	165	165	64,582

For the year ended 31 March 2015

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Dr. Lo Wing Yan, William HK\$'000	Total HK\$'000
Directors' remuneration										
Fees	-	-	-	-	-	150	150	150	150	600
Salaries and other benefits	10,616	2,763	2,581	1,561	2,697	-	-	-	-	20,218
Performance-related incentive bonus (Note)	8,000	1,000	900	371	1,000	-	-	-	-	11,271
Contributions to retirement benefits schemes	17	188	174	97	185	-	-	-	-	661
	18,633	3,951	3,655	2,029	3,882	150	150	150	150	32,750

Note: Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

13. DIRECTORS' REMUNERATION (Continued)

The Company has not appointed Chief Executive Officer, and the role and function of the Chief Executive Officer has been performed by the Executive Committee collectively.

The above emoluments to executive directors were mainly for their services in connection with the management of the affairs of the Company and of the Group. The above emoluments to independent non-executive directors were mainly for their services as directors of the Company. No directors waived any emoluments during both years.

During both years, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office.

14. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group four (2015: four) were directors and the chief executive of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2015: one) individual were as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	2,039	1,940
Performance-related incentive bonus (<i>Note</i>)	900	576
Contributions to retirement benefits schemes	147	126
	3,086	2,642

Their emoluments were within the following bands:

	2016 Number of employee	2015 Number of employee
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	–	1

Note: Performance-related incentive bonus is recommended by the Remuneration Committee and is approved by the board of directors, having regard to the Group's operating results, individual performance and comparable market statistics.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

15. DIVIDENDS

	2016 HK\$'000	2015 HK\$'000
Dividend recognised as distribution during the year		
– Final dividend of HK0.378 cent per share in respect of financial year ended 31 March 2015 (2015: Final dividend of HK1.14 cents per share in respect of financial year ended 31 March 2014)	39,641	104,732
– Special dividend of HK0.252 cent per share in respect of financial year ended 31 March 2015	26,427	–
Dividend proposed after the end of the reporting period		
– Final dividend of HK1.973 cents per share (2015: Final dividend of HK0.378 cent per share)	198,032	39,641
– Special dividend: nil (2015: Special dividend of HK0.252 cent per share)	–	26,427

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2016 HK\$'000	2015 HK\$'000
Earnings		
Earnings for the purposes of basic earnings per share: (profit for the year attributable to owners of the Company)	1,645,022	262,936
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	10,391,797	9,908,854

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both reporting periods.

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For the year ended 31 March 2016

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Vessel HK\$'000	Total HK\$'000
COST							
At 1 April 2014	575,000	157,539	16,792	1,386	3,738	44,737	799,192
Additions	–	912	3,509	244	1,818	–	6,483
Transfer	–	34,000	–	–	–	–	34,000
Disposal	–	–	–	–	(924)	–	(924)
At 31 March 2015	575,000	192,451	20,301	1,630	4,632	44,737	838,751
Additions	–	163	1,246	317	2,368	–	4,094
Disposal	–	–	–	(28)	(505)	–	(533)
At 31 March 2016	575,000	192,614	21,547	1,919	6,495	44,737	842,312
DEPRECIATION							
At 1 April 2014	103,668	19,746	7,086	831	3,738	3,912	138,981
Provided for the year	13,863	8,345	4,051	147	563	8,907	35,876
Eliminated on disposal	–	–	–	–	(924)	–	(924)
At 31 March 2015	117,531	28,091	11,137	978	3,377	12,819	173,933
Provided for the year	13,863	17,406	4,306	178	935	8,907	45,595
Eliminated on disposal	–	–	–	(18)	(505)	–	(523)
At 31 March 2016	131,394	45,497	15,443	1,138	3,807	21,726	219,005
CARRYING VALUES							
At 31 March 2016	443,606	147,117	6,104	781	2,688	23,011	623,307
At 31 March 2015	457,469	164,360	9,164	652	1,255	31,918	664,818

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

Hotel property	2.78%
Land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

In the opinion of the director of the Company, the land and buildings element of the hotel property cannot be separately measured, no allocation between land and buildings to hotel property is done.

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 33.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK\$'000	2015 HK\$'000
Available-for-sale investments comprises:		
Unlisted equity security, at cost (<i>Note i</i>)	5,005	5,005
Unlisted equity securities, at fair value (<i>Note ii</i>)	54,625	59,574
	59,630	64,579
Analysed for reporting purposes as:		
Non-Current	59,630	64,579

Notes:

(i) Unlisted equity security, at cost

Included in the unlisted equity security, the carrying value of HK\$5,005,000 (2015: HK\$5,005,000) represents a 8.27% (2015: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones.

The unlisted equity security is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

(ii) Unlisted equity securities, at fair value

Included in the unlisted equity securities, the carrying value of HK\$19,354,000 (2015: HK\$37,932,000) represents a 5.25% (2015: 5.25%) interest in an investee engaged in holding properties interest located in the PRC, which the Group received HK\$18,578,000 refund from an investee during the current year.

Included in the unlisted equity securities, the carrying value of HK\$9,976,000 (2015: HK\$6,062,000) represents a 4.83% (2015: 4.83%) interest in an investee engaged in provision of financial services in the PRC, which the Group further invested HK\$4,198,000 during the current year.

Included in the unlisted equity securities, the carrying value of HK\$12,130,000 (2015: nil) represents a 25% (2015: nil) interest in an investee engaged in holding of properties interest located in Australia, which the Group invested during the current year.

During the year ended 31 March 2016, a decrease in fair value of the unlisted equity securities of HK\$3,284,000 (2015: HK\$409,000) was recognised in other comprehensive income under investments revaluation reserve. Due to a significant decline in the fair value of certain of such investments below its cost, an impairment loss amounting to HK\$2,908,000 (2015: nil) has been recognised during the current year which was reclassified from the investments revaluation reserve to profit or loss.

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For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES

	2016 HK\$'000	2015 HK\$'000
Costs of unlisted investments in joint ventures	710,708	860,616
Share of post-acquisition profits, net of dividend received	177,689	297,168
Exchange difference arising on translation	2,835	44,950
Deemed capital contribution – financial guarantee contracts	9,937	8,034
Deemed capital contribution – interest-free loans (<i>Note i</i>)	407,181	443,228
	1,308,350	1,653,996
Amounts due from joint ventures included in non-current assets (<i>Note i</i>)	1,743,320	1,937,397
Amounts due to joint ventures included in current liabilities (<i>Note ii</i>)	20,130	169

Notes:

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$505,930,000 (2015: HK\$505,330,000), which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts with principal of HK\$1,680,755,000 (2015: HK\$1,888,493,000) are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors of the Company, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,274,911,000 (2015: HK\$1,445,265,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2015: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK\$149,412,000 (2015: HK\$85,793,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations and interest income from amounts due from joint ventures of HK\$109,468,000 (2015: HK\$77,056,000).

- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

During the year ended 31 March 2016, an impairment loss of HK\$3,500,000 (2015: nil) was made individually on the impaired amount due from a joint venture which has been determined by reference to past default experience and assessment of recoverability by management.

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For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

As at 31 March 2016 and 2015, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group (Note i)		Proportion of voting power held		Principal activities
					2016	2015	2016	2015	
Chater Capital Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property development
Vastness Investment Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property development
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	60% (Note ii)	60% (Note ii)	Property development
Hillcharm Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property holding
Great Maker Limited and its subsidiaries	Incorporated	Hong Kong	Hong Kong	Ordinary	30%	–	33% (Note ii)	–	Property development
Best Catch Ventures Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	40%	–	40% (Note ii)	–	Property holding
Cleveland Global Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	65%	–	50% (Note ii)	–	Property holding

Notes:

- (i) All the interests shown are held indirectly by the Group.
- (ii) Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the investment in these entities are treated as joint venture because major decisions require consent of all parties.

The above table lists the joint ventures of the group which, in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the group. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

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19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRSs adjusted by the Group for equity accounting purposes.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Chater Capital Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	2,742,537	2,242,967
Non-current assets	444	426
Current liabilities	(651,160)	(849,320)
Non-current liabilities	(954,399)	(365,775)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	342,468	242,136
Current financial liabilities (excluding trade and other payables and provisions)	(13,841)	(14,561)
Non-current financial liabilities (excluding trade and other payables and provisions)	(954,399)	(365,775)

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For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK\$342,468,000 (2015: HK\$242,136,000) and property held for sale under development of HK\$2,368,744,000 (2015: HK\$2,018,382,000). Current liabilities mainly comprise of advances from customers of HK\$505,674,000 (2015: HK\$594,390,000). Non-current liabilities represent bank loan of HK\$954,399,000 (2015: HK\$365,775,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	–	–
Loss for the year	(39,823)	(5,109)
Other comprehensive (expense) income for the year	(51,054)	1,278
Total comprehensive expense for the year	(90,877)	(3,831)

The above loss for the year include the following:

Depreciation and amortisation	249	385
Interest income	329	71

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the joint venture	1,137,422	1,028,298
Proportion of the Group's ownership interest in the joint venture	50%	50%
	568,711	514,149
Deemed capital contribution – financial guarantee contracts	891	891
Deemed capital contribution – interest-free loans	4,554	31,076
Carrying amount of the Group's interest in the joint venture	574,156	546,116

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19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Vastness Investment Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	570,767	1,671,360
Non-current assets	134,240	15,113
Current liabilities	(192,121)	(1,013,067)
Non-current liabilities	(290)	–

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	18,926	1,923
Current financial liabilities (excluding trade and other payables and provisions)	–	(588,375)

Current assets mainly comprise of cash and cash equivalents of HK\$18,926,000 (2015: HK\$1,923,000) and property held for sale of HK\$438,912,000 (2015: HK\$1,292,332,000). Non-current assets mainly comprise of investment properties of HK\$112,000,000 (2015: nil). Current liabilities mainly comprise of bank loan of nil (2015: HK\$482,375,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	1,856,912	–
Profit (loss) and total comprehensive income (expense) for the year	439,191	(19,341)
Dividends received from the joint venture during the year	300,000	–

The above profit (loss) for the year include the following:

Depreciation and amortisation	401	9,952
Interest income	–	2,970

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For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

Vastness Investment Limited (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the joint venture	512,596	673,406
Proportion of the Group's ownership interest in the joint venture	50%	50%
	256,298	336,703
Deemed capital contribution – interest-free loans	–	12,830
Carrying amount of the Group's interest in the joint venture	256,298	349,533

Eagle Wonder Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	1,607,090	1,550,152
Current liabilities	(1,171,656)	(1,090,707)
Non-current liabilities	(617,829)	(582,386)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	3,116	11,205
Current financial liabilities (excluding trade and other payables and provisions)	(1,165,986)	(1,088,357)
Non-current financial liabilities (excluding trade and other payables and provisions)	(617,829)	(582,386)

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19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Eagle Wonder Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK\$3,116,000 (2015: HK\$11,205,000) and property held for sale under development of HK\$1,603,972,000 (2015: HK\$1,538,945,000). Current liabilities mainly comprise of bank loan of HK\$754,100,000 (2015: HK\$700,100,000). Non-current liabilities represent shareholders' loan of HK\$617,829,000 (2015: HK\$582,386,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(59,454)	(54,865)

The above loss for the year include the following:

Interest expense	59,339	55,336
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Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2016 HK\$'000	2015 HK\$'000
Net liabilities of the joint venture	(182,395)	(122,941)
Proportion of the Group's ownership interest in the joint venture	60%	60%
	(109,437)	(73,765)
Deemed capital contribution – financial guarantee contracts	2,760	2,760
Share of net liabilities by amount due from the joint venture	109,437	73,765
Carrying amount of the Group's interest in the joint venture	2,760	2,760

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For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Hillcharm Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	4,752	6,394
Non-current assets	760,000	669,792
Current liabilities	(397,252)	(394,393)
Non-current liabilities	(400,000)	(280,671)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	4,752	2,475
Current financial liabilities (excluding trade and other payables and provisions)	(396,451)	(389,350)
Non-current financial liabilities (excluding trade and other payables and provisions)	(400,000)	(280,671)

Non-current assets mainly comprise of cash and cash equivalents of HK\$4,752,000 (2015: HK\$2,475,000) and property held for sale of HK\$760,000,000 (2015: HK\$669,792,000). Current liabilities mainly comprise of amount due to shareholders of HK\$396,451,000 (2015: HK\$389,350,000). Non-current liabilities represent bank loan of HK\$400,000,000 (2015: HK\$280,671,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	4,501	1,919
(Loss) profit and total comprehensive (expense) income for the year	(33,623)	1,122

The above (loss) profit for the year include the following:

Interest income	2	–
Income tax expense	510	226

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19.INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Hillcharm Limited (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net (liabilities) assets of the joint venture	(32,500)	1,122
Proportion of the Group's ownership interest in the joint venture	50%	50%
	(16,250)	561
Deemed capital contribution – financial guarantee contracts	1,700	1,700
Deemed capital contribution – interest-free loans	47,986	47,126
Share of net liabilities by amount due from the joint venture	16,250	–
Carrying amount of the Group's interest in the joint venture	49,686	49,387

During the year, the Group entered into agreement with independent third parties to set up Great Maker Limited, a joint venture company which principally engaged into certain property redevelopment projects.

Great Maker Limited

	HK\$'000
Current assets	3,098,095
Current liabilities	(1,577,620)
Non-current liabilities	(1,520,500)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	421
Current financial liabilities (excluding trade and other payables and provisions)	(1,574,238)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,520,500)

Current assets mainly comprise of cash and cash equivalents of HK\$421,000 and property held for sale under development of HK\$3,097,615,000. Current liabilities mainly comprise of amount due to shareholders of HK\$1,574,238,000. Non-current liabilities represent bank loan of HK\$1,520,500,000. The property redevelopment projects were in early stage and no significant profit or loss was incurred during the year ended 31 March 2016.

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19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Great Maker Limited (Continued)

	2016 HK\$'000
Revenue	–
Loss and total comprehensive expense for the year	(26)

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

	HK\$'000
Net liabilities of the joint venture	(25)
Proportion of the Group's ownership interest in the joint venture	30%
	(8)
Deemed capital contribution – financial guarantee contract	1,716
Deemed capital contribution – interest-free loans	114,326
Share of net liabilities by amount due from the joint venture	8
Carrying amount of the Group's interest in the joint venture	116,042

During the year, the Group entered into agreement with independent third parties to set up Best Catch Ventures Limited, a joint venture company which principally engaged into property investment.

Best Catch Ventures Limited

	HK\$'000
Current assets	944,615
Current liabilities	(316,185)
Non-current liabilities	(650,000)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	10,224
Current financial liabilities (excluding trade and other payables and provisions)	(300,422)
Non-current financial liabilities (excluding trade and other payables and provisions)	(650,000)

Notes to the Consolidated Financial Statements

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19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Best Catch Ventures Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK\$10,224,000 and property held for sale of HK\$918,000,000. Current liabilities mainly comprise of amount due to shareholders of HK\$300,422,000. Non-current liabilities represent bank loan of HK\$650,000,000.

	HK\$'000
Revenue	–
Loss and total comprehensive expense for the year	(21,570)

The above loss for the year include the following:

Interest expense	269
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Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	HK\$'000
Net liabilities of the joint venture	(21,570)
Proportion of the Group's ownership interest in the joint venture	40%
	(8,628)
Deemed capital contribution – financial guarantee contracts	501
Deemed capital contribution – interest-free loans	29,203
Share of net liabilities by amount due from the joint venture	8,628
Carrying amount of the Group's interest in the joint venture	29,704

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19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued)

During the year, the Group entered into agreement with independent third parties to set up Cleveland Global Limited, a joint venture company which principally engaged into property investment.

Cleveland Global Limited

	HK\$'000
Current assets	1,853,974
Current liabilities	(953,423)
Non-current liabilities	(912,500)

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	8,628
Current financial liabilities (excluding trade and other payables and provisions)	(951,300)
Non-current financial liabilities (excluding trade and other payables and provisions)	(912,500)

Current assets mainly comprise of cash and cash equivalents of HK\$8,628,000 and property held for sale of HK\$1,825,067,000. Current liabilities mainly comprise of amount due to shareholders of HK\$951,300,000. Non-current liabilities represent bank loan of HK\$912,500,000.

	HK\$'000
Revenue	1,539
Loss and total comprehensive expense for the year	(11,958)

The above loss for the year include the following:

Interest expense	6,830
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Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Cleveland Global Limited (Continued)

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

	HK\$'000
Net liabilities of the joint venture	(11,949)
Proportion of the Group's ownership interest in the joint venture	65%
	(7,767)
Deemed capital contribution – financial guarantee contracts	1,682
Deemed capital contribution – interest-free loans	150,387
Share of net liabilities by amount due from the joint venture	7,767
Carrying amount of the Group's interest in the joint venture	152,069

Aggregate information of joint ventures that are not individually material

	2016 HK\$'000	2015 HK\$'000
The Group's share of profit from continuing operations	556,960	65,562
The Group's share of post-tax profit from discontinued operations	–	–
The Group's share of other comprehensive expense	–	(4,184)
The Group's share of total comprehensive income	556,953	61,378
Dividends received from a joint venture during the year	361,085	50,000

Get Wisdom Limited ("Get Wisdom"), an entity incorporated in the BVI, was a joint venture of the Group, whose subsidiaries were engaged in property investment in the PRC. During the year, Get Wisdom together with the joint venture partner entered into a sale and purchase agreement with an independent third party to dispose its entire equity interests in the subsidiaries. The disposal of those subsidiaries was completed on 30 September 2015 and resulted in a gain on disposal of HK\$548,154,000 which was recognised in profit or loss during the current year and taken into account in the investments in joint ventures.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

19. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Summarised financial information of material joint ventures (Continued) Unrecognised share of losses of joint ventures

	2016 HK\$'000	2015 HK\$'000
The unrecognised share of losses of joint ventures for the year	–	(2,097)

	2016 HK\$'000	2015 HK\$'000
Cumulative unrecognised share of losses of joint ventures	–	–

Significant restriction

There are no significant restrictions on the ability of the joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

20. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES

	2016 HK\$'000	2015 HK\$'000
Costs of unlisted investments in associates	135,003	10,247
Share of post-acquisition profits and other comprehensive income, net of dividend received	957	1,269
Deemed capital contribution – financial guarantee contracts	577	–
Deemed capital contribution – interest-free loans	1,318	6,051
	137,855	17,567
Amounts due from associates included in non-current assets (<i>Note i</i>)	4,152	18,947
Amounts due to associates included in current liabilities (<i>Notes ii</i>)	–	10,218

Notes:

- (i) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors of the Company, settlement is neither planned nor likely to occur in the foreseeable future. The directors of the Company considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values.
- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

20.INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

At 31 March 2016 and 2015, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held indirectly by the Group		Proportion of voting power held		Principal activities
					2016	2015	2016	2015	
Trend Rainbow Limited ("Trend Rainbow")	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	40%	40%	Property holding
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20%	20%	Property holding

Summarised financial information of material associates

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 adjusted by the Group for equity accounting purposes.

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

Trend Rainbow

	2016 HK\$'000	2015 HK\$'000
Current assets	1,040	135
Non-current assets	1,746	3,113
Current liabilities	(73)	(73)

Non-current assets mainly comprise of investment in an associate of HK\$1,746,000 (2015: HK\$3,113,000). Current liabilities mainly comprise of amounts due to shareholders of HK\$67,000 (2015: HK\$67,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	2,532	3,657
Profit and total comprehensive income for the year	2,538	3,647
Dividends received from the associate during the year	1,200	4,080

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For the year ended 31 March 2016

20.INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Trend Rainbow (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the associate	2,713	3,175
Proportion of the Group's ownership interest in the associate	40%	40%
Carrying amount of the Group's interest in the associate	1,085	1,270

Wealth Explorer

	2016 HK\$'000	2015 HK\$'000
Current assets	1,336,863	–
Non-current assets	–	125,000
Current liabilities	(899)	(5)
Non-current liabilities	(658,704)	(124,992)

Current assets mainly comprise of properties held for sale of HK\$1,330,191,000 (2015: nil). Non-current assets mainly comprise of deposit paid for acquisition of subsidiary of nil (2015: HK\$125,000,000). Non-current liabilities mainly comprise of amount due to shareholders of HK\$27,214,000 (2015: HK\$124,992,000) and bank loan of HK\$631,490,000 (2015: nil).

	2016 HK\$'000	2015 HK\$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(630)	(5)

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For the year ended 31 March 2016

20.INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Summarised financial information of material associates (Continued)

Wealth Explorer (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the associate	677,260	3
Proportion of the Group's ownership interest in the associate	20%	20%
	135,452	1
Deemed capital contribution – interest-free loans	1,318	6,051
Carrying amount of the Group's interest in the associate	136,770	6,052

Aggregate information of associate that is not individually material

	2016 HK\$'000	2015 HK\$'000
The Group's share of profit and total comprehensive income for the year	196	56,279

Expert Dragon Limited ("Expert Dragon"), an entity incorporated in the BVI, was an associate of the Group engaged in property holding in Hong Kong. During the year, Expert Dragon was deregistered.

Significant restriction

There are no significant restrictions on the ability of the associates of transfer funds to the Group in the form of cash dividends, or to repay or advance made by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

21. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Rental receivables are billed and payable in advance by tenants. In respect of sales of properties, the amounts are to be settled based on the terms of sales and purchase agreements of property. The aged analysis of the trade receivables, presented based on the debit note date for rental receivables and agreement date for receivables for sales of properties, both which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
Trade receivables:		
0 – 30 days	6,713	910
31 – 90 days	2,281	5,095
	8,994	6,005
Prepayments and deposits	48,339	22,879
Other receivables	82,940	88,711
	140,273	117,595

Before accepting new customers, the Group will assess and understand the potential customer's credit quality.

The entire trade receivable balance was neither past due nor impaired and had no default record based on historical information.

22. PROPERTIES HELD FOR SALE

	2016 HK\$'000	2015 HK\$'000
The Group's carrying amounts of properties held for sale, stated at cost less impairment, comprise:		
– Completed properties	6,468,579	3,690,646
– Properties under development	2,381,644	1,865,947
	8,850,223	5,556,593

In the opinion of the directors of the Company, all properties held for sale are expected to be realised in the normal operating cycle of two to four years.

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 33.

Notes to the Consolidated Financial Statements

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22. PROPERTIES HELD FOR SALE (Continued)

Valuation of the properties held for sale as at 31 March 2016 and 2015 has been carried out by an independent valuer by reference to open market value and the market evidence of transaction prices for similar properties in the same locations and conditions. Based on the assessment carried out by the directors of the Company, an impairment loss on properties held for sale (included in cost of sales) of HK\$125,729,000 (2015: HK\$36,341,000) is recognised in profit or loss.

23. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	2016 HK\$'000	2015 HK\$'000
Listed equity securities (<i>Note i</i>)	32,487	43,199
Unlisted mutual funds (<i>Note ii</i>)	13,418	11,700
	45,905	54,899
Listed debt securities (<i>Note iii</i>)	1,767,759	1,176,479
	1,813,664	1,231,378
Total and reported as:		
Listed		
Hong Kong	537,284	472,869
Elsewhere	1,262,962	746,809
Unlisted	13,418	11,700
	1,813,664	1,231,378

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia.

The Group has the right to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the value of the underlying assets of the funds.

- (iii) The listed debt securities at 31 March 2016 represent bonds with fixed interest of 4.38% to 12.25% (2015: 2.7% to 11.75%) per annum. The maturity dates of the listed debt securities range from 22 April 2016 to 29 March 2049 (2015: 1 April 2015 to 9 March 2020). Their fair values are determined based on quoted market bid prices available from the market.

Certain of the listed debt securities is pledged to secure the general banking facilities granted to the Group. Details are set out in note 33.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

24. CASH HELD BY SECURITIES BROKERS/BANK BALANCES AND CASH

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.025% to 0.16% (2015: 0.025% to 0.15%) per annum.

The amounts of Group's cash held by securities brokers denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2016 HK\$'000	2015 HK\$'000
United States dollars ("USD")	3,393	1,303

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.01% to 4.4% (2015: 0.01% to 4.3%) per annum.

The amounts of Group's bank balances and cash denominated in currencies other than functional currencies of the relevant group entities are set out below:

	2016 HK\$'000	2015 HK\$'000
Renminbi ("RMB")	760	23,068
USD	72,469	103,805
Euro ("EUR")	1,769	1,646
	74,998	128,519

25. OTHER PAYABLES AND ACCRUALS

The following is the breakdown of other payables and accruals at the end of the reporting period:

	2016 HK\$'000	2015 HK\$'000
Rental and related deposits received	97,233	52,433
Receipt in advance for sales of properties	–	11,137
Other tax payables	3,610	2,050
Other payables	7,087	6,761
Accrued construction costs	65,907	19,619
Accruals	62,761	28,089
	236,598	120,089

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

26.BANK BORROWINGS

	2016 HK\$'000	2015 HK\$'000
The Group's secured borrowings are repayable as follows:		
Within one year	346,551	418,996
More than one year, but not exceeding five years	5,214,015	1,433,652
More than five years	1,195,993	612,061
	6,756,559	2,464,709
The Group's secured borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	–	6,431
Not repayable within one year	214,550	284,777
	214,550	291,208
	6,971,109	2,755,917
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	(561,101)	(710,204)
	6,410,008	2,045,713

The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and investments held for trading. The carrying amounts of the assets pledged are disclosed in note 33.

All amounts of the Group's bank borrowings are denominated in the functional currency of the relevant group entity.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK\$6,777,890,000 (2015: HK\$2,542,557,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 1.15% to 2.95% (2015: HIBOR plus 0.55% to 2.95%) per annum and borrowings amounting to HK\$193,219,000 (2015: HK\$213,360,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2016, the effective interest rates ranged from 1.24% to 7.8% (2015: 0.64% to 6.49%) per annum, which are also equal to contracted interest rates for bank borrowings.

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27.SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2014, 31 March 2015 and 2016	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2014	9,518,119,676	76,145
Placing of shares (<i>Note i</i>)	1,300,000,000	10,400
Share repurchases (<i>Note ii</i>)	(331,080,000)	(2,649)
At 31 March 2015	10,487,039,676	83,896
Share repurchases (<i>Note iii</i>)	(449,950,000)	(3,600)
At 31 March 2016	10,037,089,676	80,296

Notes:

- (i) On 25 September 2014, the Company completed a placing of 1,300,000,000 shares at a subscription price of HK\$0.35 per placing share. Details of the placing are set out in the Company's announcement dated 16 September 2014.
- (ii) During the year ended 31 March 2015, the Company repurchased 331,080,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK\$94,332,000 was deducted from equity holder's equity. The details were as follows:

Month of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2014	42,000,000	0.280	0.270	11,577
May 2014	207,050,000	0.280	0.275	57,018
July 2014	46,390,000	0.315	0.290	14,165
August 2014	35,640,000	0.330	0.320	11,572
	331,080,000			94,332

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

27.SHARE CAPITAL (Continued)

Notes: (Continued)

- (iii) During the year ended 31 March 2016, the Company repurchased 449,950,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK\$114,152,000 was deducted from equity holder's equity. The details are as follows:

Months of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
December 2015	266,880,000	0.265	0.236	67,029
January 2016	183,070,000	0.265	0.249	47,123
	449,950,000			114,152

All the shares repurchased by the Company during the year ended 31 March 2016 and 2015 rank pari passu with the then existing ordinary shares in all respects.

28.GUARANTEED NOTES

On 9 January 2013, a wholly-owned subsidiary of the Company, Estate Sky Limited ("Estate Sky"), issued guaranteed notes, of which the Company is the guarantor. As at 31 March 2016, the aggregate principal amount was US\$133,350,000 (equivalent to approximately HK\$1,040,130,000) (2015: US\$150,000,000, equivalent to approximately HK\$1,170,000,000) which bears interest at 6.5% per annum, and payable semi-annually in arrears. The guaranteed notes will be repaid upon maturity on 16 January 2018. In addition, during the year ended 31 March 2016, the Group repurchased HK\$129,870,000 of such guaranteed notes through open market.

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For the year ended 31 March 2016

29. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2014	9,008	(1,265)	7,743
Charge (credit) to consolidated statement of profit or loss for the year	1,102	(315)	787
At 31 March 2015	10,110	(1,580)	8,530
Credit to consolidated statement of profit or loss for the year	(2,701)	(333)	(3,034)
At 31 March 2016	7,409	(1,913)	5,496

As at 31 March 2016, the Group had unused tax losses of approximately HK\$215,150,000 (2015: HK\$146,823,000) available for offset against future profits of which certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK\$11,595,000 (2015: HK\$9,576,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK\$203,555,000 (2015: HK\$137,247,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

For the purpose of presentation in the consolidated statement of financial position, the deferred tax assets and liabilities have been offset.

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30.ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2016

(a) Acquisition of Able Wealth Enterprise Limited ("Able Wealth") and Go Clear Investments Limited ("Go Clear")

- (i) During the year ended 31 March 2016, the Group completed the acquisition of the entire interest of Able Wealth through a wholly owned subsidiary for a consideration of HK\$321,597,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (ii) During the year ended 31 March 2016, the Group completed the acquisition of the entire interest of Go Clear through a wholly owned subsidiary for a consideration of HK\$90,135,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction are as follow:

	Able Wealth HK\$'000	Go Clear HK\$'000	Total HK\$'000
Net assets acquired:			
Properties held for sales	322,650	90,000	412,650
Other receivables	17	135	152
Shareholder's loan	(267,757)	(16,399)	(284,156)
Other payables	(1,070)	–	(1,070)
	53,840	73,736	127,576
Assignment of shareholder's loan (<i>Note</i>)	267,757	16,399	284,156
	321,597	90,135	411,732
Total consideration satisfied by:			
Cash paid	321,597	90,135	411,732
Net cash outflow arising on acquisition:			
Cash consideration paid	(321,597)	(90,135)	(411,732)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$284,156,000 as consideration for the assignment of the shareholder's loan to Able Wealth and Go Clear.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

30. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2016 (Continued)

(b) Acquisition of additional interest of Surplus King Grand Investment Holding Limited ("Surplus King")

During the year ended 31 March 2016, the Group completed the acquisition of an additional 50% equity interest of Surplus King through a wholly owned subsidiary for a consideration of HK\$1,463,644,000 from Cyrus Point Limited, the joint venture partner of the Company (the "Acquisition"). This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the Acquisition are as follow:

	HK\$'000
Properties held for sales	3,123,000
Other receivables	29,938
Bank balances and cash	68,688
Other payables	(61,382)
Bank borrowings	(1,696,600)
	1,463,644
Total consideration satisfied by:	
Cash paid	1,463,644
Net cash outflow arising on acquisition:	
Cash consideration paid	(1,463,644)
Bank balances and cash	68,688
	(1,394,956)

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30.ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2016 (Continued)

(b) Acquisition of additional interest of Surplus King Grand Investment Holding Limited ("Surplus King") (Continued)

	November 2015 HK\$'000
Analysis of fair value of Surplus King which control was gained:	
Cost of investment	420,813
Share of result of a joint venture	1,042,831
	1,463,644
Deemed disposal of interest in a joint venture:	
Carrying value of previously held interest	1,463,644
Net assets derecognised	(1,463,644)
	—

For the year ended 31 March 2015

- (i) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Smart Event Trading Limited ("Smart Event") through two wholly owned subsidiaries for a consideration of HK\$179,835,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (ii) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Excess Gain Company Limited ("Excess Gain") through a wholly owned subsidiary for a consideration of HK\$328,334,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (iii) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Hin Kuok Investment and Development Real Estate Limited ("Hin Kuok") through two subsidiaries for a consideration of HK\$52,658,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

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30. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2015 (Continued)

- (iv) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Wui Tak Investment Limited ("Wui Tak") through two subsidiaries for a consideration of HK\$52,658,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction are as follow:

	Smart Event HK\$'000	Excess Gain HK\$'000	Hin Kuok HK\$'000	Wui Tak HK\$'000	Total HK\$'000
Net assets acquired:					
Properties held for sales	197,744	330,000	112,500	112,500	752,744
Other receivables	–	910	–	–	910
Bank balances and cash	40,225	30	–	–	40,255
Shareholder's loan	(73,579)	–	–	–	(73,579)
Other payables	(58,134)	(2,576)	(17,772)	(17,772)	(96,254)
Taxation payable	–	(30)	–	–	(30)
	106,256	328,334	94,728	94,728	624,046
Assignment of shareholder's loan (Note a)	73,579	–	–	–	73,579
Deposits received for sales of properties to the third party (Note b)	–	–	(6,965)	(6,965)	(13,930)
Contributed by non-controlling interests	–	–	(35,105)	(35,105)	(70,210)
	179,835	328,334	52,658	52,658	613,485
Total consideration satisfied by:					
Cash paid	179,835	328,334	52,658	52,658	613,485
Net cash outflow arising on acquisition:					
Cash consideration paid	(179,835)	(328,334)	(52,658)	(52,658)	(613,485)
Bank balances and cash	40,225	30	–	–	40,255
	(139,610)	(328,304)	(52,658)	(52,658)	(573,230)

Notes:

- (a) As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$73,579,000 as consideration for the assignment of the shareholder's loan to Smart Event.
- (b) As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$6,965,000 as consideration for the deposits received for sale of properties to third party.

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31. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2016

During the year ended 31 March 2016, the Group disposed of, to an independent third party, the entire interest in Abner Holdings Limited, Abundant Idea Limited, ACE Emperor Limited, ACME Elite Limited and Afar Success Limited (the “disposed subsidiaries”) for a cash consideration of HK\$1,193,330,000. Since the disposed subsidiaries were principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the disposed subsidiaries in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the disposed subsidiaries on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sales	317,485
Other receivables	1,350
Bank balances and cash	4,309
Other payables	(5,699)
	317,445
Transaction cost for disposal of subsidiaries	11,118
Gain on disposal	864,767
Total consideration satisfied by:	
Cash received	1,193,330
Net cash inflow arising on disposal:	
Cash consideration received	1,193,330
Bank balances and cash	(4,309)
	1,189,021

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31. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 March 2015

During the year ended 31 March 2015, the Group disposed of, to an independent third party, the entire interest in Affluent Wheel Limited ("Affluent Wheel") for a cash consideration of HK\$221,000,000. Since Affluent Wheel was principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of Affluent Wheel in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the net assets attributable to Affluent Wheel on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sales	63,941
Other payables	(1)
	63,940
Transaction cost for disposal of subsidiaries	3,280
Gain on disposal	153,780
Net cash inflow arising on disposal and total consideration satisfied by:	
Cash received	221,000

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32. CONTINGENT LIABILITIES

	2016 HK\$'000	2015 HK\$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	3,628,959	2,503,188
An associate	262,919	–
	3,891,878	2,503,188
and utilised by:		
Joint ventures	2,638,712	1,929,676
An associate	126,298	–
	2,765,010	1,929,676

In addition, as at 31 March 2015, the other joint venture partner of a joint venture of which the Group held as to 50% of the issued share capital, provided corporate guarantees to the full amount for loan facilities granted by a bank to the relevant joint venture amounting to approximately HK\$625 million. The banking facilities utilised by the relevant joint venture amounted to approximately HK\$482 million at the end of the reporting period. A counter-indemnity in favour of the other joint venture partner is executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from the above loan facilities. During the year ended 31 March 2016, the corresponding bank borrowings were fully repaid by the relevant joint ventures, and hence both the corporate guarantees and banking facilities were released during the year.

The directors of the Company assessed the risk of default of the joint ventures and the associates at the end of the reporting period and consider the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$7,010,000 (2015: HK\$6,689,000).

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33. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2016 HK\$'000	2015 HK\$'000
Property, plant and equipment	584,375	606,966
Properties held for sale	8,414,618	5,172,481
Investments held for trading	74,326	37,870
	9,073,319	5,817,317

34. OPERATING LEASE COMMITMENTS

The Group as lessee

During the year, the Group incurred HK\$3,344,000 (2015: HK\$1,621,000) minimum lease payments in respect of office premises.

At 31 March 2016, the Group had outstanding commitments for the following future lease payments under non-cancellable operating leases:

	2016 HK\$'000	2015 HK\$'000
Within one year	4,889	1,193
In second to fifth years inclusive	–	1,193
	4,889	2,386

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For the year ended 31 March 2016

34. OPERATING LEASE COMMITMENTS (Continued)

The Group as lessor

Property rental income earned during the year was HK\$193,425,000 (2015: HK\$167,809,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to six years (2015: two to five years).

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

	2016 HK\$'000	2015 HK\$'000
Within one year	131,308	136,044
In the second to fifth years inclusive	142,163	132,945
Over five years	1,541	–
	275,012	268,989

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

35. RETIREMENT BENEFIT SCHEMES

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme 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 rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The employees employed by the operations in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated statement of profit or loss of HK\$3,312,000 (2015: HK\$3,334,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

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36. RELATED PARTY DISCLOSURES

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

		2016 HK\$'000	2015 HK\$'000
Joint ventures	Asset management income	11,875	6,711
Joint venture	Interest income	35,603	33,202

(b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the consolidated statement of financial position and on notes 19 and 20.

(c) The remuneration of executive directors and other members of key management during the year is as follows:

	2016 HK\$'000	2015 HK\$'000
Short-term benefits	66,053	34,005
Post-employment benefits	1,057	787
	67,110	34,792

The remuneration of executive directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

37. SHARE OPTION SCHEMES

2012 Scheme

On 16 August 2012, the Company adopted a share option scheme (the "2012 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2012 Scheme will be expired on 15 August 2022. Under the 2012 Scheme, the board of directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, non-executive directors, any consultant, adviser or agent engaged by the Company and its subsidiaries and any vendor, supplier of goods or services or customer of the Company and its subsidiaries to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the 2012 Scheme is not permitted to exceed 10% of the shares of the Company in issue at 16 August 2012 unless the Company obtains a fresh approval from its shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the number of shares in issue unless the Company obtains a fresh approval from its shareholders.

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For the year ended 31 March 2016

37. SHARE OPTION SCHEMES (Continued)

2012 Scheme (Continued)

Options granted must be taken up within 60 days of the date of grant, upon payment of HK\$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

As at 31 March 2016 and 2015, none of the share options had been granted.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all share option schemes of the Company is not permitted to exceed 30% of the shares of the Company in issue from time to time. No share option may be granted under any share option scheme of the Company if such limit is exceeded.

38. 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 balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the bank borrowings disclosed in note 26, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

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39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
Financial assets		
<i>Financial assets at fair value through profit or loss</i>		
Investments held for trading	1,813,664	1,231,378
<i>Loans and receivables</i>		
Trade and other receivables	91,934	94,716
Amounts due from joint ventures	1,743,320	1,937,397
Amounts due from associates	4,152	18,947
Cash held by securities brokers	3,983	5,340
Bank balances and cash	3,525,228	1,274,443
	5,368,617	3,330,843
<i>Available-for-sale financial assets</i>		
Available-for-sale investments	59,630	64,579
Financial liabilities		
<i>At amortised cost</i>		
Other payables	97,233	52,334
Amounts due to joint ventures	20,130	169
Amounts due to associates	–	10,218
Amounts due to non-controlling shareholders of subsidiaries	100,832	91,178
Guaranteed notes	1,040,130	1,170,000
Bank borrowings	6,971,109	2,755,917
	8,229,434	4,079,816

(b) Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

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For the year ended 31 March 2016

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks

(i) Foreign currency risk management

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to foreign currency risk in relation to RMB, USD and EUR arising from foreign currency bank balances and cash, and cash held by securities brokers as set out in note 24.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
RMB	760	23,068	–	–
USD	75,862	105,108	1,040,130	1,170,000
EUR	1,769	1,646	–	–

Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial as most US\$ denominated monetary assets are held by group entities having HK\$ as their functional currency, and the other financial assets denominated RMB and EUR are not material, and therefore no sensitivity analysis has been prepared.

The Group has not formulated a policy to hedge the foreign currency risk. No sensitivity analysis was prepared since the directors consider the amount involved not significant.

(ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to amounts due from (to) joint ventures, associates, investments held for trading and guaranteed notes issued by the Company as set out in notes 19, 20, 23 and 28 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, cash held by securities brokers, and bank borrowings as set out in notes 24 and 26 respectively. It is the Group's policy to keep its borrowings (other than guaranteed notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and interest rate determined by the People's Bank of China arising from the Group's RMB denominated borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(ii) Interest rate risk management (Continued)

Sensitivity analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate cash held by securities brokers, bank balances and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2015: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2015: 50 basis points) for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For cash held by securities brokers and bank balances, if interest rates had been 10 basis points (2015: 10 basis points) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would increase/decrease by HK\$2,947,000 (2015: HK\$1,069,000).

For bank borrowings, if interest rates had been 50 basis points (2015: 50 basis points) basis points higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would decrease/increase by HK\$29,104,000 (2015: HK\$11,506,000).

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity securities, listed debt securities and unlisted mutual funds quoted in the open markets. The management considers that there is no significant equity and other price risks through available-for-sale investments. In addition, the Group has appointed a special team to monitor the price risks and will consider hedging the risk exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risks (Continued)

(iii) Equity and other price risks management (Continued)

Sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the end of reporting period. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risks as the year end exposure does not reflect the exposure during the year.

If the prices of the respective listed equity securities and unlisted mutual funds had been 5% (2015: 5%) higher/lower, post tax profit for the year ended 31 March 2016 would increase/decrease by HK\$1,917,000 (2015: increase/decrease by HK\$2,292,000) as a result of the changes in fair value of equity securities mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2015: 5%) higher/lower, post tax profit for the year ended 31 March 2016 would increase/decrease by HK\$73,804,000 (2015: increase/decrease by HK\$49,118,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has increased during the year mainly due to the increase in investments held for trading.

Credit risk management

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 32.

In order to minimise the credit risk, 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. In addition, the Group reviews the recoverable amount of each individual trade debt and debt instrument at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputations.

The credit risk on investments in listed debt securities is limited because majority of the counterparties are corporations with good reputations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management (Continued)

The credit quality of the listed debt securities as set out in note 23, determined by external credit-ratings assigned by Moody's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2016 %	2015 %
Ba1	13.1	15.5
Ba2	20.0	21.1
Ba3	14.5	13.7
B1 to Caal	33.0	19.3
Unrated	19.4	30.4
	100.0	100.0

Significant concentration of credit risk

The Group does not have significant concentration of credit risk on investment in listed debt securities as counterparties are diversified.

As at 31 March 2016, the Group has concentration of credit risk on bank balances as 69% (2015: 43%) of balances are placed in one (2015: one) independent bank. The management of the Group considers that the credit risk on the bank balance is limited as it is a reputable company whose shares are listed on the HKSE.

The Group also has concentration of credit risk as 91% (2015: 87%) of the amounts due from joint ventures are due from five (2015: five) joint ventures. The joint ventures are private companies and mainly located in Hong Kong. In order to minimise the credit risk, the management of the Group has monitored the repayment ability of the joint ventures continuously. The counterparties of the entire amounts due from joint ventures that are repayable on demand had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in Hong Kong, which accounted for approximately 90% of the Group's total recognised financial assets as at 31 March 2016 and 2015.

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39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by monitoring and maintaining 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 management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants.

Liquidity tables

For non-derivative 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 the rights.

The table includes both interest and principal cash flows. The amounts included below for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of the reporting period.

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2016 HK\$'000
31 March 2016									
<i>Non-derivative financial liabilities</i>									
Other payables	–	97,233	–	–	–	–	–	97,233	97,233
Amount due to a joint venture	–	20,130	–	–	–	–	–	20,130	20,130
Amounts due to non-controlling shareholders of subsidiaries	–	100,832	–	–	–	–	–	100,832	100,832
Guaranteed notes	6.5	–	8,451	33,804	1,107,738	–	–	1,149,993	1,040,130
Bank borrowings	2.24	214,550	18,938	422,306	902,677	4,835,230	1,330,085	7,723,786	6,971,109
		432,745	27,389	456,110	2,010,415	4,835,230	1,330,085	9,091,974	8,229,434
Financial guarantee contracts (Note)	–	–	998,412	4,648	190,807	1,571,258	–	2,765,125	7,220

Notes to the Consolidated Financial Statements

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39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2015 HK\$'000
31 March 2015									
<i>Non-derivative financial liabilities</i>									
Other payables	–	52,334	–	–	–	–	–	52,334	52,334
Amount due to a joint venture	–	169	–	–	–	–	–	169	169
Amounts due to associates	–	10,218	–	–	–	–	–	10,218	10,218
Amounts due to non-controlling shareholders of subsidiaries	–	91,178	–	–	–	–	–	91,178	91,178
Guaranteed notes	6.5	–	9,506	38,025	76,050	1,398,150	–	1,521,731	1,170,000
Bank borrowings	2.4	291,208	7,242	447,965	721,468	857,051	683,999	3,008,933	2,755,917
		445,107	16,748	485,990	797,518	2,255,201	683,999	4,684,563	4,079,816
Financial guarantee contracts (Note)	–	–	860,233	8,676	69,600	990,767	–	1,929,276	7,313

Note: The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contracts guaranteed by the Group.

Bank loans with a repayment on demand clause are included in the “on demand” time band in the above maturity analysis. As at 31 March 2016, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$214,550,000 (2015: HK\$291,208,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
31 March 2016	601	216,956	–	–	–	217,557	214,550
31 March 2015	855	9,854	13,258	254,548	44,303	322,818	291,208

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39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

Liquidity tables (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for variable rate bank borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements recognised in the consolidated statement of financial position

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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

Some of the Group's financial assets and financial liabilities 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 and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.3.2016 HK\$'000	31.3.2015 HK\$'000				
1) Held-for-trading non-derivative financial assets classified as investments held for trading in the statement of financial position	Listed equity securities in:	Listed equity securities in:	Level 1	Quoted bid prices in an active market	N/A	N/A
	– Hong Kong: 32,487	– Hong Kong: 43,199				
	Listed debt securities in:	Listed debt securities in:	Level 1	Quoted bid prices in an active market	N/A	N/A
	– Hong Kong: 504,797 – Elsewhere: 1,262,962	– Hong Kong: 429,670 – Elsewhere: 746,809				
	Unlisted mutual funds 13,418	Unlisted mutual funds 11,700	Level 2	Quoted prices for identical assets in market that are not active	N/A	N/A
2) Unlisted equity securities classified as available-for-sale investments in the consolidated statement of financial position	54,625	59,574	Level 2	Quoted prices for identical assets in market that are not active	N/A	N/A

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39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements recognised in the consolidated statement of financial position (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

There were no transfers between Level 1 measurements and Level 2 measurements in the current year.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK\$'000	2015 HK\$'000
Non-current assets		
Investments in subsidiaries	460,069	466,694
Amounts due from subsidiaries	6,951,692	5,955,166
Investments in joint ventures	10,607	8,126
Amounts due from joint ventures	–	570,717
Club memberships	5,200	5,200
	7,427,568	7,005,903
Current assets		
Other receivables	2,429	6,280
Bank balances and cash	301,714	179,203
	304,143	185,483
Current liabilities		
Other payables and accruals	21,227	18,059
Bank borrowings – due within one year	30,000	–
	51,227	18,059
Net Current assets	252,916	167,424
	7,680,484	7,173,327
Capital and reserves		
Share capital	80,296	83,896
Reserves (<i>Note</i>)	7,337,688	7,089,431
Total Equity	7,417,984	7,173,327
Non-current liabilities		
Bank borrowings – due after one year	262,500	–
	7,680,484	7,173,327

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40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2014	1,619,636	371	338,410	3,968,043	5,926,460
Profit and other comprehensive income for the year	–	–	–	927,340	927,340
Placing of shares	432,499	–	–	–	432,499
Share repurchases	–	2,649	(91,683)	(2,649)	(91,683)
Expenses related to shares repurchased and cancelled	–	–	(453)	–	(453)
Dividend recognised as distribution	–	–	–	(104,732)	(104,732)
At 31 March 2015	2,052,135	3,020	246,274	4,788,002	7,089,431
Profit and other comprehensive income for the year	–	–	–	425,668	425,668
Share repurchases	–	3,600	(110,552)	(3,600)	(110,552)
Expenses related to shares repurchased and cancelled	–	–	(791)	–	(791)
Dividend recognised as distribution	–	–	–	(66,068)	(66,068)
At 31 March 2016	2,052,135	6,620	134,931	5,144,002	7,337,688

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016	2015	2016	2015	
			%	%	%	%	
Able Market Limited	Hong Kong	HK\$1	–	–	100	100	Property development
Absolute Keen Limited	Hong Kong	HK\$1	–	–	100	100	Property development
Apex Harvest Limited	Hong Kong	HK\$100	–	–	92	92	Property development
Bravo Wave Limited <i>(Note i)</i>	BVI	US\$1	–	–	100	–	Property holding
Capital Delight Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Capital Strategic Property (Shanghai) Limited <i>(Note ii)</i>	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding and leasing of property

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016	2015	2016	2015	
			%	%	%	%	
Century Unicorn Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
CH Property Services Limited	Hong Kong	HK\$1	–	–	100	100	Provision of property management service
Clear Luck Group Limited	BVI	US\$1	–	–	100	100	Property holding
Couture Homes Limited	BVI	US\$1	100	100	–	–	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK\$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK\$2	100	100	–	–	Provision of property management service
Digital Option Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Eagle Shore Limited	BVI	US\$1	–	–	100	100	Sales of securities and investment holding
Earn Centre Limited	Hong Kong	HK\$2	–	–	100	100	Property holding and leasing of property
Earthmark Limited <i>(Note i)</i>	BVI	US\$1	–	–	100	–	Loan financing
Estate Sky Limited	BVI	US\$1	100	100	–	–	Bond issuer
Ever Novel Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Excess Gain Company Limited	Hong Kong	HK\$1,000,000	–	–	100	100	Property holding and leasing of property
Fortress Jet Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Geotalent Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016	2015	2016	2015	
			%	%	%	%	
Golden United Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Greater Bond Limited <i>(Note i)</i>	BVI	US\$1	–	–	100	–	Sale of securities and investment holding
Growth Safe Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Highland Management Services Limited	Hong Kong	HK\$1	–	–	92	92	Management services
High Supreme Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Hoyden Holdings Limited	BVI	US\$1	–	–	100	100	Property development
ICC Financial Limited	Hong Kong	HK\$1	–	–	100	100	Investment holding
Mark Well Investment Limited	Hong Kong	HK\$100	100	100	–	–	Sale of securities and investment holding
Million Base Properties Limited	Hong Kong	HK\$2	–	–	100	100	Property holding and leasing of property
Million Basis Property Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Modern Value Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property
Smart Charm Holdings Limited	Hong Kong	HK\$1	–	–	100	100	Hotel operation
Smart Future Holdings Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Smart Kept Limited	BVI	US\$1	–	–	100	100	Property holding and leasing of property

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For the year ended 31 March 2016

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016	2015	2016	2015	
			%	%	%	%	
Smart Tide Limited	Hong Kong	HK\$1	–	–	100	100	Property holding
Surplus King Centre Limited <i>(Note iii)</i>	Hong Kong	HK\$2	–	–	100	50	Property holding and leasing of property
Spring Wonder Limited	Hong Kong	HK\$100	–	–	92	100	Property development
Trinity Value Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Well Clever International Limited	BVI	US\$1	–	–	100	100	Sale of securities and investment holding

Notes:

- (i) These companies were incorporated during the year ended 31 March 2016.
- (ii) Capital Strategic Property (Shanghai) Limited is a wholly foreign owned enterprise established in the PRC.
- (iii) This company has become an indirect wholly-owned subsidiary of the Group during the year ended 31 March 2016 upon the acquisition of remaining interest.

None of the subsidiaries had issued any debt securities or any other securities (other than ordinary/registered share capital) during the year and at the end of the year except for Estate Sky Limited which has issued HK\$1,170 million of guaranteed notes, in which the Group has HK\$1,170 million interest.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, 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.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities of business	Principal place	Number of subsidiaries	
		2016	2015
Corporate services	HK/Macau	8	7
Investment holding	BVI/HK	202	152
Inactive	BVI/HK	14	18
Securities investment	BVI/HK	9	9
		233	186

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