

# CSI Properties Limited

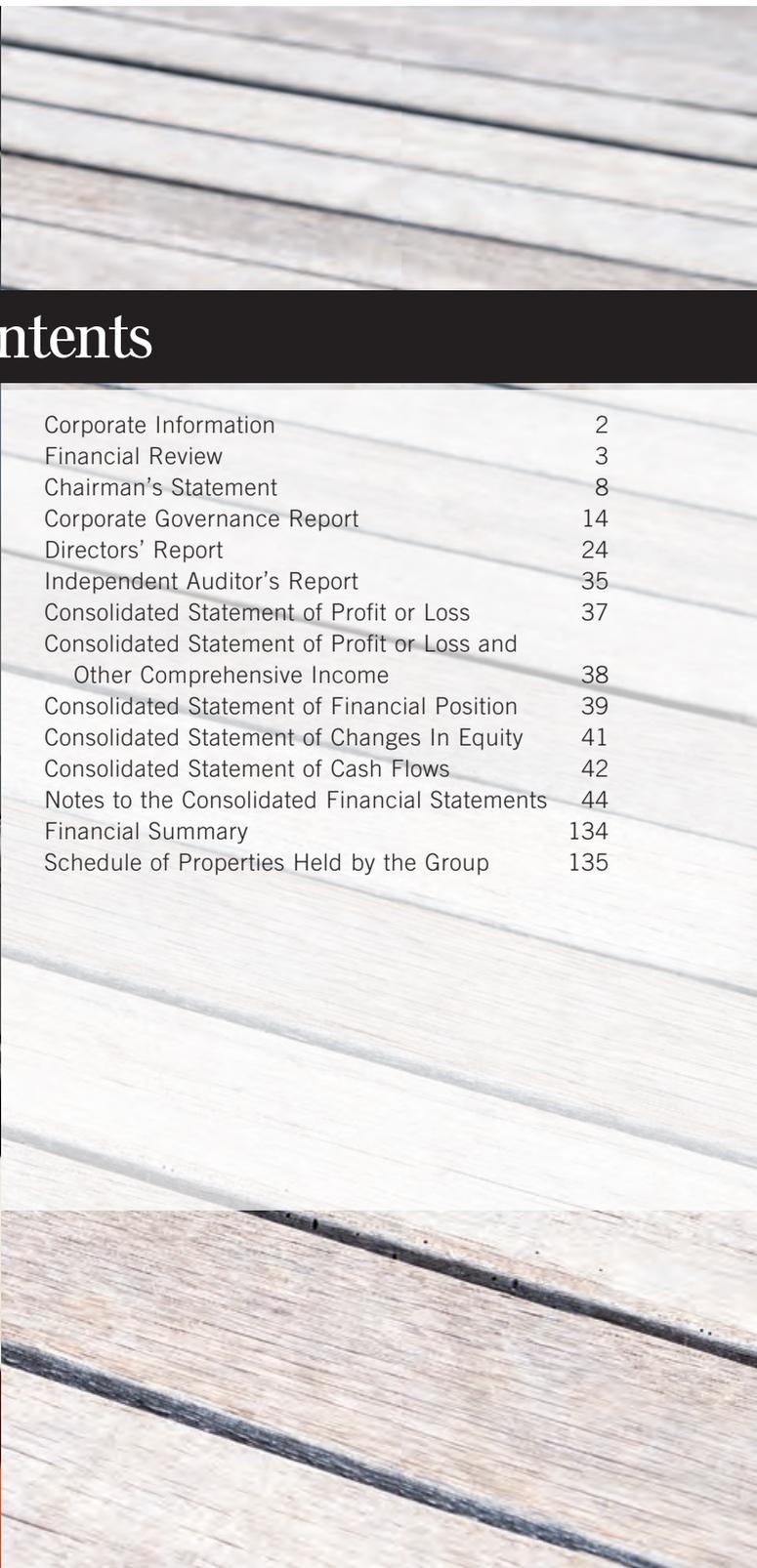
資本策略地產有限公司\*

Stock Code: 497

“Redefining  
Bricks  
and Mortar”







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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors:*

Chung Cho Yee, Mico (*Chairman*)  
Kan Sze Man  
Chow Hou Man  
Wong Chung Kwong  
Fong Man Bun, Jimmy

### *Independent Non-Executive Directors:*

Lam Lee G.  
Wong Sin Just  
Cheng Yuk Wo  
Lo Wing Yan, William

## AUDIT COMMITTEE

Cheng Yuk Wo (*Chairman*)  
Lam Lee G.  
Wong Sin Just  
Lo Wing Yan, William

## REMUNERATION COMMITTEE

Cheng Yuk Wo (*Chairman*)  
Chung Cho Yee, Mico  
Lam Lee G.

## NOMINATION COMMITTEE

Chung Cho Yee, Mico (*Chairman*)  
Lam Lee G.  
Cheng Yuk Wo

## EXECUTIVE COMMITTEE

Chung Cho Yee, Mico (*Chairman*)  
Kan Sze Man  
Chow Hou Man  
Wong Chung Kwong  
Fong Man Bun, Jimmy

## COMPANY SECRETARY

Chan Suet Kwan

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Industrial and Commercial Bank of China (Asia) Limited  
The Bank of East Asia Limited  
DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
China Construction Bank (Asia) Corporation Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

3108  
Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

## SHANGHAI OFFICE

Room 804, The Platinum  
233 Tai Cang Road  
Huang Pu District  
Shanghai, 200020, China

## AUDITORS

Deloitte Touche Tohmatsu  
35/F., One Pacific Place  
88 Queensway  
Hong Kong

## PRINCIPAL REGISTRARS

MUFG Fund Services (Bermuda) Limited  
26 Burnaby Street  
Hamilton HM 11  
Bermuda

## HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

## STOCK CODE

497

## COMPANY WEBSITE

[www.csigroup.hk](http://www.csigroup.hk)

# Financial Review

## REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK\$2,578.1 million for the year ended 31 March 2014, which was mainly generated from sale of properties, representing an increase of 121.8% from approximately HK\$1,162.4 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK\$815.5 million for the year ended 31 March 2014, represented a decrease of 9.7% compared with HK\$902.7 million reported in 2013.

The decrease in profit was mainly attributable to decrease in contribution of profits from sale of properties (including joint ventures and associates) during the year.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK\$1,794.6 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing increased from approximately HK\$751.9 million as at 31 March 2013 to approximately HK\$802.4 million as at 31 March 2014, and long-term bank borrowing decreased from approximately HK\$1,955.2 million as at 31 March 2013 to approximately HK\$1,788.2 million as at 31 March 2014. All the bank borrowings were utilized in financing the Group's properties investments in generating recurring rental income. As a result, the Group's total bank borrowing decreased from approximately HK\$2,707.1 million as at 31 March 2013 to approximately HK\$2,590.6 million as at 31 March

2014, and the Group's ratio of total debt (bank and other borrowings) to total assets was 31.7% (At 31 March 2013: 33.7%). All bank borrowings were denominated in Hong Kong dollars and Renminbi and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile which with approximately HK\$802.4 million repayable within one year, HK\$1,156.0 million repayable between one to five years, and HK\$632.2 million over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars, Renminbi and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group. However, the Group will closely monitor the risk exposure.

## ASSETS VALUE

The Group's properties held for sale are stated at the lower of cost and net realisable value on individual property basis in accordance with the current accounting standards.

The principal asset 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 the current accounting 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 to shareholders, as set out below, 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 2014.

## Financial Review

	2014 (Unaudited) HK\$'000
Net assets attributable to owners of the Company (audited)	7,773,512
Add: Attributable revaluation surplus relating to the Group's properties held for sale <sup>(1)</sup>	2,456,519
Attributable revaluation surplus relating to properties held for sale by joint ventures and an associate <sup>(1)</sup>	1,148,107
Net assets attributable to owners of the Company as if the properties held for sale and interests in joint ventures and an associate were stated at open market value <sup>(2)</sup>	11,378,138
Net assets per ordinary share as if the properties held for sale and interests in joint ventures and an associate were stated at open market value	\$1.2

(1) Based on open market valuations as at 31 March 2014 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 surplus of the properties held for sale.

## EMPLOYEE

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package 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.

## 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
	<b>1,819,709</b>	1,619,312
and utilised by:		
Joint ventures	1,173,308	971,570
An associate	88,800	96,000
	<b>1,262,108</b>	1,067,570

## Financial Review

In addition, at 31 March 2014, 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 (2013: HK\$625 million). The banking facilities utilised by the relevant joint venture 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).

### 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
	<b>4,602,773</b>	4,123,782





# Chairman's Statement



## Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of CSI Properties Limited (the "Company") and its subsidiaries (together the "Group") for the financial year ended 31 March 2014.

### BUSINESS REVIEW AND OUTLOOK

For the year ended 31 March 2014, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK\$815.5 million, compared with HK\$902.7 million reported in 2013.

Total revenue for the Group was HK\$2,578.1 million, compared with HK\$1,162.4 million for the year ended 31 March 2013.

The decrease in profit was mainly attributable to decrease in contribution of profits from sale of properties (including joint ventures and associates) during the year.

### Overview

The period under review has been challenging as a result of the various government stamp duties measures in Hong Kong, resulting in limited liquidity in the market on both the residential and commercial property fronts. The various reform policies of the new government leadership in China have also caused uncertainties in China's property market. Despite these challenges, the Group has continued to deliver respectable results and profitability in such times and continued to well-positioned itself as a rising leader in real estate investment and development in Hong Kong and China. The Group's management team is confident that the Group will be able to capitalize from this uncertain market condition by utilizing its healthy balance sheet to acquire prime projects on both the commercial and residential fronts to further build up its land bank and accelerate the growth of the Group in the coming years.

We are also very pleased to announce that the Group has for the second year in a row been awarded the "Best Small-Cap Company in Hong Kong for 2014" in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the region. As the poll is voted by over 300 major investment professionals and financial analysts in the Asia-Pacific region, we are delighted that the investment community has given us the strong recognition for the Group's achievement in the various poll's voting criteria including overall management, corporate governance, investor relations and commitment to strong dividend payments.

## Chairman's Statement

### Commercial Properties

Significant disposals completed during the period included the sale of Le Diamant, a new commercial building at 703-705 Nathan Road in Mongkok, for HK\$1.029 billion, the sale of the commercial tower H8 in Tsim Sha Tsui for approximately HK\$668 million, the sale of 23rd floor of AXA Centre for HK\$223 million and one commercial office floor of the Enterprise Square in Kowloon Bay for HK\$283 million. These successful sales helped the Group realize significant profit in the period.

On the acquisition side, the Group, together with our partner, completed the acquisition of a prime retail shop on the busiest section of Sai Yeung Choi Street in Mongkok for a consideration of approximately HK\$593 million. With the commencement of the new tenancy in March 2014 with Innisfree, a leading Korean cosmetics retailer, rental revenue has nearly doubled. The project has significant valuation upside potential due to its prime location and the ability to capitalize on the increasing traffic flow of mainland tourists in the area. Furthermore, the Group has been actively evaluating numerous prime commercial opportunities in key districts like Central, Causeway Bay and Tsim Sha Tsui, and submitted various bids including our recent consortium bid with SinoLand and Lai Sun Development for the Murray Building in Central under the government land tender in Hong Kong. We will strive to make the appropriate acquisitions in Hong Kong and China that meet our investment criteria going forward.

We have also gone through significant work in terms of managing and upgrading our existing commercial projects. For the J-Plus Hotel in Causeway Bay, tenant upgrading and lobby and façade refurbishment work have been finalised to further enhance this prime property in Causeway Bay. Redevelopment work at our Shelley Street project is well underway with the new 22-storey commercial building in the heart of the SOHO area in Central set for completion in year 2017. The remaining floors of AXA Centre, namely 17th to 22nd floors, are still occupied by AXA Insurance as its head office and we expect there will be significant rental yield enhancement upon the signing of a new lease for these floors following the expiration of the current lease in year 2015. Furthermore, the Platinum Building in Shanghai is well taken up by leading international corporations including McKinsey & Co. etc., and we expect decent rental reversion for various tenants upon expiration of their leases. Last but not least, the In Point Shopping Mall in Shanghai opposite to Swire Properties' Daizongli Project will be moving forward with the upgrade and revamp plan for converting shops to larger size double-decker stores to accommodate future global brands retailers, representing significant rental yield enhancement and future valuation upside for the mall upon the completion of the revamp.

## Chairman's Statement

### Coutures Homes – Residential Property Development

Sales of the last two units of the Hampton in Happy Valley were completed within the period for a total consideration of HK\$167 million. The sale illustrates that despite quiet market environment resulting from the new stamp duty measures from the Hong Kong government, demand for such high-end lifestyles units is still present.

In addition, our life-style oriented project in Causeway Bay, yoo Residence, achieved tremendous pre-sales records, with over 120 out of the 144 units already sold with completion expected in mid-2015. The pricing achieved is at a significant premium to neighbouring projects by other developers. The strong response reinforces the market recognition of our team's strength in designing and delivering premium projects and helps to cement Couture Homes as the leading premium life-style residential development company in Asia.

The other residential development projects for Couture Homes, including the villa projects at Kau To Shan in the New Territories and Daihongqiao area in Shanghai are under vigorous construction schedule and we are planning to start presale of these villa units towards the end of year 2014. The super luxury lifestyle development project at Jardine's Lookout, namely Monterey Court, has

commenced demolition of the current structure in May 2014 and the new residential tower is expected to be completed in 2017. Partnering with the prestigious Grosvenor Fund from the UK, this is expected to be one of the most iconic residential buildings in Asia Pacific upon its completion. Furthermore, we have acquired over 90% interest in a residential building in prime Central close to the Lan Kwai Fong area with a plan to acquire the remaining stake and thereafter redeveloping the site into a brand new apartment building in due course.

With these new projects on the horizon, we aim to continue the drive to have Couture Homes recognized by the market as a distinct and unique supplier of personalized home, satisfying the increasing needs of buyers who are looking for more than just a mass market apartment.

### Outlook

The global economy is undergoing a steady recovery with signs of steady improvements in the US and Europe. The new Chinese administration is also going through a smooth leadership transition with steady economic policies to stimulate the growth of the economy. In addition, after the introduction of various stamp duties measures from the current government administration in Hong Kong, we are seeing a stabilization of the property market, as evidenced by the continual strong reception in the sales from primary units in Hong Kong by various developers. These factors all allow CSI and Couture Homes to take advantage of the current market opportunities to continue the steady growth of the Group.

## Chairman's Statement

### FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 1.14 Hong Kong Cents (2013: 1.38 Hong Kong Cents) per share or an aggregate amount of approximately HK\$105.67 million (2013: HK\$131.35 million) for 2014, subject to the approval of shareholders of the Company at the 2014 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 29 August 2014, payable on or around 4 September 2014.

### APPRECIATION

I would like to take this opportunity to express my appreciation to the support of our board members, shareholders, business partners and bankers throughout the years. I would also like to express my sincere thanks to our management team and all staff for their dedication and efforts to the continued success of the Group.

**Chung Cho Yee, Mico**  
*Chairman*

Hong Kong, 25 June 2014





# Corporate Governance Report

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency, and full accountability to shareholders. Throughout the year the Company complied with the Companies Act in Bermuda, the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and all other relevant laws and regulations.

## CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the year except for the deviation from Code A.2.1 regarding the separation of the role of chairman and chief executive, Code A.4.1 regarding the specific term on the appointment of non-executive directors and Code A.6.7 in relation to the Directors attending the general meeting of the Company. Details of the deviations are further described below in the relevant sections.

## CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2014.

## BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Company’s businesses, strategic decisions and performance. All directors pay sufficient time and attention to the affairs of the Company. Every member of the Board is fully aware of his responsibilities as a director of the Company under the applicable laws and regulations. Non-executive directors provide their skills and expertise and serve different board committees of the Company. The day-to-day execution of the Board’s policies and strategies is delegated to the Executive Board Committee which comprised of the executive directors and was formed with terms of reference adopted on 21 June 2005 and revised on 14 March 2011.

The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May 2014.

Bye-laws 99(A) and 102(B) of the bye-laws of the Company (the “Bye-laws”) are amended by a special resolution passed on 25 August 2005 to the effect that all directors are subject to rotation at least once every three years. Additional and new directors filling up casual vacancy are subject to election in the next following general meeting.

## Board Composition

As at the date of this report, the Board is comprised of five executive directors (i.e. Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Wong Chung Kwong and Mr. Fong Man Bun, Jimmy) and four independent non-executive directors (“INEDs”) (i.e. Dato’ Wong Sin Just, Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William). Pursuant to the requirement of Rule 3.13 of the Listing Rules, at least one-third of the Board are INEDs and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. Biographies of all current directors are set out on pages 25 to 28 of this annual report. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Company and the Stock Exchange.

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Board Composition (Continued)

Mr. Chung Cho Yee and Mr. Kan Sze Man are brothers-in-law. Save as disclosed above, there are no family or other material relationship among members of the Board.

The composition of the Board and their respective attendance in the general meetings, Board meetings and other committee meetings during the year are as follows:

Directors	Attendance/Number of meetings held during the year				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
<b>Executive Directors</b>					
Chung Cho Yee, Mico	4/4	N/A	1/1	3/3	1/1
Kan Sze Man	4/4	N/A	N/A	N/A	1/1
Chow Hou Man	4/4	N/A	N/A	N/A	1/1
Wong Chung Kwong	4/4	N/A	N/A	N/A	1/1
Fong Man Bun, Jimmy (Note 1)	1/1	N/A	N/A	N/A	N/A
<b>Independent Non-Executive Directors</b>					
Wong Sin Just	3/4	1/2	N/A	N/A	0/1
Lam Lee G.	4/4	2/2	1/1	3/3	1/1
Cheng Yuk Wo	4/4	2/2	1/1	3/3	1/1
Lo Wing Yan, William (Note 2)	N/A	N/A	N/A	N/A	N/A

#### Notes:

- 1 Mr. Fong Man Bun, Jimmy was appointed as an executive director on 21 January 2014.
- 2 Dr. Lo Wing Yan, William was appointed as an independent non-executive director on 1 April 2014.

Pursuant to Code A.6.7 of the CG Code, INEDs and other non-executive directors should attend the general meetings of the Company. An INED of the Company was unable to attend the annual general meeting of the Company held on 20 August 2013 due to his respective engagement.

#### Chairman and Chief Executive

Pursuant to Code A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not have the position of chief executive officer. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each department are overseen and monitored by designated responsible Executive Board Committee. The Board found that the current management had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the 4 INEDs of the Company have contributed valuable views and proposals independently for the Board's deliberation and decisions.

## Corporate Governance Report

### BOARD OF DIRECTORS (Continued)

#### Independent Non-executive Directors

All INEDs of the Company have confirmed their independence and the Company consider each of them to be independent. On 19 June 2013 and 21 March 2014, the Nomination Committee of the Board has conducted an annual review of the independence of all INEDs of the Company and review the independence of new appointed INED of the Company respectively. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the INEDs of the Company satisfied the Listing Rules requirement of independence.

Furthermore, according to paragraph A.4.3 of the CG Code set out in Appendix 14 to the Listing Rules, any further appointment of an INED in excess of nine years should be subject to a separate resolution to be approved by shareholders. Three INEDs of the Company have served on the Board as an INED for more than nine years. In accordance with Bye-law 99(A) of the Bye-laws, all directors are subject to retirement by rotation at least once every three years under the Bye-laws. The Company also sent the papers to shareholders of the Company accompanying that resolution included the reasons why the Board believed the retired INED is still independent and should be re-elected.

No specific term is imposed on the non-executive directors who are required to retire in accordance with the Bye-laws which is deviated from Code A.4.1 of the CG Code. However, all directors are subject to retirement by rotation at least once every three years under the Bye-laws.

#### Directors' Continuous Professional Development

Each newly appointed director received guideline on directors' duties and responsibilities upon his/her appointment as a director so as to ensure that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

As part of an ongoing process of director's training, the directors of the Company are updated on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements. They are provided with written materials from time to time to develop and refresh their knowledge and skills. During the year, all directors of the Company received regular updates on the Company's business and written materials describing changes to the Listing Rules and other relevant rules and regulations. The Company has received confirmation from all directors of their respective training records for the year ended 31 March 2014.

### BOARD COMMITTEES

#### Audit Committee

The main role and function of the Audit Committee are to consider the application of financial reporting and internal control principles and to maintain an appropriate relationship with the external auditors of the Company. Currently the Audit Committee comprises four INEDs of the Company, namely, Dato' Wong Sin Just, 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. On 13 March 2012, the Board revised the terms of reference of the Audit Committee to cover corporate governance functions. The committee's authority and duties are set out in written terms of reference that are posted on the websites of the Company and the Stock Exchange.

During the year, the Audit Committee held two meetings. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the Audit Committee regarding the selection and appointment of external auditors. The Audit Committee has reviewed the final results of the Company for the year ended 31 March 2013 and the interim results of the Company for the six months ended 30 September 2013 and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

## Corporate Governance Report

### BOARD COMMITTEES (Continued)

#### Remuneration Committee

The Remuneration Committee was established on 21 July 2005. Its revised 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, were adopted on 13 March 2012. 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. The committee's authority and duties are set out in written terms of reference that are posted on the websites of the Company and the Stock Exchange.

Currently the Remuneration Committee comprises, two INEDs of the Company, Mr. Cheng Yuk Wo (the chairman of the Committee) and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico. During the year, the Remuneration Committee held one meeting, in which it reviewed and discussed the remuneration policies and package of the directors of the Company.

Details of emolument paid to the directors for the year 2014 are set out in the notes to the financial statement on page 78.

#### Nomination Committee

The Nomination Committee was established on 13 March 2012 with revised terms of reference adopted on 30 August 2013 which follow closely the requirements of the CG Code. The main role and function of the Nomination Committee are to review the structure of the Board; 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 Company; to assess of the independence of each INED; and to review the measurable objectives that the Board has set for implementing the Board diversity policy. The committee's authority and duties are set out in written terms of reference that are posted on the websites of the Company and the Stock Exchange.

Currently the Nomination Committee comprises, two INEDs of the Company, Mr. Cheng Yuk Wo and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico (the chairman of the Committee). During the year, the Nomination Committee held three meetings, in which it reviewed the structure, size and composition of the Board, assessed the independence of INEDs of the Company, identified a new executive director and a new INED to become Board members and made recommendations to the Board and other related matters.

In order to facilitate its functions for the nomination of procedures and the process and criteria to select and recommend candidates for directorship of the Company, the Board adopted the Board Diversity Policy with measurable objectives on 30 August 2013. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural, gender and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

## Corporate Governance Report

### BOARD COMMITTEES (Continued)

#### Executive Committee

The Executive Board Committee, comprised of the executive directors, was formed on 21 June 2005 with revised terms of reference adopted on 14 March 2011. The main role and function of the Executive Committee are manage the day-to-day operation of the Group's business and make investment and divestment decision 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 Company, 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.

### CORPORATE GOVERNANCE FUNCTION

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

- (i) To develop and review the Group's policies and practices on corporate governance and make recommendations;
- (ii) To review and monitor the training and continuous professional development of directors and senior management;
- (iii) To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
- (iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and
- (v) To review the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

### COMPANY SECRETARY

The Company Secretary is a full time employee of the Company, who reports to the Chairman and assists the Board in ensuring effective information flow among Board members and that the Board policy and procedures including those on corporate governance matters are followed. The Company Secretary had complied with Rule 3.29 of the Listing Rules during the year under review.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The annual and interim results of the Company are published in a timely manner, within three months and two months respectively of the year end and the half year.

The responsibility of Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 35 which acknowledges the reporting responsibility of the Group's Auditor.

## Corporate Governance Report

### ACCOUNTABILITY AND AUDIT (Continued)

#### Annual Report and Accounts

The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company, ensuring that the financial statements give a true and fair presentation in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Such responsibility is extended to cover not only the annual and interim reports but also announcements and other financial disclosures of the Company required under the Listing Rules.

#### Going Concern

The Directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the financial statements.

### INTERNAL CONTROL

The Board acknowledges its responsibility for the effectiveness of the Group's internal control and risk management system, which is designed to provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Group has in place an effective internal control system which encompasses sound control environment, appropriate segregation of duties, well-defined policies and procedures, close monitoring and is reviewed and enhanced by the management at regular intervals.

The Group is committed to maintaining and upholding good corporate governance practices and internal control system. The Group has engaged external consultants, CT Partners Consultants Limited, to review the effectiveness of the Group's internal control system on payroll cycle in Hong Kong under 2013 COSO Framework, and make recommendations for improvement and strengthening of the internal control system. In respect of the Reporting Period, the Board considered the internal control system effective and adequate. No significant areas of concern which might affect shareholders were identified.

### AUDITOR'S REMUNERATION

During the year ended 31 March 2014, the fee incurred for audit and non-audit services provided by the auditor to the Group is set out as follows:

Nature of Services	HK\$ million
Audit services	1.344
Other services	0.653
	1.997

## Corporate Governance Report

### SHAREHOLDERS' RIGHTS

#### 1. Procedures by which shareholders can convene a special general meeting

Pursuant to the Bye-laws and the Companies Act 1981 of Bermuda (the "Act"), the Board shall, on the requisition in writing of the shareholders holding at the date of deposit of the requisition not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

#### 2. Procedures for Shareholders to Put Forward Proposals at a General Meeting

Pursuant to the Companies Act, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the requisitionists may consist of several documents in like form, each signed by one or more of the requisitionists; and it must be deposited at the Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

## Corporate Governance Report

### SHAREHOLDERS' RIGHTS (Continued)

#### 3. Procedures for shareholders to propose a person for election as a Director

Pursuant to the Bye-laws, if a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment or election of director(s), wishes to propose a person (other than a retiring director and the shareholder himself/herself) for election as a director at that general meeting, such shareholder can deposit a notice in writing of the intention to propose that person for election as a director and a notice in writing by that person of his willingness to be elected at the Company's Registered Office or the Hong Kong Principal Office at least seven days before the date of the general meeting. The period for lodging such notice will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and no later than seven days prior to the date of such meeting. In order for the Company to inform all members of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by rule 13.51(2) of the Listing Rules.

#### 4. Procedures by which enquiries may be put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the Company Secretary in writing by mail to the Company's principal place of business in Hong Kong at 3108, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

### INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

On 13 March 2012, the Board adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communications with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. This policy will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The annual general meeting provides a forum for Shareholders to exchange views with the Board. The Chairman of the Board as well as Chairmen of the Audit, Remuneration and Nomination Committees or, in their absence, other members of the respective committees, and where applicable, the independent board committee, are available to answer questions at the shareholders' meetings.

An explanation of the detailed procedures of conducting a poll will be provided to Shareholders at the commencement of the annual general meeting, to ensure that Shareholders attending such meeting are familiar with such procedures.

The Company's website at [www.csigroup.hk](http://www.csigroup.hk) offers timely access to investors regarding the Company's financial, corporate and other information.

During the year, there was no change to the Company's Memorandum of Association and Bye-laws. A copy of the latest consolidated version of the Memorandum of Association and Bye-laws is posted on the websites of the Company and the Stock Exchange.





# Directors' Report



# Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 March 2014.

## PRINCIPAL ACTIVITIES

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

## RESULTS AND APPROPRIATIONS

Details of the Group's results for the year are set out in the consolidated statement of profit or loss on page 37.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 1.14 Hong Kong Cents (2013: 1.38 Hong Kong Cents) per share to the shareholders on the register of members on 29 August 2014, amounting to approximately HK\$105.67 million.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 August 2014 to Friday, 29 August 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 25 August 2014.

## PROPERTY, PLANT AND EQUIPMENT

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 30 to the consolidated financial statements.

## BORROWINGS

Details of bank borrowings of the Group are set out in note 28 to the consolidated financial statements. No interest was capitalised by the Group during the year.

## DISTRIBUTABLE RESERVES OF THE COMPANY

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- a) it is, or would after payment be, unable to pay its liabilities as they become due; or
- b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2014 including contributed surplus and accumulated profits amounted to approximately HK\$4,306,453,000 (2013: HK\$3,524,516,000).

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 67.2% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 25.9% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 65.5% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 19.0% of the Group's total purchases.

## Directors' Report

### MAJOR CUSTOMERS AND SUPPLIERS (Continued)

Save as disclosed in Note 39 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

### DIRECTORS

The directors of the Company during the year and up to the date of this report were:

#### Executive directors:

Mr. Chung Cho Yee, Mico (*Chairman*)  
 Mr. Kan Sze Man  
 Mr. Chow Hou Man  
 Mr. Wong Chung Kwong  
 Mr. Fong Man Bun, Jimmy  
 (appointed on 21 January 2014)

#### Independent non-executive directors:

Dr. Lam Lee G.  
 Dato' Wong Sin Just  
 Mr. Cheng Yuk Wo  
 Dr. Lo Wing Yan, William  
 (appointed on 1 April 2014)

Pursuant to Bye-law 99(A) of the Bye-Laws, Mr. Kan Sze Man, Dr. Lam Lee G. and Dato' Wong Sin Just shall retire by rotation. In addition, Mr. Fong Man Bun, Jimmy and Dr. Lo Wing Yan, William being directors appointed by the Board after the annual general meeting of the Company held on 20 August 2013 will hold office until forthcoming annual general meeting pursuant to Bye-law 102(B). All retiring directors, being eligible, offer themselves for re-election.

The directors proposed for re-election at the forthcoming annual general meeting do not have any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The terms of office of each non-executive director is the period up to the retirement by rotation in accordance with the Bye-laws.

### DIRECTORS AND SENIOR MANAGEMENT PROFILE

#### Chairman and Executive Director

**Mr. Chung Cho Yee, Mico**, aged 53, Chairman and Executive Director of the Company, joined the Group in 2004. He is a director of certain subsidiaries of the Company. 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, an executive director of the Company.

## Directors' Report

### DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

#### Executive Director

**Mr. Kan Sze Man**, aged 42, joined the Group as Group General Counsel in 2001. He is a director of certain subsidiaries and associates of the Company 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 executive Chairman of the Company and the controlling shareholder of the Company.

**Mr. Chow Hou Man**, aged 43, joined the Group as Group Chief Financial Officer in 2001. He is a director of certain subsidiaries and associates of the Company 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 18 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 63, 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 Company 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 49, joined the Group in 2011 and is a Managing Director of Couture Homes Limited, a wholly-owned subsidiary of the Company. He is also a director of certain subsidiaries of the Company. 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 20 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 90's and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.

## Directors' Report

### DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

#### Independent Non-Executive Director

**Dr. Lam Lee G.**, aged 54, joined the Group in 2001. He is a member of Audit Committee, Remuneration Committee and Nomination Committee of the Board. Dr. Lam has international experience in general management, management consulting, corporate governance, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates and financial services sectors. (TMT), retail/consumer, infrastructure/real estates and financial services sectors. He is chairman of Monte Jade Science and Technology Association of Hong Kong, and serves as an independent or non-executive director of several publicly listed companies and 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 and as a Member of the Legal Aid Services Council of Hong Kong, 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, 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), a Member of the Hong Kong Institute of Bankers, a Board Member of the East-West Center Foundation, 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, a Fellow of the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a Vice President of the Hong Kong Real Property Federation, a founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, a founding member of Hong Kong-Korea Business Council, a Board

Member of the Australian Chamber of Commerce in Hong Kong and Macau, Chairman of Monte Jade Science and Technology Association of Hong Kong and a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing.

Dr. Lam is an independent non-executive director of each of Far East Holdings International Limited, Hutchison Harbour Ring Limited, Imagi International Holdings Limited, Mei Ah Entertainment Group Limited, Vongroup Limited and Glorious Sun Enterprises Limited and a non-executive director of Sunwah Kingsway Capital Holdings Limited, (the shares of all of which are listed on the Stock Exchange). He is a lead independent non-executive director of each of Asia-Pacific Strategic Investments Limited and Rowsley Limited, and an independent non-executive director of Next-Generation Satellite Communications 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) and an independent non-executive director of Vietnam Equity Holding and Vietnam Property Holding (the shares of both companies are listed on the Stuttgart Stock Exchange commencing on 3 April 2013). Also Dr. Lam is as a non-executive director of Coalbank Limited, the shares of which are listed on the Australian Securities Exchange.

## Directors' Report

### DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

#### Independent Non-Executive Director (Continued)

**Dato' Wong Sin Just**, aged 48, joined the Group in 2001. He is a member of Audit Committee of the Board. Dato' Wong possesses over 20 years of accounting, investment banking and venture capital experience. He held senior positions with a number of premier international investment banks prior to joining the Company. Dato' Wong holds a Bachelor degree in Engineering (First Class Honours) from Imperial College, University of London and is an associate of the Institute of Chartered Accountants, England and Wales.

Dato' Wong is currently the non-executive chairman of Westminster Travel Limited, the shares of which are listed on the Singapore Stock Exchange Limited.

**Mr. Cheng Yuk Wo**, aged 53, 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 and Top Spring International Holdings Limited and Liu Chong Hing Investment Limited, the shares of all of which are listed on the Stock Exchange.

**Dr. Lo Wing Yan, William**, aged 53, 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 the Vice-Chairman of South China Media Group. He is also 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 International Housewares Retail Company Limited, Jingrui Holdings Limited, SITC International Holdings Company Limited and Varitronix International Limited, the shares of all of which are listed on the Stock Exchange of. Also, Dr. Lo is an independent non-executive director of Nam Tai Electronics, Inc., (the shares of which are listed on the New York Stock Exchange) and E2-Capital Holdings Limited, (the shares of which are listed on the Singapore Stock Exchange).

## Directors' Report

### DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

#### Senior Management Hong Kong

**Mr. Soo Wai Man, Raymond**, joined the Group in 2013 and is Managing Director – Project Development. 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 20 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.

#### Shanghai

**Ms. Dong Yan**, joined the Group in 2006. Ms. Dong was the deputy general manager of the Shanghai Real Estate Co. Ltd. Group, a large real estate developer in Shanghai for over 10 years and sat on the board of several of its real estate development and project companies. In this capacity, Ms. Dong oversaw development phase master planning and design work, as well as market positioning and sales activities. Before she joined the Group, she was a vice president of H&Q Asia Pacific. Ms. Dong received a post-graduate diploma on urban planning and inner city renewal course from Institute of Housing and Urban Development Studies, Rotterdam, Netherlands in 1993 and a management master degree from Norwegian School of Management (BI), and an EMBA from Antai School of Management, Jiao Tong University.

## Directors' Report

### DIRECTORS' INTERESTS IN SHARES

#### Interests and short positions of the Directors in the Company and its associated corporations

As at 31 March 2014, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company 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 Company and The

Stock Exchange of Hong Kong Limited (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 Company 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 Company and the Stock Exchange:

Long positions in shares:

Name of Director	Nature of interests	Company/name of associated corporation	Number of shares held (Note 1)	Derivative interests	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") (Note 2)	Beneficial owner	The Company	4,398,982,062 (L)		46.22
	Interest of controlled corporation	The Company	4,395,937,062 (L)	-	46.18
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	-	-
				-	0.25

Notes:

- (1) The letter "L" denotes a person's long position in such securities.
- (2) Mr. Chung is the beneficial owner of 4,398,982,062 shares in the Company (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 4,395,937,062). 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.

## Directors' Report

### DIRECTORS' INTERESTS IN SHARES (Continued)

#### Interests and short positions of the Directors in the Company and its associated corporations (Continued)

Save as disclosed above, as at 31 March 2014, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company 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 Company and the Stock Exchange.

### Long position

Name	Capacity	Number of shares	Derivative interests	Approximate shareholding percentage (%)
Forward Management, LLC	Investment Manager	482,274,116	–	5.07
FIL Limited	Investment Manager	476,012,014	–	5.00

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2014.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, 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 Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

## Directors' Report

### APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs of the Company, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rule. The Company considers all of the INEDs of the Company are independent.

### FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK\$4,245,808,000, which represented approximately 35.8% of the Group's total assets value as at 31 March 2014.

As at 31 March 2014, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	<b>Advances</b> HK\$'000	<b>Guarantees</b> HK\$'000
Buzz Concepts International Holdings Limited	3,370	–
Chater Capital Limited	46,534	389,213
City Synergy Limited	11,026	–
Cyrus Point Limited	610,450	–
Eagle Wonder Limited	526,385	690,000
Expert Dragon Limited	–	96,000
Fame Allied Limited	60,807	55,246
Get Wisdom Limited	660,717	447,500
Star Trail Limited	1,512	–
Vastness Investment Limited ( <i>Note</i> )	38,000	312,500
Vital Triumph Limited	154,798	141,750
	<b>2,113,599</b>	<b>2,132,209</b>

## Directors' Report

In accordance with the requirement under Rule 13.22 of the Listing Rules, the pro forma combined balance sheet of those affiliated companies and the Group's attributable interests in those affiliated companies based on their latest financial statements available are presented below:

	<b>Combined balance sheet</b> HK\$'000	<b>Group's attributable interests</b> HK\$'000
Non-current assets	2,454,305	1,224,724
Current assets	9,293,684	4,567,548
Current liabilities	(4,265,013)	(2,105,441)
Non-current liabilities	(4,985,016)	(2,478,549)
	<b>2,497,960</b>	<b>1,208,282</b>

*Note:*

The amount represents a counter-indemnity in favor of the other joint venture partner executed pursuant to which the Group undertakes to indemnify the other joint venture partner 50% of the liabilities arising from bank loan facilities granted by a bank amounting to approximately HK\$625 million.

### EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the board of directors on the basis of their merit, qualifications and competence with reference to the prevailing market terms. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 40 to the consolidated financial statements.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of shares of the Company by the Company or its subsidiaries during the year.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### CORPORATE GOVERNANCE

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 14 to 21 of this Annual Report.

## Directors' Report

### CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$445,000.

### SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2014.

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 134 of the annual report.

### AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2014.

### AUDITORS

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**CHUNG CHO YEE, MICO**

*CHAIRMAN*

25 June 2014

## 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 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
<b>Revenue</b>	5	<b>2,578,071</b>	1,162,379
Cost of sales/services		<b>(1,638,518)</b>	(424,603)
Gross profit		<b>939,553</b>	737,776
Income and gains (losses) from investments	7	<b>90,885</b>	116,725
Other income	8	<b>62,359</b>	45,036
Other gains and losses	9	<b>21,287</b>	305,166
Administrative expenses		<b>(178,518)</b>	(193,635)
Finance costs	10	<b>(124,802)</b>	(72,464)
Share of results of joint ventures		<b>53,114</b>	21,828
Share of results of associates		<b>7,424</b>	25,108
Profit before taxation		<b>871,302</b>	985,540
Taxation	11	<b>(52,040)</b>	(60,519)
<b>Profit for the year</b>	12	<b>819,262</b>	925,021
Attributable to:			
Owners of the Company		<b>815,489</b>	902,671
Non-controlling interests		<b>3,773</b>	22,350
		<b>819,262</b>	925,021
<b>Earnings per share (HK cents)</b>	16		
Basic		<b>8.57</b>	10.24
Diluted		<b>8.57</b>	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
<b>Profit for the year</b>	<b>819,262</b>	925,021
<b>Other comprehensive income (expense)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operation	<b>7,458</b>	1,463
Share of exchange differences of joint ventures	<b>12,818</b>	893
Change in fair value of available-for-sale investments	<b>4,843</b>	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)
	<b>25,119</b>	377
Total comprehensive income for the year	<b>844,381</b>	925,398
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	<b>840,608</b>	903,048
Non-controlling interests	<b>3,773</b>	22,350
	<b>844,381</b>	925,398

# Consolidated Statement of Financial Position

At 31 March 2014

	<i>NOTES</i>	<b>2014 HK\$'000</b>	2013 HK\$'000
<b>Non-Current Assets</b>			
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
		<b>4,027,351</b>	3,748,146
<b>Current Assets</b>			
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
		<b>7,819,677</b>	7,741,514
<b>Current Liabilities</b>			
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
		<b>1,103,382</b>	1,270,654
<b>Net Current Assets</b>			
		<b>6,716,295</b>	6,470,860
		<b>10,743,646</b>	10,219,006

## Consolidated Statement of Financial Position

At 31 March 2014

	<i>NOTES</i>	<b>2014 HK\$'000</b>	2013 HK\$'000
<b>Capital and Reserves</b>			
Share capital	<i>30</i>	<b>76,145</b>	76,145
Reserves		<b>7,697,367</b>	6,988,109
Equity attributable to owners of the Company		<b>7,773,512</b>	7,064,254
Non-controlling interests		<b>4,141</b>	20,848
Total Equity		<b>7,777,653</b>	7,085,102
<b>Non-Current Liabilities</b>			
Guaranteed notes	<i>31</i>	<b>1,170,000</b>	1,170,000
Bank borrowings – due after one year	<i>28</i>	<b>1,788,250</b>	1,955,200
Deferred tax liabilities	<i>32</i>	<b>7,743</b>	8,704
		<b>2,965,993</b>	3,133,904
		<b>10,743,646</b>	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	Share premium	Capital redemption reserve	Capital reserve	Contributed surplus	Translation reserve	Investment revaluation reserve	Share option reserve	Convertible notes		Total	Non-controlling interests	Total equity
									equity reserve	Accumulated profits			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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>	<b>2014 HK\$'000</b>	2013 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		<b>871,302</b>	985,540
Adjustments for:			
Finance costs		<b>124,802</b>	72,464
Depreciation of property, plant and equipment		<b>55,442</b>	63,207
Gain on disposal of property, plant and equipment		<b>(15,483)</b>	(770)
Gain on derecognition of investments in convertible notes, net		<b>(500)</b>	(6,800)
Gain on disposal of joint ventures		<b>(5,693)</b>	–
Gain on disposal of an associate		–	(246,383)
Gain on disposal of subsidiaries	34	–	(58,013)
Income from amortisation of financial guarantee contracts		<b>(1,808)</b>	(658)
Decrease (increase) in fair value of financial instruments		<b>39,918</b>	(62,925)
Interest income		<b>(16,823)</b>	(16,826)
Impairment loss on properties held for sale		<b>31,668</b>	–
Share of results of joint ventures		<b>(53,114)</b>	(21,828)
Share of results of associates		<b>(7,424)</b>	(25,108)
Operating cash flow before movements in working capital		<b>1,022,287</b>	681,900
Increase in investments held for trading		<b>(1,190,732)</b>	(67,222)
(Decrease) increase in other payables and accruals		<b>(187,945)</b>	179,022
Increase in properties held for sale		<b>(173,725)</b>	(263,112)
Increase in available-for-sale investments		<b>(19,564)</b>	–
Increase in deposit paid for acquisition of properties held for sale		<b>(10,896)</b>	(276,619)
Decrease in derivative financial instruments		<b>(1,134)</b>	(6,361)
Decrease (increase) in trade and other receivables		<b>6,793</b>	(38,528)
Decrease in cash held by securities brokers		<b>16,199</b>	640
Net cash (used in) from operations		<b>(538,717)</b>	209,720
Hong Kong Profits Tax paid		<b>(43,902)</b>	(70,258)
PRC Enterprise Income Tax paid		<b>(46,266)</b>	–
Interest paid		<b>(124,802)</b>	(72,312)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>		<b>(753,687)</b>	67,150

## Consolidated Statement of Cash Flows

For the year ended 31 March 2014

	<i>NOTES</i>	<b>2014 HK\$'000</b>	2013 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Advances to joint ventures		<b>(340,684)</b>	(1,075,278)
Purchases of property, plant and equipment		<b>(48,304)</b>	(1,515)
(Decrease) increase in amount due to joint ventures		<b>(19,535)</b>	103,136
Investment in an associate		<b>(2,320)</b>	(106,735)
Repayment from (advances to) associates		<b>1,040</b>	(272)
Proceeds from disposal of available-for-sale investments		<b>4,200</b>	30,360
Dividend received from an associate		<b>9,384</b>	48,000
Interest received		<b>16,823</b>	16,826
Decrease (increase) in loan receivables		<b>18,040</b>	(75,887)
Proceeds on disposal of property, plant and equipment		<b>19,000</b>	770
Proceeds from disposal of joint ventures		<b>23,582</b>	–
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
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(318,774)</b>	(709,135)
<b>FINANCING ACTIVITIES</b>			
Repayments of bank borrowings		<b>(1,406,321)</b>	(331,412)
Dividends paid		<b>(151,830)</b>	(214,327)
Repayment to an associate		<b>(1,703)</b>	(40,765)
Advance from (repayment to) non-controlling shareholder of a subsidiary		<b>25,355</b>	(28,658)
New bank borrowings raised		<b>1,285,539</b>	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
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(248,960)</b>	1,329,997
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,321,421)</b>	688,012
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>3,112,049</b>	2,424,037
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash</b>		<b>1,790,628</b>	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 <sup>4</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle <sup>2</sup>
HKFRS 9	Financial Instruments <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>5</sup>
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions <sup>2</sup>
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

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

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

<sup>5</sup> 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:

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Rental income and hotel operation ( <i>Note</i> )	<b>207,656</b>	222,984
Sales of properties held for sale	<b>2,370,415</b>	939,395
	<b>2,578,071</b>	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
<b>EXTERNAL REVENUE</b>				
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
<b>RESULTS</b>				
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
<b>EXTERNAL REVENUE</b>				
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
<b>RESULTS</b>				
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
<b>Segment assets</b>		
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
<b>Segment liabilities</b>		
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		Non-current assets (Note)	
	Year ended 31 March			
	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
	<b>2,578,071</b>	1,162,379	<b>2,294,196</b>	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 <sup>1</sup>
Buyer B	440,800	N/A <sup>1</sup>
Buyer C	283,565	N/A <sup>1</sup>
Buyer D	N/A <sup>1</sup>	188,000
Buyer E	N/A <sup>1</sup>	171,270
Buyer F	N/A <sup>1</sup>	170,000
Buyer G	N/A <sup>1</sup>	150,000
	<b>1,392,365</b>	679,270

<sup>1</sup> 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
	<b>90,885</b>	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)
	<b>90,885</b>	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
	<b>62,359</b>	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
	<b>21,287</b>	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)	–
	<b>124,802</b>	72,464

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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	–
	<b>53,001</b>	60,353
Deferred taxation ( <i>note 32</i> )	(961)	166
	<b>52,040</b>	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	<b>52,040</b>	60,519

## Notes to the Consolidated Financial Statements

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
	<b>46,211</b>	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
	<b>40,564</b>	34,844
Total staff costs	<b>86,775</b>	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	<b>1,523,718</b>	358,297

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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
<b>Directors' remuneration</b>									
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
	<b>30,290</b>	<b>4,420</b>	<b>4,050</b>	<b>2,150</b>	<b>4,851</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>46,211</b>

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
<b>Directors' remuneration</b>								
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
	<b>36,064</b>	<b>4,316</b>	<b>4,060</b>	<b>2,356</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>47,246</b>

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.

## Notes to the Consolidated Financial Statements

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
	<b>2,867</b>	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
	<b>1</b>	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

## Notes to the Consolidated Financial Statements

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:

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

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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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
<b>COST</b>							
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
<b>DEPRECIATION</b>							
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
<b>CARRYING VALUES</b>							
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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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
	<b>60,612</b>	39,905
Analysed for reporting purposes as:		
Non-Current	24,569	39,905
Current	36,043	–
	<b>60,612</b>	39,905
Convertible options embedded in convertible notes, at fair value ( <i>Note iii</i> )	<b>31,252</b>	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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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
	<b>72,667</b>	90,707
Less: Amount due within one year (included in other receivables (note 22))	<b>(72,667)</b>	(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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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
	<b>1,517,088</b>	1,358,331
Amounts due from joint ventures included in non-current assets ( <i>Note i</i> )	<b>1,701,726</b>	1,466,960
Amounts due to joint ventures included in current liabilities ( <i>Note ii</i> )	<b>432</b>	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.

## 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)

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.

## 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)

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)

## Notes to the Consolidated Financial Statements

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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).

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Revenue	–	–
Profit (loss) from continuing operations	<b>2,809</b>	(595)
Post-tax loss from discontinued operations	–	–
Profit (loss) for the year	<b>2,809</b>	(595)
Other comprehensive income for the year	<b>18,979</b>	2,291
Total comprehensive income for the year	<b>21,788</b>	1,696
Dividends received from the joint venture during the year	–	–
The above profit (loss) for the year include the following:		
Depreciation and amortisation	<b>381</b>	385
Interest income	<b>47</b>	99
Interest expense	–	–
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) 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	<b>532,709</b>	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)

## Notes to the Consolidated Financial Statements

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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).

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

## Notes to the Consolidated Financial Statements

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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	<b>183,926</b>	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)

## Notes to the Consolidated Financial Statements

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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	<b>(17,448)</b>	(870)
Post-tax loss from discontinued operations	–	–
Loss for the year	<b>(17,448)</b>	(870)
Other comprehensive expense for the year	–	–
Total comprehensive expense for the year	<b>(17,448)</b>	(870)
Dividends received from the joint venture during the year	–	–
The above loss for the year include the following:		
Depreciation and amortisation	<b>11,201</b>	–
Interest income	<b>785</b>	–
Interest expense	–	–
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) 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	<b>355,573</b>	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)

## 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)**

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).

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Revenue	<b>174,427</b>	167,775
Profit from continuing operations	<b>105,748</b>	65,774
Post-tax profit from discontinued operations	–	–
Profit for the year	<b>105,748</b>	65,774
Other comprehensive income (expenses) for the year	<b>6,657</b>	(504)
Total comprehensive income for the year	<b>112,405</b>	65,270
Dividends received from the joint venture during the year	–	–
The above profit for the year include the following:		
Depreciation and amortisation	<b>14</b>	12
Interest income	<b>7,369</b>	6,323
Interest expense	<b>41,235</b>	45,538
Income tax expense	<b>25,550</b>	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	<b>383,679</b>	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)	<b>57</b>	(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)

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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	–	–

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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
	<b>143,692</b>	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
	<b>3,973,587</b>	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
	<b>1,825,264</b>	690,722
Total and reported as:		
Listed		
Hong Kong	473,246	68,872
Elsewhere	1,352,018	621,850
	<b>1,825,264</b>	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

## Notes to the Consolidated Financial Statements

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
	<b>341,446</b>	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
	<b>100,813</b>	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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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	–	–

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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
	<b>2,458,429</b>	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
	<b>132,216</b>	355,128
	<b>2,590,645</b>	2,707,053
<i>Less:</i> Amount due within one year or contain a repayment on demand clause in the loan agreement shown under current liabilities	<b>(802,395)</b>	(751,853)
	<b>1,788,250</b>	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.

## Notes to the Consolidated Financial Statements

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 32. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior year:

	<b>Accelerated tax depreciation</b> HK\$'000	<b>Convertible notes</b> HK\$'000	<b>Tax losses</b> HK\$'000	<b>Total</b> 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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)
	23,324
Total consideration satisfied by:	
Cash paid during the year ended 31 March 2013	23,324
Net cash inflow arising on acquisition during the year ended 31 March 2013:	
Bank balances and cash acquired	–

## 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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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:

	<b>Eagle Wonder Group</b> 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

## Notes to the Consolidated Financial Statements

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
	<b>1,819,709</b>	1,619,312
and utilised by:		
Joint ventures	1,173,308	971,570
An associate	88,800	96,000
	<b>1,262,108</b>	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
	<b>4,602,773</b>	4,123,782

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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 HK\$'000	2013 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
	<b>226,323</b>	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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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>33,757</b>	<b>19,405</b>

(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
		<b>48,628</b>	<b>54,561</b>

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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For the year ended 31 March 2014

### 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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.

## Notes to the Consolidated Financial Statements

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
<b>Financial assets</b>		
<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
	<b>1,856,516</b>	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
	<b>3,625,437</b>	4,730,673
<i>Available-for-sale financial assets</i>		
Available-for-sale investments	60,612	39,905
<b>Financial liabilities</b>		
<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
	<b>3,847,664</b>	3,961,229
Derivative financial instruments	–	1,134

## Notes to the Consolidated Financial Statements

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	-	-

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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.

## Notes to the Consolidated Financial Statements

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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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
	<b>100.0</b>	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

For the year ended 31 March 2014

### 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
<b>31 March 2014</b>									
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

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

## 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2014

### 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.

## 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)****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	
<b>Financial assets</b>				
<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			Total HK\$'000
	Level 1 measurements	Level 2 measurements	Level 3 measurements	
	HK\$'000	HK\$'000	HK\$'000	
<b>Financial assets</b>				
<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
<b>Financial liabilities</b>				
<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)
	<b>6,002,605</b>	5,220,668
Share capital	76,145	76,145
Reserves (Note)	5,926,460	5,144,523
	<b>6,002,605</b>	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 (Note ii)	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 (Note 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
			Directly		Indirectly		
			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.

# Financial Summary

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2014 is set out below:

## (a) Results

	Year ended 31 March				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
Revenue	1,447,907	2,745,292	3,217,891	1,162,379	<b>2,578,071</b>
Profit before taxation	566,750	940,417	1,886,813	985,540	<b>871,302</b>
Taxation					
– Current tax and deferred tax	(21,765)	(84,106)	(118,511)	(60,519)	<b>(52,040)</b>
Profit for the year	544,985	856,311	1,768,302	925,021	<b>819,262</b>
Attributable to:					
Owners of the Company	546,271	857,732	1,754,106	902,671	<b>815,489</b>
Non-controlling interests	(1,286)	(1,421)	14,196	22,350	<b>3,773</b>
	544,985	856,311	1,768,302	925,021	<b>819,262</b>

## (b) Assets and liabilities

	At 31 March				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
Total assets	7,789,858	7,684,305	9,049,643	11,489,660	<b>11,847,028</b>
Total liabilities	4,376,249	3,447,491	3,077,272	4,404,558	<b>4,069,375</b>
	3,413,609	4,236,814	5,972,371	7,085,102	<b>7,777,653</b>
Equity attributable to owners of the Company	3,413,435	4,237,535	5,958,888	7,064,254	<b>7,773,512</b>
Non-controlling interests	174	(721)	13,483	20,848	<b>4,141</b>
	3,413,609	4,236,814	5,972,371	7,085,102	<b>7,777,653</b>

# Schedule of Properties held by the Group

As at 31 March 2014

## MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2014 are as follows:

## PROPERTIES HELD FOR SALE

Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Market value (HK\$'000) <i>(Note)</i>	Book cost (HK\$'000)
(i) Hong Kong						
G/F., Unit 1506-1507, 17/F-22/F & 72 Carparks, sky-sign on the roof top in AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	109,000	1,985,000	552,700
Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	41,310	530,000	217,100
No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	22,588	300,000	152,400
G/F, 21 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	1,280	110,000	46,000
Office Units 1006, 1007, 3102, 31/F., & 4 Carparks, 4/F., Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	10,460	254,599	222,000
No. 47 Barker Road, The Peak, Hong Kong	Residential	100%	N/A	4,230	204,000	204,000
Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial/ Residential	100%	3,347	40,125	340,000	303,900
No.14 Pennington Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	2,754	130,000	130,000
Shop 4, G/F., together with the Yard appurtenant thereto, Keswick Court, No.3 Keswick Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	640	36,000	33,000

## Schedule of Properties held by the Group

As at 31 March 2014

### MAJOR PROPERTIES (Continued)

#### PROPERTIES HELD FOR SALE (Continued)

Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Market value (HK\$'000) <i>(Note)</i>	Book cost (HK\$'000)
(i) Hong Kong (Continued)						
Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	158,000	110,000
3-4 Glenealy, Central Hong Kong (93.18% interest in the site)	Residential	100%	5,784	N/A	669,000	669,000
Shatin Town Lot No. 562, Area 56A, Kan To, Shatin, N.T.	Residential	92%	N/A	50,376	610,000	595,500
12/F Le Diamant, Nos. 703 & 705 Nathan Road, Kowloon	Commercial	100%	N/A	1,835	34,300	26,300
(ii) The PRC						
Nos. 168/169 Wujiang Road and No. 1 Lane 333 Shimenyi Road, Jingan District, Shanghai, PRC	Commercial	100%	N/A	122,444	1,021,400	650,200

*Note:* Market value as at 31 March 2014 was based on valuation report conducted by independent qualified professional valuers not connected to the Group.