CSI PROPERTIES
資本策略

COUTURE HOMES
尚家生活

CSI Properties Limited
資本策略地產有限公司*

Stock code 股份代號 : 497

Annual Report
2013 年報

* For identification purpose only 僅供識別

MOVING FORWARD

The New Definition of Premium Real Estate

邁步向前

優質物業之新定義

住宅 RESIDENTIAL

Qing Pu Villas
青浦洋房項目
Shanghai 上海

yoo Residence
Hong Kong 香港

Monterey Court
Jardin's Lookout
渣甸山松園
Hong Kong 香港

Kau To Shan
九肚山洋房項目
Hong Kong 香港

COMMERCIAL 商廈

Ashley Road
尖沙咀亞士厘道
Hong Kong 香港

The Platinum - JV
新茂大廈
Shanghai 上海

AXA Centre
安盛中心
Hong Kong 香港

In Point 四季坊
Shanghai 上海

J-Plus Boutique Hotel
J-Plus酒店
Hong Kong 香港

Novotel Hotel Nathan Road, Jordan - JV
九龍諾富特酒店
Hong Kong 香港

• CSI Properties • Couture Homes
• 資本策略地產 • 尚家生活

CSI PROPERTIES
資本策略

COUTURE HOMES
尚家生活

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors:
Chung Cho Yee, Mico *(Chairman)*
Kan Sze Man *(Company Secretary)*
Chow Hou Man
Wong Chung Kwong

Independent Non-Executive Directors:
Lam Lee G.
Wong Sin Just
Cheng Yuk Wo

Audit Committee

Cheng Yuk Wo *(Chairman)*
Lam Lee G.
Wong Sin Just

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

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

Butterfield Fulcrum Group (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

FINANCIAL REVIEW

Review of the Results

The Group reported a total revenue of approximately HK$1,162.4 million for the year ended 31 March 2013, which was mainly generated from sale of properties, representing a decrease of 63.9% from approximately HK$3,217.9 million recorded in last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$902.7 million for the year ended 31 March 2013, represented a decrease of 48.5% compared with HK$1,754.1 million reported in 2012.

The decrease in profit was mainly attributable to decrease in contribution of profits from sale of properties during the year.

Liquidity and Financial Resources

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$3,132.2 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$726.2 million as at 31 March 2012 to approximately HK$751.9 million as at 31 March 2013, and long-term bank borrowing increased from approximately HK$1,928.3 million as at 31 March 2012 to approximately HK$1,955.2 million as at 31 March 2013. 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 increased from approximately HK$2,654.5 million as at 31 March 2012 to approximately HK$2,707.1 million as at 31 March 2013, and the Group's ratio of total debt (bank and other borrowings) to total assets was 33.7% (At 31 March 2012: 29.4%). 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$751.9 million repayable within one year, HK$1,065.5 million repayable between one to five years, and HK$889.7 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.

FINANCIAL REVIEW

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 2013.

	2013 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	7,064,254
Add: Attributable revaluation surplus relating to the Group's properties held for sale [1]	2,800,156
Attributable revaluation surplus relating to properties held for sale by joint ventures [2]	665,243
Net assets attributable to owners of the Company as if the properties held for sale and interests in joint ventures were stated at open market value [3]	10,529,653
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value	$1.11

[1] Based on open market valuations as at 31 March 2013 carried out by independent firms of qualified professional valuers not connected to the Group except for those properties where sale and purchase agreements have been signed before the end of the reporting period, pursuant to which the relevant properties would be disposed of by the Group shortly after the reporting period are stated at transaction price as per the sale and purchase agreements.

[2] Based on open market valuation as at 31 March 2013 carried out by independent firms of qualified professional valuer not connected to the Group.

[3] 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

	2013 HK$'000	2012 HK$'000
Corporate guarantee given by the Group for banking facilities granted to:		
Joint ventures	**1,523,312**	597,650
An associate	**96,000**	84,800
	1,619,312	682,450
and utilised by:		
Joint ventures	**971,570**	533,650
An associate	**96,000**	84,800
	1,067,570	618,450

In addition, at 31 March 2013, 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 (2012: HK$625 million). The banking facilities utilised by the relevant joint venture amounted to approximately HK$365 million (2012: HK$318 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 less likely 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$2,785,000 (2012: HK$1,620,000).

Pledge of assets

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2013 HK$'000	2012 HK$'000
Property, plant and equipment	**636,031**	689,090
Properties held for sale	**3,394,825**	3,095,275
Investments held for trading	**92,926**	101,061
	4,123,782	3,885,426


i-D

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 2013.

Business Review and Outlook

For the year ended 31 March 2013, the Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$902.7 million, compared with HK$1,754.1 million reported in 2012.

Total revenue for the Group was HK$1,162.4 million, compared with HK$3,217.9 million for the year ended 31 March 2012.

The decrease in profit was mainly attributable to decrease in contribution of profits from sale of properties during the year.

Overview

To commemorate our tenth year anniversary under the existing management team, we have revamped our corporate logo to reflect the new image and direction for the Group. For the past ten years, the Group has made big strides from a company with modest capital base to currently a multi-billion real estate enterprise. The new corporate logo reflects our new corporate goal to develop and flourish and be a "solid rising star" in the real estate arena in the Greater China region. Going forward, we strive to become within the next ten years the premier property company in the region with a unique, twin growth engine in commercial property repositioning and life-style residential homes development.

On another celebratory note, we are most pleased to announce that the Group has been awarded the "Best Small-cap Company in Hong Kong" in Asia's Best Managed Companies annual poll conducted by FinanceAsia, the leading financial journal in the Asia Pacific region. FinanceAsia has organised the annual poll to select Asia's best managed companies for over 10 years. The poll included opinions and votes from 300 major investment professionals and financial analysts in the Asia-Pacific region and companies were rated on overall management, corporate governance, investor relations and commitment to strong dividend payments, amongst other criteria. This award reflects the wide recognition and trust by the investment community in the Group's business strategy and track record during the past decade.

On the business front, the last financial year proved to be both an exciting and challenging year for the Group as we continued to expand our business operation on both the commercial and residential markets. In the last twelve months, the governments in Hong Kong and Mainland China introduced various measures to regulate the property market, which have significant effect on the performance of the Group in the last financial year, but in the long run will contribute to a healthy and stable development of the market which the Group will be able to take advantage of through our strong financial strength and professional expertise and strategies.

Commercial Properties

A number of significant disposals were completed during the period including the sale of the basement floor and the 24th floor of the AXA Centre, No. 151 Gloucester Road, for a total consideration of approximately HK$359 million. The Group continues to hold more than eight floors, namely 7 office floors from 17th floor to 23rd floor, as well as the sky sign on the roof, all ground floor shops and 75 car parking spaces of the AXA Centre, which will be periodically reviewed by the Group as to the optimal time for their disposal.

The CUBUS, our prime food and beverage tower in the heart of Causeway which the Group had a 25% interest, was sold and completed at a premium value of HK$1.53 billion (CSI attributable value of HK$382.5 million) in January 2013. The H8, another prime food and beverage tower in the heart of Tsim Sha Tsui, was sold at HK$668 million with completion date targeted for July 2013. Last but not least, we acquired a vertical retail building at Nos. 703 & 705 Nathan Road with G.F.A. of approximately 35,000 sq.ft. for HK$830 million in January 2013, and prior to the completion of such acquisition this building was sold at a profit to a number of individual buyers on a strata title basis, with completion set for July 2013.

On the acquisition side, the Group, together with our partner, Gaw Capital, completed the acquisition of Novotel Hotel Jordan, a retail and hotel complex comprising of 389 rooms in the heart of the shopping and tourist hub of Nathan Road, Kowloon. The transaction totaled HK$2.4 billion, and equated to an entry yield of approximately 5.5%. The current plan is to redesign and renovate the retail floors layout, so as to convert the upper retail floors into additional hotel rooms and reposition the remaining retail area with more upscale tenants to maximize rental revenue. Some substantial progress has been made, including getting Studio A, an Apple computer product retailer, and SaSa Cosmetics, to occupy the ground and basement 1 floors respectively to substantially increase rental yield. The project is expected to provide a significant return for the Group when the repositioning plan is completed by early 2015.

As for our portfolio in China, the Platinum office tower, situated at No. 233 Tai Cang Road in the Huang Pu District of Shanghai and which the Group owns a 50% interest, has continued to contribute stable rental income to the Group with occupancy rate of over 95%. The majority of the tenants are leading multinational corporations including the likes of McKinsey and Standard Chartered Bank, etc. Inpoint Mall, the shopping avenue located in the heart of Jing An District in Shanghai and on top of two busy subway lines, is currently a chic shopping icon in the area with occupancy rate of over 95%. We expect further increase in shoppers' traffic and thus yield enhancement from this shopping mall in the near future.

Besides active repositioning and value enhancement, the Group will closely monitor market conditions to optimize value from our commercial property assets' disposals.

Couture Homes

The continuing successful sale of units at The Hampton, despite the relatively quiet market environment, has reconfirmed Couture Homes as the ultimate brand in the luxury residential property development market in Hong Kong.

All the remaining 6 units at The Hampton were sold in the last financial year, with completion for 2 units scheduled for within the next financial year. The sales proceeds for the 4 sold and completed units of the Hampton totaled approximately HK$484 million, with another HK$167 million approximately to be realized for the remaining units awaiting completion in the next financial year.

In addition, our life-style oriented project in Causeway Bay, namely the yoo Residence, achieved tremendous sales during the pre-sales period in April 2013. The pricing achieved, at an average of HK$30,000 plus per square feet on saleable area basis, is at a significant premium to neighbouring projects by other developers. As the first branded residential apartment project in Hong Kong and through the design co-operation with internationally renowned architects/designers from the "yoo" team including Philippe Starck and John Hitchcox, this project further helps to cement Couture Homes as the leading premium life-style residential development company in Asia. 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.

Apart from the above projects, Couture Homes won the government tender in May 2012 for a house lot of approximately 50,376 square feet in Kau To Shan, the renowned luxury residential district in Kowloon. Site formation work has commenced at this prime site where 20 life-style oriented luxury villas are planned to be built by late 2014. Situated at the top of the ridge, the villas will command a magnificent view of the Shatin racecourse and the surroundings, while offering extreme convenience to the owners with a 20 minutes short drive to Central or the border with the mainland. These villas are expected to become another hallmark of quality living and lifestyle from Couture Homes.

In December 2012, we completed the acquisition of Monterey Court, a prime luxury apartment building located on Perkins Road at the Jardine's Lookout on Hong Kong Island. The building is located within this renowned high-end luxurious district cherished by the mega-rich tycoons in Hong Kong with close proximity to Central and Causeway Bay. With G.F.A of approximately 75,000 sq. ft., the site will be redeveloped into a new iconic, super luxury apartment building of approximately 18 units. In addition to Asia Standard group, we will be partnering with Grosvenor Limited, an internationally renowned real estate developer, in this project. We are confident that this new project will become the jewel in the crown of Couture Homes in Hong Kong and setting new benchmark and standards in the high end luxury residential market.

Last but not least in China, site formation work has begun at the land site in Qing Pu, a renowned high-end luxurious villa district conveniently located near the Hong Qiao International airport. The site will be developed into over 300 premium luxurious villas and apartments. Couture Homes is working closely with our joint venture partner in the design and planning of this project, with target pre-sale of the first phase targeted for mid-2014. We are confident that it will be the masterpiece of Couture Homes in China.

Couture Homes, through the various new projects in the pipeline, will continue to strive to deliver superior quality residential units and be at the forefront of the luxury residential market.

Corporate Activities

The Group completed a placement exercise through CLSA Capital Markets Limited and JP Morgan Securities Limited to raise approximately US$50 million in October 2012. The placement proceeds further strengthen the balance sheet of the company and provide the funds for necessary acquisition of commercial and residential properties, while also helping the Group to further enhance the institutional investor base.

The Group also achieved another major milestone on the capital management front through the completion of our inaugural bond issue in January 2013 through JP Morgan Securities and Bank of America Merrill Lynch. The US$150 million 5 year unrated fixed rate debut bond was well received in the market, allowing us to tap the global fixed income market at an attractive interest rate of 6.5% per annum. Given the strong endorsement of our credibility for the bond issue amongst international debt investors, the issue opens up a new financing avenue besides the traditional avenue of equity or bank borrowings, and allows the Group more flexibility in financing our future growth while also giving us access to a broader investor base of global fixed income investors.

Furthermore, in April 2013, our controlling shareholder Mr. Mico Chung increased his controlling stake in the Group from purchases in the market, taking his shareholding from 44.2% to 46.2%. We welcome this increase as it clearly demonstrates the strong commitment from our controlling shareholder and the tremendous confidence in the future growth and prospects of the Group.

Outlook

On the commercial property front, with the Hong Kong SAR Government's recent new measures to curb speculative activities in the market, we believe the market will become healthier in the longer run, which the Group will be able to continue to leverage our proven expertise and strong financial position to create value through our commercial repositioning and value enhancement model in prime locations in Hong Kong and China.

On the residential front, with the Hong Kong SAR Government's strong commitment to increasing land supply in the future and providing smaller land sites in the land sale tender process, the Group strongly believes that there will be tremendous opportunities for us as a proven, experienced developer of lifestyle residential units to take advantage of the new policy.

In conclusion, we will like to express our sincere gratitude to our investors for their valuable support and contribution to the Group's development in the past ten years, and look forward to continue delivering exceptional value and returns in the future.

Final Dividend

The Board has recommended the payment of a final dividend of 1.38 Hong Kong Cents (2012: 2.4 Hong Kong Cents) per share or an aggregate amount of approximately HK$131.35 million (2012: HK$199.3 million) for 2013, subject to the approval of shareholders of the Company at the 2013 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 29 August 2013, payable on or around 4 September 2013.

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, 19 June 2013

FinanceAsia ASIA'S BEST COMPANIES 2013

CORPORATE GOVERNANCE REPORT

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 2013.

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 2013.

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 of Directors (Continued)

Board Composition

As at the date of this report, the Board is comprised of four executive directors (i.e. Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man and Mr. Wong Chung Kwong) and three independent non-executive directors ("INEDs") (i.e. Dato' Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo). 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 27 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.

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:

	Attendance/Number of meetings held during the year				
Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Chung Cho Yee, Mico	4/4	N/A	1/1	1/1	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
Independent Non-Executive Directors					
Wong Sin Just	2/4	2/2	N/A	N/A	0/1
Lam Lee G.	4/4	2/2	1/1	1/1	0/1
Cheng Yuk Wo	4/4	2/2	1/1	1/1	1/1

Pursuant to Code A.6.7 of the CG Code, INEDs and other non-executive directors should attend the general meetings of the Company. Two INEDs of the Company were unable to attend the annual general meeting of the Company held on 16 August 2012 due to their respective engagements.

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.

Board of Directors (Continued)

Chairman and Chief Executive (Continued)

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 3 INEDs of the Company have contributed valuable views and proposals independently for the Board's deliberation and decisions.

Independent Non-executive Directors

All INEDs of the Company have confirmed their independence and the Company consider each of them to be independent. On 27 June 2012, the Nomination Committee of the Board has conducted an annual review of the independence of all INEDs of the Company. 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. All of 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 2013.

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 three INEDs of the Company, namely, Dato' Wong Sin Just, Dr. Lam Lee G. and Mr. Cheng Yuk Wo. 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, all of which were attended by all of the members. 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 2012 and the interim results of the Company for the six months ended 30 September 2012 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.

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 2013 are set out in the notes to the financial statement on page 77.

Board Committees (Continued)

Nomination Committee

The Nomination Committee was established on 13 March 2012 and its terms of reference of the Nomination Committee adopted by the Board on the same date, 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, make recommendations to the Board regarding any proposed changes and to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company. 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 one meeting, in which it reviewed the structure, size and composition of the Board, assessing the independence of INEDs of the Company and other related matters.

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 following 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 four executive directors of the Company, namely, Mr. Chung Cho Yee, Mico (the chairman of the Committee), Mr. Kan Sze Man, Mr. Chow Hou Man and Mr. Wong Chung Kwong.

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

Mr. Kan Sze Man has been appointed as the Company Secretary of the Company since 2007 and has day-to-day knowledge of the Group's affairs. In response to specific enquiries made, the Company Secretary confirmed that he has complied with all the required qualifications, experience and training requirements of the Listing Rules.

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 33 which acknowledges the reporting responsibility of the Group's Auditor.

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 has overall responsibility to maintain a sound and effective internal control of the Company to safeguard the shareholders' investments and the Company's assets. The Company will continue to review its internal control function on a regular basis.

The Board had conducted regular reviews on the effectiveness of the system of the internal controls of the Group, covering all material aspects including financial, operational, compliance controls and risks management functions during the year. Results and findings arising from the reviews were discussed in the Audit Committee meetings.

The Group is committed to maintaining and upholding good corporate governance practices and internal control system. In respect of the year ended 31 March 2013, the Group has engaged external consultants, TCS Hong Kong Consulting Limited to review the effectiveness of the Group's internal control system on payment cycle in respect of properties holding business in Hong Kong and make recommendations for improvement and strengthening of its internal control system. Based on the reports on the findings from the external consultants, the Board was satisfied that the Group has operated an effective internal control system.

Auditor's Remuneration

During the year ended 31 March 2013, 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	1.280
Other services	1.313
	2.593

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.

Shareholders' Rights (Continued)

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.

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 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

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 March 2013.

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 income statement on page 35.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 1.38 Hong Kong Cents (2012: 2.4 Hong Kong Cents) per share to the shareholders on the register of members on 29 August 2013, amounting to approximately HK$131.35 million.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 26 August 2013 to Thursday, 29 August 2013, 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 Friday, 23 August 2013.

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 2013 including contributed surplus and accumulated profits amounted to approximately HK$3,524,516,000 (2012: HK$2,472,825,000).

Major Customers and Suppliers

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 65.7% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 16.2% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 59.3% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 13.1% of the Group's total purchases.

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

Independent non-executive directors:

Dr. Lam Lee G.
Dato' Wong Sin Just
Mr. Cheng Yuk Wo

Pursuant to Bye-law 99(A) of the Bye-Laws, Mr. Chung Cho Yee, Mico, Mr. Wong Chung Kwong and Mr. Cheng Yuk Wo shall retire by rotation. 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 52, Chairman and Executive Director of the Company, joined the Group in 2004. He is a director of certain subsidiaries of the Group. He is also the Chairman of Executive Committee and Nomination Committee, and a member of Remuneration Committee of the Board. Mr. Chung graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and an independent non-executive director of HKC (Holdings) Limited, the shares of both of which are listed on the Stock Exchange. Mr. Chung is the brother-in-law of Mr. Kan Sze Man, an executive director of the Company.

Executive Director

Mr. Kan Sze Man, aged 41, joined the Company as Group General Counsel in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the executive Chairman of the Company and the controlling shareholder of the Company.

Mr. Chow Hou Man, aged 42, joined the Company as Group Chief Financial Officer in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 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 62, joined the Company 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 of the Group and a member of Executive Committee of the Board. Mr. Wong has been working in the local and mainland real estate markets for about 40 years and has solid experience in properties related projects such as sales and marketing, acquisitions, repositioning and asset management. Before joining the Group, Mr. Wong had worked in property development and management companies in Mainland China and Hong Kong.

Independent Non-Executive Director

Dr. Lam Lee G., aged 53, 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), 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 member of the New Business Committee of the Financial Services Development Council (FSDC), a member of the Derivatives Market Consultative Panel of the Stock Exchange, a member of the Hong Kong Institute of Bankers, a member of the World Presidents' Organization (WPO) and the Chief Executives Organization (CEO), a fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution (CEDR), a member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, a vice president of the Hong Kong Real Estate Association, a founding board member and the Honorary Treasurer of the Hong Kong — Vietnam Chamber of Commerce, a board member of the Australian Chamber of Commerce in Hong Kong and Macau, and a visiting professor (in the fields 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 (stock code: 36), Hutchison Harbour Ring Limited (stock code: 715), Imagi International Holdings Limited (stock code: 585), Mei Ah Entertainment Group Limited (stock code: 391) and Vongroup Limited (stock code: 318) and a non-executive director of Sunwah Kingsway Capital Holdings Limited (stock code: 188) (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 (all of which are listed on the Singapore Exchange). Dr. Lam is also an independent director of Sunwah International Limited (whose shares are listed on the Toronto Stock Exchange) and an independent non-executive director of Vietnam Equity Holding and Vietnam Property Holding (shares of both companies are listed on the Stuttgart Stock Exchange commencing on 3 April 2013).

Independent Non-Executive Director

Dato' Wong Sin Just, aged 47, 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 all of which are listed on the Singapore Stock Exchange Limited, In addition, he is an independent non-executive director of China Zenith Chemical Group Limited, which shares are listed on the Stock Exchange.

Mr. Cheng Yuk Wo, aged 52, 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 executive director of 21 Holdings Limited and 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, the shares of all of which are listed on the Stock Exchange.

Senior Management

Hong Kong

Mr. Fong Man Bun, **Jimmy**, joined the Group in 2011 and is a Managing Director of Couture Homes. Meanwhile, Mr. Fong is also responsible in identifying and advising on residential development and investment from both acquisition and disposal planning for 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 the 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.

Mr. Fung Wing Kwong, **Arnold**, joined the Group in 2012 and is a Managing Director of Couture Homes. He graduated from the University of Hong Kong with a Bachelor of Architecture degree and holds a Master of Business Administration degree from the University of Southern California, USA. Mr. Fung is a Registered Architect and Authorized Person — Architect in Hong Kong and has over 28 years of experience in both architectural and interior design field. He is a member of the Hong Kong Institute of Architects, the Royal Institute of British Architects, Royal Architectural Institute of Canada, and Ontario Association of Architects and has PRC Class 1 Registered Architect Qualification. Mr. Fung joined the Group in 2012 immediately prior to which he was an Executive Director of Steve Leung Designs Limited. Some of Arnold's key projects include The Hampton, AXA building refurbishment, restaurant designs in the Cubus in Causeway Bay and architectural and interior design works at numerous luxury residential projects in China and 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.

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' Interests in Shares

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

As at 31 March 2013, 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 decided 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	4,359,632,062 (L)		45,80
				–	–
	Interest of controlled corporation	The Company	4,356,587,062 (L)		45.77
				–	–
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)		0.25
				–	–
Chow Hou Man	Beneficial owner	The Company	8,978,569 (L)		0.09
				–	–

Notes:

(1) The letter "L" denotes a person's long position in such securities.

(2) Mr. Chung is the beneficial owner of 4,359,632,062 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 4,356,587,062). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

Save as disclosed above, as at 31 March 2013, 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.

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 2013, 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:

Long position

Name	Capacity	Number of shares	Derivative interests	Approximate shareholding percentage (%)
Forward Management, LLC	Investment Manager	495,054,116	–	5.20

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 2013.

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$3,721,214,000, which represented approximately 32.4% of the Group's total assets value as at 31 March 2013.

As at 31 March 2013, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK$'000	Guarantees HK$'000
Chater Capital Limited	15,582	385,812
City Synergy Limited	6,040	—
Clever Keen Limited	4,469	—
Cyrus Point Limited	610,450	—
Eagle Wonder Limited	483,144	690,000
Expert Dragon Limited	1,040	96,000
Fame Allied Limited	22,098	—
Get Wisdom Limited	618,218	447,500
Vastness Investment Limited *(Note)*	—	312,500
Vital Triumph Limited	28,361	—
	1,789,402	1,931,812

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:

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	2,472,325	1,236,163
Current assets	7,393,570	3,761,584
Current liabilities	(2,427,504)	(1,249,063)
Non-current liabilities	(5,069,212)	(2,592,930)
	2,369,179	1,155,754

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 22 of this Annual Report.

Charitable Donations

During the year, the Group made charitable donations amounting to HK$628,000.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 March 2013.

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 2013.

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

19 June 2013

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 35 to 133, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated income statement, consolidated statement of 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.

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 2013 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
19 June 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	5	**1,162,379**	3,217,891
Cost of sales/services		**(424,603)**	(1,551,631)
Gross profit		**737,776**	1,666,260
Income and gains from investments	7	**116,725**	63,237
Other income	8	**45,036**	24,252
Other gains and losses	9	**305,166**	132,238
Administrative expenses		**(193,635)**	(163,231)
Finance costs	10	**(72,464)**	(52,859)
Share of results of joint ventures		**21,828**	31,601
Share of results of associates		**25,108**	185,315
Profit before taxation		**985,540**	1,886,813
Taxation	11	**(60,519)**	(118,511)
Profit for the year	12	**925,021**	1,768,302
Attributable to:			
Owners of the Company		**902,671**	1,754,106
Non-controlling interests		**22,350**	14,196
		925,021	1,768,302
Earnings per share (HK cents)	16		
Basic		**10.24**	21.32
Diluted		**10.19**	20.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2013

	2013 HK$'000	2012 HK$'000
Profit for the year	**925,021**	1,768,302
Other comprehensive income (expense)		
Exchange differences arising on translation	**2,356**	33,474
Reclassification of capital reserve upon deregistration of an associate	**(1,698)**	—
Reclassification of translation reserve upon deregistration of an associate	**(116)**	4,737
Reclassification of investment revaluation reserve upon derecognition of available-for-sale investments	**(3,720)**	(3,880)
Change in fair value of available-for-sale investments	**3,555**	7,709
	377	42,040
Total comprehensive income for the year	**925,398**	1,810,342
Total comprehensive income attributable to:		
Owners of the Company	**903,048**	1,796,146
Non-controlling interests	**22,350**	14,196
	925,398	1,810,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-Current Assets			
Property, plant and equipment	17	**670,866**	732,558
Available-for-sale investments	18	**39,905**	67,430
Conversion options embedded in convertible notes	18	**14,980**	20,180
Long-term loan receivable	19	**72,667**	14,040
Club memberships		**6,860**	6,860
Interests in joint ventures	20	**1,358,331**	1,181,518
Amounts due from joint ventures	20	**1,466,960**	498,657
Deposit paid for establishment of a joint venture	20	**—**	118,400
Interests in associates	21	**116,537**	47,285
Amounts due from associates	21	**1,040**	768
		3,748,146	2,687,696
Current Assets			
Trade and other receivables	22	**95,717**	41,724
Deposit paid for acquisition of properties to be held for sale		**257,164**	72,871
Properties held for sale	23	**3,562,675**	3,241,836
Investments held for trading	24	**690,722**	551,392
Taxation recoverable		**2,995**	9,255
Cash held by securities brokers	25	**20,192**	20,832
Bank balances and cash	25	**3,112,049**	2,424,037
		7,741,514	6,361,947
Current Liabilities			
Other payables and accruals	26	**285,770**	85,441
Taxation payable		**196,130**	214,597
Amounts due to joint ventures	20	**19,967**	457
Amounts due to associates	21	**15,800**	68,399
Amounts due to non-controlling shareholders of subsidiaries	39(b)	**—**	28,658
Convertible notes — due within one year	27	**—**	9,398
Bank borrowings — due within one year	28	**751,853**	726,169
Derivative financial instruments	29	**1,134**	—
		1,270,654	1,133,119
Net Current Assets		**6,470,860**	5,228,828
		10,219,006	7,916,524

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
Capital and Reserves			
Share capital	30	**76,145**	65,865
Reserves		**6,988,109**	5,893,023
Equity attributable to owners of the Company		**7,064,254**	5,958,888
Non-controlling interests		**20,848**	13,483
Total Equity		**7,085,102**	5,972,371
Non-Current Liabilities			
Guaranteed notes	31	**1,170,000**	—
Bank borrowings — due after one year	28	**1,955,200**	1,928,303
Derivative financial instruments	29	**—**	7,312
Deferred tax liabilities	32	**8,704**	8,538
		3,133,904	1,944,153
		10,219,006	7,916,524

The consolidated financial statements on pages 35 to 133 were approved and authorised for issue by the Board of Directors on 19 June 2013 and are signed on its behalf by:

Chung Cho Yee, Mico	**Chow Hou Man**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

	Attributable to owners of the Company												
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000 (Note a)	Contributed surplus HK$'000 (Note b)	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Convertible notes equity reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2011	65,311	1,221,459	371	1,698	276,058	21,474	3,170	7,136	17,788	2,623,070	4,237,535	(721)	4,236,814
Profit for the year	–	–	–	–	–	–	–	–	–	1,754,106	1,754,106	14,196	1,768,302
Exchange difference arising on translation	–	–	–	–	–	33,474	–	–	–	–	33,474	–	33,474
Reclassified to profit or loss on disposal of an associate	–	–	–	–	–	4,737	–	–	–	–	4,737	–	4,737
Reclassified to profit or loss on derecognition of available-for-sale investments	–	–	–	–	–	–	(3,880)	–	–	–	(3,880)	–	(3,880)
Increase in fair value of available-for-sale investments recognised directly in equity	–	–	–	–	–	–	7,709	–	–	–	7,709	–	7,709
Total comprehensive income for the year	–	–	–	–	–	38,211	3,829	–	–	1,754,106	1,796,146	14,196	1,810,342
Issue of shares upon exercise of share options	554	6,797	–	–	–	–	–	–	–	–	7,351	–	7,351
Capital contributed by non-controlling interests of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	8	8
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	187	–	–	187	–	187
Transfer on redemption of convertible note upon maturity	–	–	–	–	–	–	–	–	(8,046)	8,046	–	–	–
Transfer on early redemption of convertible notes	–	–	–	–	–	–	–	–	(8,908)	8,908	–	–	–
Dividend recognised as distribution *(note 15)*	–	–	–	–	–	–	–	–	–	(82,331)	(82,331)	–	(82,331)
At 31 March 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	–	–	–	–	–	2,356	–	–	–	–	2,356	–	2,356
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**

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 2013

	Notes	2013 HK$'000	2012 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		**985,540**	1,886,813
Adjustments for:			
Finance costs		**72,464**	52,859
Depreciation of property, plant and equipment		**63,207**	35,463
Gain on disposal of property, plant and equipment		**(770)**	(126,186)
Gain on derecognition of investments in convertible notes, net		**(6,800)**	(19,133)
Gain on disposal of an associate		**(246,383)**	(12,748)
Gain on disposal of subsidiaries	34	**(58,013)**	(76,361)
Income from amortisation of financial guarantee contracts		**(658)**	(422)
Increase in fair value of financial instruments		**(62,924)**	(13,015)
Interest income		**(16,826)**	(20,348)
Loss on early redemption of convertible notes		**–**	16,697
Share-based payment expenses		**–**	187
Share of results of joint ventures		**(21,828)**	(31,601)
Share of results of associates		**(25,108)**	(185,315)
Operating cash flow before movements in working capital		**681,901**	1,506,890
Increase in deposit paid for acquisition of properties held for sale		**(276,606)**	(72,871)
(Increase) decrease in properties held for sale		**(263,112)**	511,233
Increase in investments held for trading		**(67,223)**	(122,029)
(Increase) decrease in trade and other receivables		**(38,528)**	123,171
Decrease in derivative financial instruments		**(6,361)**	(6,819)
Decrease in cash held by securities brokers		**640**	116,736
Increase in other payables and accruals		**179,022**	13,344
Net cash from operations		**209,733**	2,069,655
Hong Kong Profits Tax paid		**(70,258)**	(11,567)
Interest paid		**(72,312)**	(51,653)
NET CASH FROM OPERATING ACTIVITIES		**67,163**	2,006,435

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

	Notes	2013 HK$'000	2012 HK$'000
INVESTING ACTIVITIES			
Advances to joint ventures		**(1,075,291)**	(133,134)
Investment in an associate		**(106,735)**	—
Increase in loan receivables		**(75,887)**	(14,820)
Net cash outflow on acquisition of subsidiaries	33(a)	**(23,324)**	—
Investment/acquisition of joint ventures		**(11,001)**	(911,607)
Purchases of property, plant and equipment		**(1,515)**	(41,298)
Advances to associates		**(272)**	(2,100)
Proceeds on disposal of property, plant and equipment		**770**	211,908
Interest received		**16,826**	20,348
Proceeds from disposal of available-for-sale investments		**30,360**	3,697
Dividend received from an associate		**48,000**	146,141
Net cash inflow on disposals of subsidiaries (net of cash and cash equivalents disposed of)	34	**137,965**	132,846
Repayments from a joint venture		**103,136**	—
Proceed from disposal of an associate		**247,820**	22,000
Acquisition of a business	33(b)	**—**	(548,000)
Deposit paid for establishment of a joint venture		**—**	(118,400)
Purchases of convertible notes		**—**	(41,700)
Repayment from a non-controlling shareholder of a subsidiary		**—**	25
Repayments from associates		**—**	89,360
NET CASH USED IN INVESTING ACTIVITIES		**(709,148)**	(1,184,734)
FINANCING ACTIVITIES			
Repayments of bank borrowings		**(331,412)**	(1,121,414)
Dividends paid		**(214,327)**	(82,331)
(Repayment to)/advance from an associate		**(40,765)**	56,198
(Repayment to)/advance from non-controlling shareholders of subsidiaries		**(28,658)**	17,455
Redemption of convertible notes		**(9,550)**	(174,350)
Proceeds on issue of shares upon exercise of share options		**6,436**	7,351
New bank borrowings raised		**383,049**	1,177,633
Proceeds from placing of shares		**395,224**	—
Issuance of guaranteed notes		**1,170,000**	—
Capital contributions by non-controlling interests of subsidiaries		**—**	8
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**1,329,997**	(119,450)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**688,012**	702,251
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**2,424,037**	1,721,786
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		**3,112,049**	2,424,037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

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 "Stock Exchange"). 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"), as its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, as its ultimate holding company. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director and Chairman 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")

Adoption of new and revised HKFRSs

In the current year, the Group has applied (i) the new and revised HKFRSs that have become effective and (ii) certain new and revised HKFRSs in advance of their effective date issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as follows:

HKFRSs that have become effective for the year

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets

HKFRSs that have been early applied for the year

Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transaction Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures

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

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Adoption of new and revised HKFRSs (Continued)

HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) — Int 12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those return through its power over the investee. To meet the definition of control in HKFRS 10, all of the three criteria, including: (a) an investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns, must be met. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Much more guidance has been included in HKFRS 10 to illustrate when an investor has control over an investee. In particular, detailed guidance has been established in HKFRS 10 to explain when an investor that owns less than 50% of the voting shares in an investee may has control over the investee. For example, in assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

During the year, the Group disposed of its 40% interest of a wholly owned subsidiary, Eagle Wonder, to an independent third party.

The directors examined the effect on application of HKFRS 10 and concluded that based on its principles and requirement, the Group has lost control over Eagle Wonder as a subsidiary despite its shareholding therein was more than 50% and that Eagle Wonder does not qualify as a subsidiary of the Group under HKFRS 10 during the year ended 31 March 2013. Accordingly, the disposal of the 40% interest has been accounted for as disposal of subsidiary in the consolidated financial statements and the remaining 60% interest in Eagle Wonder is accounted for as joint venture in accordance with HKFRS 11, details of which are set out in section headed "HKFRS 11" below.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Adoption of new and revised HKFRSs (Continued)

HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures ("HKAS 31") and HK(SIC) — Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, legal form of the arrangements, the contractual terms agreed the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operation recognizes and measures the assets and liabilities (and the related revenues and expenses) in relation to its interest in the arrangement in accordance with the applicable Standards.

Upon the application of HKFRS 11, the directors reviewed and assessed the legal form and terms of the contractual arrangements in relation to the Group's investments in joint arrangements. Under HKFRS 11, interest in Eagle Wonder, which was treated as a subsidiary of the Group before the disposal of its 40% interest during the year, is treated as the Group's joint venture and is required to be accounted for using equity method. Other than the aforesaid, the directors concluded that the adoption of HKFRS 11 has no significant impact on the consolidated financial statements as the terms of the contractual arrangements of other jointly controlled entities still fall into the definition of joint ventures under HKFRS 11.

HKFRS 12

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Adoption of new and revised HKFRSs (Continued)

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2012 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2014.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either 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 accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Adoption of new and revised HKFRSs (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

HKFRS 9 is effective for accounting periods beginning on or after 1 January 2015, with earlier application permitted.

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 Groups' 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 2013.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive income introduce new terminology for the statement of comprehensive income. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. 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. However, 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 to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The directors anticipate that HKAS 1 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and the presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (Continued)

Adoption of new and revised HKFRSs (Continued)

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and the application of the new standard is unlikely to have material impact on the consolidated financial statements but result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and Amendments to HKFRS 7 Disclosure — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specially, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for the Group for annual periods beginning on 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The directors anticipate that HKAS 32 and HKFRS 7 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014 and 31 March 2015 respectively.

The directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made in the future.

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

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all the following:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Company 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 their investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company'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.

The Company 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.

3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Company 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 comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each components of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interest 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.

Non-controlling interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein.

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.

3. Significant Accounting Policies (Continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment 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 recognized immediately in profit or loss.

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 to sell) 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.

3. Significant Accounting Policies (Continued)

Investments in associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment (or a portion of the investment) meets the criteria to be classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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;

3. Significant Accounting Policies (Continued)

Business combinations (Continued)

- 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 acquire (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.

Revenue recognition

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

Revenue from sale of completed properties in the ordinary course of business is recognised when the respective properties have been 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.

3. Significant Accounting Policies (Continued)

Revenue recognition (Continued)

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 revenue can be measured reliably. Interest income from a financial asset (including financial assets at fair value through profit or loss) 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 land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Properties held for sale

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

3. Significant Accounting Policies (Continued)

Properties held for sale (Continued)

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.

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 in the consolidated statement of financial position 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

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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 of which interest income is included in net gain or losses.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- 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 fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. 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 in the consolidated income statement. Fair value is determined in the manner described in note 42.

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 receivable, 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 losses (see accounting policy on impairment loss on financial assets below).

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

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

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

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of the 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 an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest 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 subsequently assessed for impairment on a collective basis. Objective evidence of impairment for portfolio receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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.

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 available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed 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 the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

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.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Convertible notes issued by the Company (Continued)

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).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss represented derivative financial instruments which are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes interest paid on the financial liabilities and is included in income and gains (losses) from investments in the consolidated income statement. Fair value is determined in the manner described in note 42.

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is 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.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contacts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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 original or modified terms of a debt instrument.

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial guarantee contracts (Continued)

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract 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.

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 as a result of a past event, and 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. Provisions are measured at 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. Where 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.

3. Significant Accounting Policies (Continued)

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.

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 taxation' as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred 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 differences 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 ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of 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.

3. Significant Accounting Policies (Continued)

Taxation (Continued)

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity ("foreign currencies") are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

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 the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve (attributed to non-controlling interests as appropriate).

3. Significant Accounting Policies (Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint ventures that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), 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 jointly controlled entities 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.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in equity under the heading of the translation reserve.

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.

3. Significant Accounting Policies (Continued)

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).

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

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.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Critical judgements in applying accounting policies (Continued)

Joint control over Eagle Wonder (Continued)

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.

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 estimates and assumptions about the carrying amounts of assets and liabilities that are not readily obtainable from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following 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$3,819,839,000 (2012: HK$3,314,707,000) 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.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

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

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.

No impairments nor reversals of impairments were recognised during the years ended 31 March 2012 and 2013.

(ii) Fair value of derivative financial instruments

Conversion options embedded in convertible notes of HK$14,980,000 (2012: HK$20,180,000) and derivative financial liabilities of HK$1,134,000 (2012: HK$7,312,000) 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 and the valuation provided by counterparty financial institution as the basis for fair value of derivative financial liabilities. The use of methodologies, models and assumptions in pricing and valuing these financial instruments is subjective and requires varying degrees of judgment by counterparty entities/financial institutions, which may result in significantly different fair values and results.

5. Revenue

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

	2013 HK$'000	2012 HK$'000
Rental income and hotel operation *(Note)*	222,984	225,040
Sales of properties held for sale	939,395	2,992,851
	1,162,379	3,217,891

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.

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

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

6. Segmental Information (Continued)

Segment revenue and results (Continued)

	Property holding HK$'000	Strategic investment HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2012				
Gross proceeds	3,217,891	—	305,690	3,523,581
External Revenue				
Rental income and hotel operation	225,040	—	—	225,040
Sales of properties held for sale	2,992,851	—	—	2,992,851
Revenue of the Group	3,217,891	—	—	3,217,891
Interest income and dividend income	—	—	31,089	31,089
Gain on disposal of an associate	—	12,748	—	12,748
Share of results of joint ventures	—	31,601	—	31,601
Share of results of associates	—	185,315	—	185,315
Segment revenue	3,217,891	229,664	31,089	3,478,644
Results				
Segment profit	1,593,574	230,086	75,112	1,898,772
Unallocated other income				23,830
Other gains and losses				100,357
Central administration costs				(83,287)
Finance costs				(52,859)
Profit before taxation				1,886,813

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 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.

6. Segmental Information (Continued)

Segment assets and liabilities

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

	2013 HK$'000	2012 HK$'000
Segment assets		
Property holding	4,386,053	3,899,353
Strategic investment	2,942,868	1,846,628
Securities investment	765,158	655,316
Total segment assets	8,094,079	6,401,297
Property, plant and equipment	164,138	179,667
Cash held by securities brokers	20,192	20,832
Bank balances and cash	3,112,049	2,424,037
Other unallocated assets	99,202	23,810
Consolidated assets	11,489,660	9,049,643
Segment liabilities		
Property holding	273,358	99,419
Strategic investment	35,767	68,856
Securities investment	4,161	8,132
Total segment liabilities	313,286	176,407
Convertible notes	—	9,398
Guaranteed notes	1,170,000	—
Bank borrowings	2,707,053	2,654,472
Taxation payable	196,130	214,597
Other unallocated liabilities	18,089	22,398
Consolidated liabilities	4,404,558	3,077,272

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, convertible notes, bank borrowings and deferred tax liabilities.

6. Segmental Information (Continued)

Other segment information

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

For the year ended 31 March 2012

	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	–	1,181,518	–	1,181,518	–	1,181,518
Amounts due from joint ventures	–	498,657	–	498,657	–	498,657
Interests in associates	–	47,285	–	47,285	–	47,285
Amounts due from associates	–	768	–	768	–	768
Net increase in fair value of investment held for trading	–	–	16,615	16,615	–	16,615
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	–	–	19,133	19,133	–	19,133
Depreciation and amortisation	22,490	–	–	22,490	12,973	35,463
Gain on disposal of an associate	–	12,748	–	12,748	–	12,748

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.

6. Segmental Information (Continued)

Geographical information (Continued)

	Revenue from external customers Year ended 31 March		Non-current assets *(Note)*	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Hong Kong	**1,104,727**	3,162,667	**1,645,498**	1,840,635
PRC	**57,652**	55,224	**500,237**	792,017
	1,162,379	3,217,891	**2,145,735**	2,632,652

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.

	2013 HK$'000	2012 HK$'000
Buyer A	**188,000**	N/A[1]
Buyer B	**171,270**	N/A[1]
Buyer C	**170,000**	N/A[1]
Buyer D	**150,000**	N/A[1]
Buyer E	**N/A[1]**	1,380,000
	679,270	1,380,000

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

Revenue by type of income

The relevant information is set out in note 5.

7. Income and Gains From Investments

	2013 HK$'000	2012 HK$'000
Interest income from		
— investments held for trading	**41,811**	30,545
— available-for-sale investments	**4,506**	300
Dividend income from investments held for trading	**683**	244
Increase (decrease) in fair values of		
— investments held for trading	**63,108**	16,615
— conversion options embedded in convertible notes	**—**	116
— derivative financial instruments	**(183)**	(3,716)
Gain on derecognition of investments in convertible notes *(note 18)*	**6,800**	19,133
	116,725	63,237

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

	2013 HK$'000	2012 HK$'000
— investments held for trading	**105,602**	47,404
— available-for-sale investments	**11,306**	19,433
— conversion options embedded in convertible notes	**—**	116
— derivative financial instruments	**(183)**	(3,716)
	116,725	63,237

8. Other Income

	2013 HK$'000	2012 HK$'000
Bank interest income	**16,826**	20,348
Loan interest income	**6,148**	403
Interest income from amount due from a joint venture	**13,814**	—
Amortisation of financial guarantee contracts	**658**	422
Others	**7,590**	3,079
	45,036	24,252

9. Other Gains and Losses

	2013 HK$'000	2012 HK$'000
Other gains (losses) comprise:		
Gain on disposal of property, plant and equipment	770	126,186
Gain on disposal of an associate *(Note i)*	246,383	12,748
Net exchange gain	—	10,001
Loss on early redemption of convertible notes *(Note ii)*	—	(16,697)
Net gain on disposal of subsidiaries *(note 34)*	58,013	—
	305,166	132,238

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.

The gain on disposal of an associate during the year ended 31 March 2012 represented the disposal of the Group's 25% interest in Clemenceau Mauritius Holdings Limited at a consideration of HK$22,000,000.

(ii) During the year ended 31 March 2012, the Company exercised its early redemption rights by serving notice to the noteholder, an independent third party, to redeem all of the then outstanding 2012 Convertible Notes II (as defined in note 27) at a consideration of HK$96,800,000, representing a premium of 11% per annum to the outstanding principal amount (inclusive of interest).

10. Finance Costs

	2013 HK$'000	2012 HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	24,589	23,010
Bank borrowings not repayable within five years but contain a repayment on demand clause in the loan agreement	9,245	4,706
Bank borrowings not wholly repayable within five years	22,765	22,719
Convertible notes wholly repayable within five years	232	2,424
Guaranteed notes wholly repayable within five years	15,633	—
	72,464	52,859

11. Taxation

	2013 HK$'000	2012 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
— Current year	**64,498**	118,095
— (Over)underprovision in prior years	**(4,145)**	1,211
	60,353	119,306
Deferred taxation *(note 32)*	**166**	(795)
	60,519	118,511

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 income statement follows:

	2013 HK$'000	2012 HK$'000
Profit before taxation	**985,540**	1,886,813
Taxation at Hong Kong Profits Tax rate of 16.5%	**162,614**	311,324
Tax effect of expenses not deductible for tax purpose	**17,413**	22,307
Tax effect of income not taxable for tax purpose	**(110,578)**	(178,810)
Tax effect of share of results of joint ventures	**(3,602)**	(5,214)
Tax effect of share of results of associates	**(4,143)**	(30,577)
Tax effect of tax losses not recognised	**4,499**	412
Utilisation of tax loss previously not recognised	**(1,539)**	(2,142)
(Over)underprovision in prior years	**(4,145)**	1,211
Tax charge for the year	**60,519**	118,511

12. Profit for the year

	2013 HK$'000	2012 HK$'000
Profit for the year has been arrived at after charging:		
Directors' remuneration *(note 13)*:		
Fees	**450**	450
Salaries and other benefits	**16,301**	15,762
Performance-related incentive bonus	**29,970**	46,450
Contributions to retirement benefits schemes	**525**	570
Share-based payments	**—**	50
	47,246	63,282
Other staff costs:		
Salaries and other benefits	**27,016**	18,691
Performance-related incentive bonus	**5,723**	12,000
Contributions to retirement benefits schemes	**2,105**	1,428
Share-based payments	**—**	137
	34,844	32,256
Total staff costs	**82,090**	95,538
Auditor's remuneration	**1,280**	1,050
Depreciation of property, plant and equipment	**63,207**	35,463
Cost of properties held for sale recognised as an expense	**358,297**	1,426,022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2013

13. Directors' and Chief Executive's Remuneration

The emoluments paid or payable to each of seven (2012: seven) directors and the chief executive were as follows:

For the year ended 31 March 2013

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

For the year ended 31 March 2012

	Mr. Chung Cho Yee, Mico HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Wong Chung Kwong HK$'000	Dr. Lam Lee G. HK$'000	Dato' Wong Sin Just HK$'000	Mr. Cheng Yuk Wo HK$'000	Total HK$'000
Directors' remuneration								
Fee	–	–	–	–	150	150	150	450
Salaries and other benefits	10,200	2,265	1,980	1,317	–	–	–	15,762
Performance-related incentive bonus *(Note)*	40,850	2,200	2,200	1,200	–	–	–	46,450
Contributions to retirement benefits schemes	12	223	209	126	–	–	–	570
Share-based payments	–	–	–	50	–	–	–	50
	51,062	4,688	4,389	2,693	150	150	150	63,282

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 roles and functions of the Chief Executive Officer have 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.

14. Employees' Remuneration

Of the five individuals with the highest emoluments in the Group three (2012: four) were directors and the chief executive of the Company whose emoluments are included in note 13. The emoluments of the remaining two (2012: one) individual were as follows:

	2013 HK$'000	2012 HK$'000
Salaries and other benefits	**4,245**	2,400
Performance-related incentive bonus *(Note)*	**3,150**	151
Contribution to retirement benefits schemes	**370**	127
	7,765	2,678

Their emoluments were within the following bands:

	2013 Number of employee	2012 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**	—
	2	1

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

15. Dividends

	2013 HK$'000	2012 HK$'000
Dividends recognised as distribution during the year		
— Final dividend of HK2.4 cent per share in respect of financial year ended 31 March 2012 (2012: Final dividend of HK1 cent per share in respect of financial year ended 31 March 2011)	**199,342**	82,331
Dividends proposed after the end of the reporting period		
— Final dividend of HK1.38 cent per share (2012: Final dividend of HK2.4 cent per share)	**131,350**	199,342

16. Earnings Per Share

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

Earnings	2013 HK$'000	2012 HK$'000
Earnings for the purpose of basic earnings per share:		
(profit for the year attributable to owners of the Company)	**902,671**	1,754,106
Effects of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**222**	1,724
Earnings for the purpose of diluted earnings per share	**902,893**	1,755,830

Number of shares	2013 Number of shares	2012 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**8,811,168**	8,227,375
Effects of dilutive potential ordinary shares (in thousands)		
— Share options	**40,870**	129,315
— Convertible notes	**5,262**	63,573
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**8,857,300**	8,420,263

The computation of diluted earnings per share for the year ended 31 March 2012 did not assume the exercise of certain of the Company's share options because the exercise prices of those options were higher than the average market price of the shares for the year ended 31 March 2012. In addition, it did not assume the conversion of certain of the Company's outstanding convertible notes since exercise of which would result in increase in earnings per share for the year ended 31 March 2012.

17. Property, Plant and Equipment

	Hotel property HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST							
At 1 April 2011	—	117,265	3,459	1,069	4,853	30,344	156,990
Additions	27,000	—	11,672	135	2,491	—	41,298
Acquisition of a business	548,000	—	—	—	—	—	548,000
Transfer from properties held for sale	—	137,923	—	—	—	—	137,923
Disposal	—	(97,649)	(3,439)	—	(1,080)	—	(102,168)
At 31 March 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
DEPRECIATION							
At 1 April 2011	—	12,541	2,713	523	4,442	10,249	30,468
Provided for the year	22,109	4,414	1,775	78	1,058	6,029	35,463
Eliminated on disposals	—	(12,063)	(3,303)	—	(1,080)	—	(16,446)
At 31 March 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
CARRYING VALUES							
At 31 March 2013	506,728	145,219	9,491	558	832	8,038	670,866
At 31 March 2012	552,891	152,647	10,507	603	1,844	14,066	732,558

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 properties 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.

18. Available-For-Sale Investments/Conversion Options Embedded in Convertible Notes

	2013 HK$'000	2012 HK$'000
Available-for-sale investments comprises:		
Unlisted equity securities, at cost *(Note i)*	**5,005**	5,005
Unlisted debt securities, at fair value *(Note ii)*	**34,900**	62,425
	39,905	67,430
Convertible options embedded in convertible notes, at fair value *(Note ii)*	**14,980**	20,180

Notes:

(i) Unlisted equity securities

The carrying value of unlisted equity securities represents a 8.27% (2012: 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.

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

The unlisted debt securities as at 31 March 2013 represent the fair value of debt elements of the convertible notes issued by following companies that are independent third parties of the Group, whose shares are listed on the Stock Exchange:

(a) 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").

(b) Asia Orient Holdings Limited 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 ("Asia Orient CB").

As at 31 March 2012, other than the Crosby CB and the Asia Orient CB, the Group also held the following convertible notes:

(a) ITC Properties Group Limited ("ITCP"), with a principal amount of HK$26,400,000 carries interest at 3.25% per annum with maturity on 24 November 2013 at redemption amount of 105% of the principal amount ("ITCP CB").

(b) ITC Corporation Limited ("ITCC") with a principal amount of HK$9,000,000 carries interest at 5% per annum with maturity on 2 November 2013 at redemption amount of 100% of the principal amount (the "New ITCC CB").

During the year ended 31 March 2012, the board of directors of ITCC proposed to extend the maturity of the convertible notes by a period of 24 months upon acceptance by the noteholders for the proposal. The Company resolved to accept the offer during the year.

The original notes also carried interest at 5% per annum during the original holding period from 2 November 2009 to 2 November 2011 and would have been redeemed at the redemption amount of 100% of the principal amount on the original maturity date on 2 November 2011 (the "Old ITCC CB").

18. Available-For-Sale Investments/Conversion Options Embedded in Convertible Notes (Continued)

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

The difference between the sum of the then carrying amount of the Old ITCC CB and the investment revaluation reserve accumulated in equity and the fair value of the New ITCC CB at the date of repurchase amounting to HK$3,620,000 is recognised as a gain on derecognition of the investment in the convertible notes in the consolidated income statements.

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.

During the year ended 31 March 2013, the Group disposed of its ITCP CB to an independent third party at a consideration of HK$30,360,000 and resulted in a gain on derecognition of HK$6,160,000 (including a release of investment revaluation reserve of HK$3,400,000). New ITCC CB was converted into shares in ITCC resulting in a gain on derecognition of HK$640,000 (including a release of investment revaluation reserve of HK$320,000).

19. Long-Term Loan Receivables

	2013 **HK$'000**	2012 HK$'000
The Group's variable rate loan receivables are repayable as follows:		
Within one year	**18,040**	780
More than one year, but not exceeding two years	**72,667**	14,040
	90,707	14,820
Less: Amount due within one year (included in other receivables)	**(18,040)**	(780)
	72,667	14,040

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.

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% (2012: 3.78%) 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/Deposit Paid for Establishment of a Joint Venture

	2013 HK$'000	2012 HK$'000
Cost of unlisted investments in joint ventures	**922,848**	911,848
Share of post-acquisition profits, net of dividend received	**106,210**	72,886
Exchange difference arising on translation	**31,214**	30,319
Deemed capital contribution — interest-free loans *(Note i)*	**294,339**	164,087
Deemed capital contribution — financial guarantee contracts	**3,720**	2,378
	1,358,331	1,181,518
Amounts due from joint ventures included in non-current assets *(Note i)*	**1,466,960**	498,657
Amounts due to joint ventures included in current liabilities *(Note ii)*	**19,967**	457
Deposit paid for establishment of a joint venture *(Note iii)*	**—**	118,400

Notes:

(i) Included in the amounts due from joint ventures are principal amounts of HK$ 469,330,000, which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts are amounts with principal amount of HK$1,289,653,000 (2012: HK$662,744,000) which 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 consider that the amounts form part of the net investments in the joint ventures. Accordingly, the amounts were classified as non-current. The carrying amounts of HK$995,314,000 as at 31 March 2013 (2012: HK$498,657,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2012: 5.9%) expected that the amounts will be paid after 5 years. The corresponding adjustment is recognised against the interests in the joint ventures.

In addition, share of loss of certain joint ventures amounted to HK$11,498,000 was allocated in excess of the cost of investment during the year ended 31 March 2013 (2012: nil).

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

(iii) The entire balance at 31 March 2012 represented a deposit paid by the Group in respect of investment of 50% interest in Cyrus Point Limited and its wholly-owned subsidiaries (the "Cyrus Point Group"), which would be principally engaged in property holding in Hong Kong. The balance represented 10% of the total amount of the Group's investment to be injected to Cyrus Point Group and was stakeheld under an escrow account, maintained at a bank in Hong Kong, refundable in full, bearing interest at the prevailing deposit rate. Cyrus Point Limited was duly incorporated during the year ended 31 March 2013 and the amount was released from the escrow account subsequent to the end of the reporting period. Details of the committed investment amount in Cyrus Point Group are set out in note 37(b).

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

As at 31 March 2013 and 2012, 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
					2013	2012	2013	2012	
Chater Capital Limited and its subsidiaries	Incorporated	British Virgin Islands ("BVI")	PRC	Ordinary	50%	50%	50% (Note iii)	50%	Property development
City Synergy Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note iv)	50%	Property holding
Clever Keen Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note iv)	50%	Marketing and management
Cyrus Point Limited and its subsidiaries (Note ii)	Incorporated	BVI	Hong Kong	Ordinary	50%	—	50% (Note iii)	—	Hotel operation and property holding
Eagle Wonder and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	—	60% (Note iii)	—	Property holding
Favor Win Limited and its subsidiary	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note iv)	50%	Inactive
Get Wisdom Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% (Note iii)	50%	Property holding
Singon Holdings Limited and its subsidiaries	Incorporated	Hong Kong	Macau	Ordinary	—	50%	—	50% (Note iv)	Inactive
Vastness Investment Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note iii)	50%	Property development

Notes:

(i) All the interests shown are held indirectly by the Group.

(ii) During the year, the Group set up Cyrus Point Limited ("Cyrus Point"), a joint venture jointly controlled by the Group and the joint venture partner, which is an independent third party. In addition to equity investment, each of the Group and the joint venture partner advanced an amount HK$610M to Cyrus Point as additional capital resources. The amount advanced by the Group is included in amounts due from joint ventures.

During the year, Cyrus Point acquired the entire interest in Surplus King Grand Investment Holding Limited, an entity incorporated in the British Virgin Islands whose subsidiaries have a hotel property in Hong Kong as their principal assets.

The acquisition was completed in July 2012. The Group for the purpose of equity accounting of Cyrus Point has assessed the fair value of identifiable assets and liabilities of the acquirees and determined that the consideration paid for the acquisition approximate the fair value of identifiable assets and liabilities acquired.

(iii) Regarding these joint ventures, the Group has entered into agreement 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.

(iv) 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.

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.

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures

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

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

Chater Capital Limited

	2013 HK$'000	2012 HK$000
Current assets	**1,433,849**	1,473,012
Non-current assets	**1,068**	1,437
Current liabilities	**(24,438)**	(165,505)
Non-current liabilities	**(400,140)**	(300,300)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**31,736**	273,857
Current financial liabilities (excluding trade and other payables and provisions)	**(15,581)**	(147,138)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(400,140)**	(300,300)

Current assets mainly comprise of property held for sale under development of HK$1,353,636,000 (2012: HK$1,189,199,000). Non-current liabilities mainly comprise of bank loan of HK$400,140,000 (2012: HK$300,300,000).

	2013 HK$'000	2012 HK$'000
Revenue	**—**	—
Loss from continuing operations	**(595)**	(25,531)
Post-tax loss from discontinued operations	**—**	—
Loss for the year	**(595)**	(25,531)
Other comprehensive income for the year	**2,291**	34,175
Total comprehensive income for the year	**1,696**	8,644
Dividends received from the joint venture during the year	**—**	—

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited (Continued)

	2013 HK$'000	2012 HK$000
The above profit (loss) for the year include the following:		
Depreciation and amortization	385	225
Interest income	99	33
Interest expense	—	—
Income tax expense	—	—

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

	2013 HK$'000	2012 HK$000
Net assets of the joint venture	1,010,339	1,008,644
Proportion of the Group's ownership interest in the joint venture	50%	50%
Deemed capital contribution — financial guarantee contracts	413	330
Deemed capital contribution — interest-free loans	—	20,846
Carrying amount of the Group's interest in the joint venture	505,583	525,498

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Cyrus Point Limited

	2013 HK$'000	2012 HK$000
Current assets	**120,290**	–
Non-current assets	**2,399,328**	–
Current liabilities	**(18,195)**	–
Non-current liabilities	**(2,449,784)**	–
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**100,038**	–
Current financial liabilities (excluding trade and other payables and provisions)	**(5,209)**	–
Non-current financial liabilities (excluding trade and other payables and provisions)	**(2,413,587)**	–

Non-current assets mainly comprise of hotel property of HK$2,368,741,000 (2012: Nil). Non-current liabilities mainly comprise of amount due to shareholders of HK$1,220,900,000 (2012: Nil) and bank loan of HK$1,184,000,000 (2012: Nil).

	2013 HK$'000	2012 HK$000
Revenue	**164,157**	–
Profit from continuing operations	**51,700**	–
Post-tax profit from discontinued operations	**–**	–
Profit for the year	**51,700**	–
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**51,700**	–
Dividends received from the joint venture during the year	**–**	–

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Cyrus Point Limited (Continued)

	2013 HK$'000	2012 HK$000
The above profit for the year include the following:		
Depreciation and amortization	11	—
Interest income	15	—
Interest expense	24,951	—
Income tax expense	6,896	—

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

	2013 HK$'000	2012 HK$000
Net assets of the joint venture	51,639	—
Proportion of the Group's ownership interest in the joint venture	50%	—
Deemed capital contribution — interest-free loans	121,404	—
Carrying amount of the Group's interest in the joint venture	147,224	—

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Vastness Investment Limited

	2013 HK$'000	2012 HK$000
Current assets	1,071,333	1,004,903
Non-current assets	14,711	—
Current liabilities	(10,368)	(1,188)
Non-current liabilities	(365,486)	(314,655)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	8,138	1,043
Current financial liabilities (excluding trade and other payables and provisions)	—	—
Non-current financial liabilities (excluding trade and other payables and provisions)	(365,486)	(314,655)

Current assets mainly comprise of property held for sale of HK$1,061,477,000 (2012: HK$1,003,851,000). Non-current financial liabilities mainly comprise of bank loan of HK$365,486,000 (2012: HK$314,655,000).

	2013 HK$'000	2012 HK$000
Revenue	—	—
Loss from continuing operations	(870)	(4,553)
Post-tax loss from discontinued operations	—	—
Loss for the year	(870)	(4,553)
Other comprehensive expense for the year	—	—
Total comprehensive expense for the year	(870)	(4,553)
Dividends received from the joint venture during the year	—	—

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Vastness Investment Limited (Continued)

	2013 HK$'000	2012 HK$000
The above profit (loss) for the year include the following:		
Depreciation and amortization	–	–
Interest income	–	1
Interest expense	–	3,189
Income tax expense	–	–

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

	2013 HK$'000	2012 HK$000
Net assets of the joint venture	710,190	689,060
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	355,095	344,530

Aggregate information of joint ventures that are not individually material

	2013 HK$'000	2012 HK$000
The Group's share of (loss) profit from continuing operations	(3,290)	46,643
The Group's share of post-tax profit (loss) from discontinued operations	–	–
The Group's share of other comprehensive (expense) income	(252)	1,165
The Group's share of total comprehensive (expense) income	(3,542)	47,808

20. Interests in Joint Ventures/Amounts Due From (To) Joint Ventures/Deposit Paid for Establishment of a Joint Venture (Continued)

Summarised financial information of material joint ventures (Continued)

Unrecognised share of losses of a joint venture

	2013 HK$'000	2012 HK$000
The unrecognised share of loss of joint ventures for the year	11	11

	2013 HK$'000	2012 HK$000
Cumulative unrecognized share of loss of joint ventures	604	593

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

	2013 HK$'000	2012 HK$'000
Costs of unlisted investment in associates	106,736	97
Share of post-acquisition profits and other comprehensive income, net of dividend received	9,321	43,171
Deemed capital contribution — Financial guarantee contracts	480	4,017
	116,537	47,285
Amounts due from associates included in non-current assets *(Note i)*	1,040	768
Amounts due to associates included in current liabilities *(Notes ii)*	15,800	68,399

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 2012 is share of loss of an associate of HK$8,832,000 recognised in excess of its cost of investment (2013: nil).

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

21. Interests in Associates/Amounts Due From (To) Associates (Continued)

At 31 March 2012 and 2013, 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 2013	2012	Proportion of voting power held 2013	2012	Principal activities
Expert Dragon Limited ("Expert Dragon") *(Note iv)*	Incorporated	BVI	Hong Kong	Ordinary	**40%**	—	**33%**	—	Property holding
Expert Vision Investments Limited *(Note i)*	Incorporated	BVI	Hong Kong	Ordinary	**—**	25%	**—**	25%	Property holding
Femville Pte. Ltd. *(Note ii)*	Incorporated	Singapore	Singapore	Ordinary	**—**	20%	**—**	20%	Inactive
Maxland Management Limited *(Note iii)*	Incorporated	Hong Kong	Hong Kong	Ordinary	**—**	40%	**—**	40%	Inactive
Trend Rainbow Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	**40%**	40%	**40%**	40%	Property holding

Notes:

(i) The company is disposed of by the Group during the year.

(ii) The company is deregistered on 12 April 2012.

(iii) The company is disposed of by the Group through the disposal of a wholly owned subsidiary on 28 March 2013 and the impact to the consolidated financial statements is insignificant.

(iv) Expert Dragon was newly set up during the year to engage in property holding in Hong Kong. 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.

(v) All the above associates are entities whose principal activity is property holding which the Group, through investing in these associates, can participate in these property projects.

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.

	2013 HK$'000	2012 HK$'000
Expert Dragon		
Current assets	**511,357**	—
Non-current assets	**—**	—
Current liabilities	**(20,311)**	—
Non-current liabilities	**(222,000)**	—

21. Interests in Associates/Amounts Due From (To) Associates (Continued)

Summarised financial information of material associates (Continued)

Current assets mainly comprise of property held for sale of HK$504,089,000 (2012: Nil). Non-current financial liabilities mainly comprise of bank loan of HK$222,000,000 (2012: Nil).

	2013 HK$'000	2012 HK$'000
Revenue	4,815	—
Profit for the year	2,209	—
Other comprehensive income for the year	—	—
Total comprehensive income for the year	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:

	2013 HK$'000	2012 HK$'000
Net assets of the associate	269,046	—
Proportion of the Group's ownership interest in the associate	40%	—
Deemed capital contribution — Financial guarantee contracts	480	—
Carrying amount of the Group's interest in the associate	108,098	—

21. Interests in Associates/Amounts Due From (To) Associates (Continued)

Summarised financial information of material associates (Continued)

Expert Vision Investments Limited

	2013 HK$'000	2012 HK$'000
Current assets	–	575,569
Non-current assets	–	–
Current liabilities	–	(21,831)
Non-current liabilities	–	(536,808)

As at 31 March 2012, current assets mainly comprise of property held for sale of HK$507,949,000 and non-current liabilities mainly comprise of bank loan of HK$536,808,000.

	2013 HK$'000	2012 HK$'000
Revenue	42,368	31,131
Profit for the year	29,550	15,316
Other comprehensive income for the year	–	–
Total comprehensive income for the year	29,550	15,316
Dividends received from the associate during the year	–	–

21. Interests in Associates/Amounts Due From (To) Associates (Continued)

Summarised financial information of material associates (Continued)

Expert Vision Investments Limited (Continued)

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

	2013 HK$'000	2012 HK$'000
Net assets of the associate	–	16,930
Proportion of the Group's ownership interest in the associate	–	25%
Deemed capital contribution — Financial guarantee contracts	–	3,407
Carrying amount of the Group's interest in the associate	–	7,640

Trend Rainbow Limited

	2013 HK$'000	2012 HK$'000
Current assets	17,526	129,090
Non-current assets	21,036	98,945
Current liabilities	(17,465)	(129,065)
Non-current liabilities	–	—

Current assets mainly comprise of amounts due from shareholders of HK$17,453,000 (2012: HK$129,053,000). Current liabilities mainly comprise of amount due to an associate of HK$17,460,000 (2012: HK$129,060,000).

21. Interests in Associates/Amounts Due From (To) Associates (Continued)

Summarised financial information of material associates (Continued)

Trend Rainbow Limited (Continued)

	2013 HK$'000	2012 HK$'000
Revenue	42,092	458,942
Profit for the year	42,091	458,933
Other comprehensive income for the year	–	–
Total comprehensive income for the year	42,091	458,933
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:

	2013 HK$'000	2012 HK$'000
Net assets of the associate	21,097	98,970
Proportion of the Group's ownership interest in the associate	40%	40%
Carrying amount of the Group's interest in the associate	8,439	39,588

Aggregate information of associates that are not individually material

	2013 HK$'000	2012 HK$'000
The Group's share of loss from continuing operations	–	(2,087)
The Group's share of post-tax loss from discontinued operations	–	–
The Group's share of other comprehensive expense	–	–
The Group's share of total comprehensive expense	–	(2,087)

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.

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:

	2013 HK$'000	2012 HK$'000
Trade receivables:		
0–30 days	**2,700**	1,874
31–90 days	**4,909**	2,318
	7,609	4,192
Long-term loan receivable — due within one year *(note 19)*	**18,040**	780
Prepayments and deposits	**37,952**	14,524
Other receivables	**32,116**	22,228
	95,717	41,724

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

	2013 HK$'000	2012 HK$'000
The Group's carrying amounts of properties held for sale, stated at cost, comprise:		
— Completed properties	**3,013,997**	3,241,836
— Property under development	**548,678**	—
	3,562,675	3,241,836

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.

During the year ended 31 March 2012, properties held for sales of HK$137,923,000 were transferred to properties, plant and equipment, upon commencement of owner-occupation of the relevant properties.

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.

24. Investments Held for Trading

Investments held for trading, at fair values, comprise:

	2013 HK$'000	2012 HK$'000
Listed equity securities *(Note i)*	60,338	60,274
Unlisted mutual funds *(Note ii)*	–	96,795
	60,338	157,069
Listed debt securities *(Note iii)*	630,384	394,323
	690,722	551,392
Total and reported as:		
Listed		
Hong Kong	68,872	68,128
Elsewhere	621,850	386,469
	690,722	454,597
Unlisted	–	96,795
	690,722	551,392

Notes:

(i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.

(ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia. The Group has the right to ask the funds to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the value of the underlying assets of the funds. An increase in fair value of unlisted mutual funds of HK$14,624,000 was recognised in the consolidated income statement for the year ended 31 March 2012.

During the year ended 31 March 2013, the unlisted investment funds were disposed with a gain on disposal of HK$13,453,000.

(iii) The listed debt securities at 31 March 2013 represent bonds with fixed interest of 1.60% to 13.50% (2012: 1.60% to 13.50%) per annum. The maturity dates of the listed debt securities range from 23 December 2013 to 5 February 2020 (2012: 9 November 2013 to 31 December 2049). 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% (2012: 0.001% to 0.1%) 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:

	2013 HK$'000	2012 HK$'000
United States dollars ("USD")	16,997	15,677

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 1.21% (2012: 0.01% to 1.85%) 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:

	2013 HK$'000	2012 HK$'000
Renminbi ("RMB")	44	12,512
USD	1,268,580	196,567
Euro ("EUR")	12,447	7,852
	1,281,071	216,931

26. Other Payables and Accruals

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

	2013 HK$'000	2012 HK$'000
Receipt in advance for sales of properties held for sale	191,072	10,425
Rental and related deposits received	51,400	50,485
Other tax payables	2,025	1,934
Other payables	2,841	1,673
Accruals	38,432	20,924
	285,770	85,441

27. Convertible notes

1.5% convertible notes due 2011 (2011 Convertible Notes)

On 17 May 2006, the Company entered into nine subscription agreements with eight independent third parties and Earnest Equity Limited ("Earnest Equity"), a private limited company wholly-owned by a director of the Company, whereby each of which agreed to subscribe for an aggregate principal amount of HK$133,000,000 unsecured 1.5% convertible notes due 2011 ("2011 Convertible Notes") issued by the Company. The principal amounts subscribed by the independent third parties and Earnest Equity were HK$118,000,000 and HK$15,000,000, respectively.

The 2011 Convertible Notes bear interest at 1.5% per annum payable semi-annually and with maturity on 13 June 2011. The holders of the 2011 Convertible Notes have the right to convert their 2011 Convertible Notes into ordinary shares of the Company at a conversion price of HK$0.313 per share (subject to anti-dilutive adjustments) at any time during the period from the 7th day after the date of the issue of 2011 Convertible Notes up to and including the date which is 7 days prior to 13 June 2011.

Unless previously converted, the Company shall redeem the 2011 Convertible Notes on the maturity date at 110% of the principal amount of the 2011 Convertible Notes then outstanding.

The 2011 Convertible Notes contain two components, namely the liability and equity elements. The effective interest rate of the liability element of 2011 Convertible Notes is 6.59% per annum. The equity element is presented in equity under the heading of "convertible notes equity reserve".

During the year ended 31 March 2012, the Company redeemed all of the then outstanding 2011 Convertible Notes with principal amounted to HK$70,500,000 at aggregate consideration of HK$77,550,000 upon its maturity. Convertible note equity reserve transferred to accumulated profits upon redemption of the 2011 Convertible Notes amounted to HK$8,046,000.

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 (In Liquidation) ("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 Center Investments were HK$257,400,000, HK$78,000,000 and HK$54,600,000 respectively.

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.

27. Convertible notes (Continued)

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

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 2011, the Company entered into another agreement with an independent third party and pursuant to which the Company redeemed the 2012 Convertible Notes I with an aggregate carrying amount of HK$16,860,000 at an aggregate consideration of HK$17,972,000, representing a 14% premium to the outstanding principal amount (inclusive of interest) resulting in a loss on redeemed of HK$1,112,000 included in other gains and losses for the year.

As at 31 March 2011, the remaining outstanding aggregate principal amount under the 2012 Convertible Notes I was HK$8,000,000, which is convertible into 18,648,018 new shares at the adjusted conversion price of HK$0.429.

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 up redemption of the 2012 Convertible Notes I amounted to HK$834,000.

4% convertible notes due 2012 (2012 Convertible Notes II)

On 16 November 2009, the Company entered into a subscription agreement with an independent third party whereby it agreed to subscribe for a principal amount of HK$78,000,000 unsecured 4% convertible notes due 2012 ("2012 Convertible Notes II") issued by the Company.

27. Convertible notes (Continued)

4% convertible notes due 2012 (2012 Convertible Notes II) (Continued)

The 2012 Convertible Notes II bear interest at 4% per annum and with maturity on 2 December 2012. The holder of the 2012 Convertible Notes II has the right to convert their 2012 Convertible Notes II into ordinary shares of the Company at a conversion price of HK$0.25 per share (subject to anti-dilutive adjustments) at any time during the period from the 7th day after the date of the issue of 2012 Convertible Notes II up to and including the date which is 7 days prior to 2 December 2012.

At any time after the first anniversary after the issue date, the Company may redeem unexercised 2012 Convertible Notes II at an amount equal to outstanding principal amount of the 2012 Convertible Notes II plus a premium calculated to provide a yield of 11% per annum (inclusive of interest of 4% per annum) from the issue date to the date of redemption if the spot price was at least 180% 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, the Company shall redeem the 2012 Convertible Notes II on the maturity date at 123.1% of the principal amount of the 2012 Convertible Notes II then outstanding.

The 2012 Convertible Notes II contain two components, namely the liability and equity elements. The effective interest rate of the liability element of 2012 Convertible Notes II is 16.84% per annum. The equity element is presented in equity under the heading of "convertible notes equity reserve".

None of the 2012 Convertible Notes II were converted nor redeemed from the date of issue until during the year ended 31 March 2012. The Company exercised its early redemption right by serving the notice to the noteholder, an independent third party, to redeem the entire amount of the 2012 Convertible Notes II with a carrying amount of HK$80,130,000 at an aggregate consideration of HK$96,800,000, resulting in a loss on redemption of HK$16,697,000 included in other gains and losses for the year ended 31 March 2012.

Convertible note equity reserve transferred to accumulated profits upon the early redemption of the 2012 Convertible Notes II amounted to HK$8,908,000.

The movement of the liability component of the convertible notes for the year is set out below:

	2013 HK$'000	2012 HK$'000
Carrying amount at the beginning of the year	9,398	165,845
Redemption	(9,550)	(157,653)
Interest charge	232	2,424
Interest paid	(80)	(1,218)
Carrying amount at the end of the year	–	9,398

28. Bank borrowings

	2013 HK$'000	2012 HK$'000
The Group's secured borrowings are repayable as follows:		
Within one year	**396,725**	358,844
More than one year, but not exceeding two years	**333,873**	115,903
More than two years, but not exceeding three years	**116,230**	333,611
More than three years, but not exceeding four years	**494,207**	116,859
More than four years, but not exceeding five years	**121,228**	221,916
More than five years	**889,662**	1,140,014
	2,351,925	2,287,147
The Group's secured borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	**75,900**	22,424
Not repayable within one year	**279,228**	344,901
	355,128	367,325
	2,707,053	2,654,472
Less: Amount due within one year or contain a repayment on demand clause in the loan agreement shown under current liabilities	**(751,853)**	(726,169)
	1,955,200	1,928,303

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$2,456,920,000 (2012: HK$2,383,078,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.6% to 3.0% (2012: HIBOR plus 0.6% to 3.0%) per annum and borrowings amounting to HK$250,133,000 (2012: HK$271,394,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2013, the effective interest rates ranged from 0.8% to 6.2% (2012: 0.7% to 6.2%) per annum, which are also equal to contracted interest rates for bank borrowings.

29. Derivative financial instruments

	Liabilities	
	2013 HK$'000	2012 HK$'000
Interest rate collar contract	**1,134**	7,312
Analysed for reporting purposes as:		
Current liability	**1,134**	–
Non-current liability	**–**	7,312
	1,134	7,312

Notes:

Major terms of the interest rate collar as at 31 March 2013 and 2012 are 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 is settled quarterly on a net basis based on a notional amount of HK$400,000,000.

The Group receives 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 is higher than the cap rate.

The Group pays the counterparty the difference between HIBOR and the floor rate if Hong Kong dollars HIBOR on the payment date during the contract period is lower than the floor rate.

If the applicable transaction rate on a payment date lies between the floor rate and the cap rate, no exchange of cash flows between the counterparty and the Group is 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.

30. Share capital

	Number of shares	**Amount** HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2011, 31 March 2012 and 2013	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2011	8,163,817,074	65,311
Issue of shares upon exercise of share options *(Note i)*	69,290,352	554
At 31 March 2012	8,233,107,426	65,865
Issue of shares upon exercise of share options *(Note ii)*	72,812,250	582
Placing of shares *(Note iii)*	1,212,200,000	9,698
At 31 March 2013	9,518,119,676	76,145

Notes:

(i) During the year ended 31 March 2012, the Company has issued 69,290,352 shares upon exercise of share options by the employees and directors at an exercise price of HK$0.1061 per share.

(ii) During the year ended 31 March 2013, the Company has issued 72,812,250 shares upon exercise of share options by the directors and consultants and directors at an exercise price of HK$0.0884 per share.

(iii) 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, has 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.

32. Deferred taxation

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

	Accelerated tax depreciation HK$'000	**Convertible notes** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 April 2011	8,687	1,059	(413)	9,333
Charge (credit) to consolidated income statement for the year	362	(1,049)	(108)	(795)
At 31 March 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

As at 31 March 2013, the Group had unused tax losses of approximately HK$101,154,000 (2012: HK$119,003,000) 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$6,642,000 (2012: HK$3,158,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$94,512,000 (2012: HK$115,845,000) 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.

33. Acquisition of assets through acquisition of subsidiaries/a business

(a) 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	—

(b) Acquisition of a business

For the year ended 31 March 2012

On 31 May 2011, the Group completed the acquisition of a hotel operation in Hong Kong, whose sole asset at the acquisition date was a hotel property, from an independent third party for a cash consideration of HK$548,000,000. The directors considered that the fair value of the hotel property acquired approximated to the consideration transferred.

Included in the profit for the year was HK$10,654,000 attributable to the hotel operation. While revenue for the year included HK$28,872,000 generated from the hotel operation. Had the acquisition been completed on 1 April 2011, total Group's revenue for the year would have been HK$3,223,000,000, and profit for the year would have been HK$1,768,000,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor was it intended to be a projection of future results.

34. Disposal of subsidiaries

For the year ended 31 March 2013

During the year ended 31 March 2013, the Group disposed of its 40% interest in Eagle Wonder, a former wholly owned subsidiary of the Group, to an independent third party. Eagle Wonder and its subsidiaries ("Eagle Wonder Group") became joint ventures of the Group following the completion of transaction. Under the relevant shareholders' agreement, decisions on operating and financing activities of Eagle Wonder require unanimous consent from all joint venture partners. Accordingly, neither the Group nor the other joint venture partner has the ability to control Eagle Wonder unilaterally and it is considered as jointly controlled by the Group and the joint venture partner.

The aggregate amounts of the assets and liabilities attributable to these subsidiaries on the respective dates of disposal were as follows:

	Eagle Wonder Group HK$'000
Net assets disposed of:	
Deposit paid for acquisition of properties to be held for sale	199,899
Shareholder's loan	(199,912)
	(13)
Assignment of shareholder's loan	79,965
Gain on disposal of a subsidiary	58,013
	137,965
Total consideration satisfied by:	
Cash	137,965
Net cash inflow arising on disposal:	
Cash received	137,965

For the year ended 31 March 2012

During the year, the Group disposed of, to independent third parties, the entire interests in Favor Fast Limited ("Favor Fast") and Enjoy Win Limited ("Enjoy Win") for a cash consideration of HK$113,904,000 and HK$18,942,000 respectively. Since Favor Fast and Enjoy Win were principally engaged in the holding of properties held for sale, which represented their single predominant asset, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale. Accordingly, the Group had accounted for the sale of Favor Fast and Enjoy Win in the consolidated income statement as sale of the underlying properties held for sale. The considerations allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

34. Disposal of subsidiaries (Continued)

For the year ended 31 March 2012 (Continued)

The aggregate amounts of the assets and liabilities attributable to Favor Fast and Enjoy Win on the respective dates of disposal were as follows:

	HK$'000
Net assets disposed of:	
Trade and other receivables	396
Properties held for sale	91,258
Other payables and accruals	(1,269)
Amounts due to group entities	(51,639)
Bank borrowings	(33,900)
	4,846
Assignment of shareholders' loans *(Note)*	51,639
Gain on disposal of subsidiaries	76,361
Total consideration, satisfied by cash and cash inflow arising on disposal	132,846

	HK$'000
Gain on disposal of a subsidiary is included in the consolidated income statement as follows:	
Revenue	167,619
Cost of sales	(91,258)
	76,361

Note: As part of the disposal arrangement, the consideration received by the Group included an amount of HK$51,639,000 from the buyers as consideration for the assignment to the purchasers of the shareholders' loans to Favor Fast and Enjoy Win.

Net cash inflows (outflows) contributed by the subsidiaries disposed of during the year up to the respective dates of disposal:

	HK$'000
Net cash inflows from operating activities	107
Net cash outflows from financing activities	(1,580)
	(1,473)

35. Contingent liabilities

	2013 HK$'000	2012 HK$'000
Corporate guarantee given by the Group for banking facilities granted to:		
Joint ventures	**1,523,312**	597,650
An associate	**96,000**	84,800
	1,619,312	682,450
and utilised by:		
Joint ventures	**971,570**	533,650
An associate	**96,000**	84,800
	1,067,570	618,450

In addition, at 31 March 2013, 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 (2012: HK$625 million). The banking facilities utilised by the relevant joint ventures amounted to approximately HK$365 million (2012: HK$318 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 less likely 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$2,785,000 (2012: HK$1,620,000).

36. Pledge of assets

At the end of the reporting period, the following assets were pledged to secure banking facilities granted to the Group:

	2013 HK$'000	2012 HK$'000
Property, plant and equipment	**636,031**	689,090
Properties held for sale	**3,394,825**	3,095,275
Investments held for trading	**92,926**	101,061
	4,123,782	3,885,426

37. Operating lease and capital commitments

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK$1,194,000 (2012: HK$1,141,000) minimum lease payments in respect of office premises.

At 31 March 2012, the Group had outstanding commitments for further lease payments under non-cancellable operating leases, amounting to HK$999,000, which falls due within one year (2013: nil).

The Group as lessor

Property rental income earned during the year was HK$222,984,000 (2012: HK$225,040,000). 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:

	2013 **HK$'000**	2012 HK$'000
Within one year	**181,300**	165,403
In the second to fifth years inclusive	**216,291**	229,835
Over five years	**5,675**	6,821
	403,266	402,059

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.

(b) Capital commitment

	2013 **HK$'000**	2012 HK$'000
Capital commitment contracted for but not provided in the consolidated financial statements in respect of investment in a joint venture	**–**	1,065,600

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 income statement of HK$2,630,000 (2012: HK$1,998,000) 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:

		2013 **HK$'000**	2012 HK$'000
Joint ventures	Asset management income	**5,591**	1,850
Joint venture	Interest income	**13,814**	—

(b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from 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:

	2013 **HK$'000**	2012 HK$'000
Short-term benefits	**53,666**	64,763
Post-employment benefits	**895**	697
Share-based payments	**—**	50
	54,561	65,510

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. Share option schemes

2001 Scheme

On 13 June 2001, the Company adopted a share option scheme (the "2001 Scheme"), for the primary purpose of providing incentives to directors and eligible employees. The 2001 Scheme expired on 12 June 2011. Under the 2001 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 in respect of which options may be granted under the 2001 Scheme is not permitted to exceed the higher of 10% of the shares of the Company in issue at any point in time excluding any shares issued pursuant to the 2001 Scheme or such other limit as may be permitted under the Listing Rules. The number of shares in respect of which options may be granted to any individual is not permitted to exceed the higher of 25% of the number of shares issued and issuable under the 2001 Scheme and any other limit as may be permitted under the Listing Rules.

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 from the date of grant to the 10th anniversary of the date of grant. 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 the 80% of average closing price of the Company's shares for the five business days immediately preceding the date of grant, and the nominal value of the Company's shares.

The 2001 Scheme was terminated on 26 August 2002.

The number of shares in respect of which options had been granted and remained outstanding under 2011 Scheme as at 31 March 2011 was 69,290,352, representing 0.8% of the issued share capital of the Company at 31 March 2011. All of the outstanding options under the 2011 Scheme were exercised during the year ended 31 March 2012 and the same number of shares of the Company were issued.

40. Share option schemes (Continued)

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 chairman of the Company to the exercise of share options exceeding such limit.

The number of shares in respect of which options had been granted and remained outstanding under the 2002 Scheme as at 31 March 2012 was 256,425,750, representing 3.1% of the issued share capital of the Company at 31 March 2012. During the year ended 31 March 2013, 33,240,374 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.

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 expire 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, none of the share options had been granted.

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

40. Share option schemes (Continued)

The following tables disclose movements in the Company's share options during the two years ended 31 March 2013.

	Option scheme type	Date of grant	Adjusted exercise price HK$	Exercisable period	Number of options outstanding at 31.3.2011	Exercised during the year *(Note)*	Number of options outstanding at 31.3.2012	Exercised during the year	Lapsed during the year	Number of options outstanding at 31.3.2013
Directors										
Kan Sze Man	2001	30.8.2001	0.1061	30.8.2001–12.6.2011	24,534,562	(24,534,562)	–	–	–	–
	2002	23.9.2002	0.0884	23.9.2002–25.8.2012	19,785,938	(19,785,938)	–	–	–	–
Chow Hou Man	2001	30.8.2001	0.1061	30.8.2001–12.6.2011	5,302,631	(5,302,631)	–	–	–	–
	2002	23.9.2002	0.0884	23.9.2002–25.8.2012	19,785,938	(19,785,938)	–	–	–	–
Wong Chung Kwong	2002	3.10.2007	0.3198	3.10.2007–25.08.2012	25,326,000	–	25,326,000	–	(25,326,000)	–
Total for directors					94,735,069	(69,409,069)	25,326,000	–	(25,326,000)	–
Employees and consultants										
	2001	30.8.2001	0.1061	30.8.2001–12.6.2011	39,453,159	(39,453,159)	–	–	–	–
	2002	23.9.2002	0.0884	23.9.2002–25.8.2012	90,223,875	–	90,223,875	(33,240,374)	(56,983,501)	–
	2002	8.1.2004	0.0884	8.1.2004–25.8.2012	47,486,250	–	47,486,250	–	(47,486,250)	
	2002	9.1.2004	0.0948	9.1.2004–25.8.2012	23,743,125	–	23,743,125	–	(23,743,125)	–
	2002	3.10.2007	0.3198	3.10.2007–25.8.2012	69,646,500	–	69,646,500	–	(69,646,500)	–
Total for employees and consultants					270,552,909	(39,453,159)	231,099,750	(33,240,374)	(197,859,376)	–
Grand total					365,287,978	(108,862,228)	256,425,750	(33,240,374)	(223,185,376)	–
Exercisable as at 31 March 2012 and 2013					365,287,978		256,425,750			–
Weighted average exercise price (HK$)					0.1523	0.0997	0.1747	0.0884	–	–

Note: Included in the share options exercised during the year ended 31 March 2012 is 39,571,876 share options of which the Company received the notice from two directors on exercise of such share options in March 2012 but the Company completed the procedures for the issue of the relevant shares subsequent to 31 March 2012.

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 (2012: HK$0.32).

The Group recognised the total expense of HK$187,000 for the year ended 31 March 2012 in relation to share option granted by the Company (2013: nil).

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.

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

	2013 HK$'000	2012 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Investments held for trading	**690,722**	551,392
Conversion options embedded in convertible notes	**14,980**	20,180
	705,702	571,572
Loans and receivables		
Trade and other receivables	**57,765**	27,200
Long-term loan receivable	**72,667**	14,040
Amounts due from joint ventures	**1,466,960**	498,657
Amounts due from associates	**1,040**	768
Cash held by securities brokers	**20,192**	20,832
Bank balances and cash	**3,112,049**	2,424,037
	4,730,673	2,985,534
Available-for-sale financial assets		
Available-for-sale investments	**39,905**	67,430
Financial liabilities		
At amortised cost		
Other payables	**48,409**	45,864
Amounts due to joint ventures	**19,967**	457
Amounts due to associates	**15,800**	68,399
Amounts due to non-controlling shareholders of subsidiaries	**—**	28,658
Convertible notes	**—**	9,398
Guaranteed notes	**1,170,000**	—
Bank borrowings	**2,707,053**	2,654,472
	3,961,229	2,807,248
Derivative financial instruments	**1,134**	7,312

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, convertible notes, 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	
	2013	2012	**2013**	2012
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**44**	12,512	**–**	–
USD	**1,285,577**	212,244	**1,170,000**	–
EUR	**12,447**	7,852	**–**	–

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% (2012: 5%) increase and decrease in the functional currency of each group entity against the above foreign currencies. 5% (2012: 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% (2012: 5%) change in foreign currency rate. A positive number below indicates an increase in profit where the above foreign currencies strengthen by 5% (2012: 5%) against the functional currency of each group entity. For a 5% (2012: 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.

	2013 HK$'000	2012 HK$'000
Profit for the year	**521**	850

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, convertible notes liabilities issued by the Company and derivative financial instruments and guaranteed notes as set out in notes 18, 20, 21, 24, 27, 29 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 convertible 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 determinated by the People's Bank of China arising from the Group's RMB denominated borrowings.

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 (2012: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2012: 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 (2012: 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 2013 would increase/decrease by HK$2,676,000 (2012: HK$2,054,000).

For bank borrowings, if interest rates had been 50 basis points (2012: 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 2013 would decrease/increase by HK$11,302,000 (2012: HK$11,082,000).

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 increased during the year mainly due to increase in the balances of variable rate bank borrowings as at 31 March 2013. 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.

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 and unlisted mutual funds had been 5% (2012: 5%) higher/lower, profit for the year ended 31 March 2013 would increase/decrease by HK$2,519,000 (2012: increase/decrease by HK$6,558,000) as a result of the changes in fair value of equity securities and unlisted mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2012: 5%) higher/lower, profit for the year ended 31 March 2013 would increase/decrease by HK$26,319,000 (2012: increase/decrease by HK$16,463,000) 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 2013, 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.

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:

	2013 %	2012 %
Aa2 to A3	–	–
Baa1	–	–
Baa2	–	–
Ba2	2.0	8.8
Ba3	26.0	44.4
B1 to B3	33.0	35.3
Unrated	39.0	11.5
	100.0	100.0

Significant concentration of credit risk

The Group does not have significant concentration of credit risk on investment in listed debt securities as counterparties are diversified.

The Group has concentration of credit risk on its investment in convertible notes (included in available-for-sale investments and conversion options embedded in convertible notes) as the entire amount of the convertible notes are issued by two (2012: four) 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 98% (2012: 100%) of the amounts due from joint ventures are due from five (2012: three) joint ventures. The joint ventures are private companies and mainly located in the PRC. In order to minimize 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 2013 and 2012.

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.

42. Financial instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Weighted average interest rate	On demand	1–3 months	3 months to 1 year	1–2 years	2–5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount at 31 March 2013
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'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

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$'000	Total carrying amount at 31 March 2012 HK$'000
31 March 2012									
Other payables	–	45,864	–	–	–	–	–	45,864	45,864
Amounts due to joint ventures	–	457	–	–	–	–	–	457	457
Amounts due to associates	–	68,399	–	–	–	–	–	68,399	68,399
Amounts due to non-controlling shareholders of subsidiaries	–	28,658	–	–	–	–	–	28,658	28,658
Convertible notes — liability component *(Note i)*	2.0	–	–	9,630	–	–	–	9,630	9,398
Bank borrowings	2.4	367,325	–	385,982	161,218	800,160	1,166,804	2,881,489	2,654,472
		510,703	–	395,612	161,218	800,160	1,166,804	3,034,497	2,807,248
Financial guarantee contracts *(Note ii)*	–	–	–	32,000	32,000	554,450	–	618,450	1,620
Interest rate collar contract — net settled	–	–	–	–	7,312	–	–	7,312	7,312

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.

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 2013 and 31 March 2012, the aggregate undiscounted principal amounts of these bank loans amounted to HK$355,128,000 and HK$367,325,000 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	3 months to 1 year	1–2 years	2–5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2013	**60,427**	**19,784**	**48,580**	**196,970**	**58,222**	**383,983**	**355,128**
31 March 2012	6,100	21,390	31,268	243,776	103,010	405,544	367,325

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

The fair value of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices respectively;
- the fair values of derivative financial instruments (note 29) are determined based on valuations as at the end of the reporting period with reference to market data such as settlement date, settlement price and interest rates;
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- for option-based derivatives, the fair value is estimated using option pricing model (binomial option pricing model).

42. Financial instruments (Continued)

(c) Fair value (Continued)

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

(d) Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

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

	2013			
	Level 1 measurements HK$'000	Level 2 measurements HK$'000	Level 3 measurements HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
— Listed equity securities	60,338	—	—	60,338
— Listed debt securities	630,384	—	—	630,384
	690,722	—	—	690,722
Available-for-sale investments/ conversion options in convertible notes				
— Unlisted debt securities	—	34,900	—	34,900
— Conversion options embedded in convertible notes	—	—	14,980	14,980
	—	34,900	14,980	49,880
	690,722	34,900	14,980	740,602
Financial liabilities				
Derivative financial instruments	—	1,134	—	1,134

42. Financial instruments (Continued)

(d) Fair value measurements recognised in the consolidated statement of financial position (Continued)

	2012			
	Level 1 measurements HK$'000	Level 2 measurements HK$'000	Level 3 measurements HK$'000	Total HK$'000
Financial assets				
Investments held for trading				
— Listed equity securities	60,274	—	—	60,274
— Unlisted mutual funds	—	—	96,795	96,795
— Listed debt securities	394,323	—	—	394,323
	454,597	—	96,795	551,392
Available-for-sale investments/ conversion options in convertible notes				
— Unlisted debt securities	—	62,425	—	62,425
— Conversion options embedded in convertible notes	—	—	20,180	20,180
	—	62,425	20,180	82,605
	454,597	62,425	116,975	633,997
Financial liabilities				
Derivative financial instruments	—	7,312	—	7,312

There were no transfers between Level 1 measurements and Level 2 measurements in the current year.

42. Financial instruments (Continued)

(e) 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 2011	128,862	20	128,882
Disposal	(46,691)	—	(46,691)
Addition	—	20,044	20,044
Net increase in fair value recognised in profit or loss (included in income and gains from investments)	14,624	116	14,740
At 31 March 2012	96,795	20,180	116,975
Disposal	(96,795)	(5,200)	(101,995)
At 31 March 2013	—	14,980	14,980
Net increase (decrease) in fair values recognised in profit or loss (included in income and gains from investments) attributable to respective financial assets held at the end of the reporting period are:			
At 31 March 2012	16,300	116	16,416
At 31 March 2013	—	—	—

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 2013 and 2012:

	2013 HK$'000	2012 HK$'000
Investments in subsidiaries	**319,454**	267,960
Amounts due from subsidiaries	**4,285,435**	3,312,526
Other assets	**633,426**	221,572
Liabilities	**(17,647)**	(26,584)
	5,220,668	3,775,474
Share capital	**76,145**	65,865
Reserves *(Note)*	**5,144,523**	3,709,609
	5,220,668	3,775,474

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 2011	1,221,459	371	17,788	338,410	7,136	1,850,690	3,435,854
Profit and other comprehensive income for the year	–	–	–	–	–	349,102	349,102
Issue of shares upon exercise of share options	6,797	–	–	–	–	–	6,797
Transfer on redemption of convertible notes upon maturity	–	–	(8,046)	–	–	8,046	–
Transfer on early redemption of convertible notes	–	–	(8,908)	–	–	8,908	–
Recognition of equity-settled share based payment	–	–	–	–	187	–	187
Dividend recognised as distribution	–	–	–	–	–	(82,331)	(82,331)
At 31 March 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

44. Particulars of principal subsidiaries of the company

Particulars of the principal subsidiaries at 31 March 2013 and 2012 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 Directly 2013 %	2012 %	Indirectly 2013 %	2012 %	Principal activities
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	–	–	100	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 *(Note i)*	Hong Kong	HK$1	–	–	100	–	Property holding
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

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: Directly 2013 %	Directly 2012 %	Indirectly 2013 %	Indirectly 2012 %	Principal activities
Estate Sky Limited *(Note i)*	BVI	US$1	**100**	–	**–**	–	Bond issuer
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
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**	–	Property holding
Modern Value Limited	BVI	US$1	**–**	–	**100**	100	Property holding and leasing of property
Sky Dragon Limited	Hong Kong	HK$2	**–**	–	**100**	100	Property holding and leasing of property
Smart Charm Holdings Limited	Hong Kong	HK$1	**–**	–	**100**	100	Hotel operation
Smart Kept Limited	BVI	US$1	**–**	–	**100**	100	Property holding and leasing of property
The Hampton Management Limited	Hong Kong	HK$1	**–**	–	**100**	100	Management services
Trinity Value Limited *(Note i)*	Hong Kong	HK$1	**–**	–	**100**	–	Property holding and leasing of property
Well Clever International Limited	BVI	US$1	**–**	–	**100**	100	Sale of securities and investment holding

44. Particulars of principal subsidiaries of the company (Continued)

Notes:

(i) These companies were incorporated during the year ended 31 March 2013.

(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 subsisting at the end of the year or at any time during the year.

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 2013 is set out below:

(a) Results

	Year ended 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Revenue	669,426	1,447,907	2,745,292	3,217,891	**1,162,379**
Profit before taxation	80,984	566,750	940,417	1,886,813	**985,540**
Taxation					
— Current tax and deferred tax	(17,861)	(21,765)	(84,106)	(118,511)	**(60,519)**
Profit for the year	63,123	544,985	856,311	1,768,302	**925,021**
Attributable to:					
Owners of the Company	62,373	546,271	857,732	1,754,106	**902,671**
Non-controlling interests	750	(1,286)	(1,421)	14,196	**22,350**
	63,123	544,985	856,311	1,768,302	**925,021**

(b) Assets and liabilities

	At 31 March				
	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013** **HK$'000**
Total assets	6,059,559	7,789,858	7,684,305	9,049,643	**11,489,660**
Total liabilities	3,551,025	4,376,249	3,447,491	3,077,272	**4,404,558**
	2,508,534	3,413,609	4,236,814	5,972,371	**7,085,102**
Equity attributable to owners of the Company	2,469,771	3,413,435	4,237,535	5,958,888	**7,064,254**
Non-controlling interests	38,763	174	(721)	13,483	**20,848**
	2,508,534	3,413,609	4,236,814	5,972,371	**7,085,102**

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2013

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2013 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$'000)		Book cost (HK$'000)
(i)	Hong Kong							
	G/F., Unit 1506–1507, 17/F–23/F & 75 Carparks, sky-sign on the roof top in AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	124,040	2,197,000	(a)	615,800
	Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	41,310	466,000	(a)	216,400
	No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	20,218	260,000	(a)	152,400
	G/F., 21 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	1,280	60,000	(a)	46,000
	Flat 1A, 2A, & 3 Carparks, The Hampton, No. 45 Blue Pool Road, Happy Valley, Hong Kong	Residential	90%	N/A	7,100	166,800	(b)	79,600
	H8, No. 8 Hau Fook Street, Tsimshatsui, Kowloon	Commercial	100%	N/A	45,101	668,000	(a)	310,900
	Office Unit 3102, 31/F., & 4 Carparks, 4/F., Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	7,400	186,600	(a)	154,100
	No. 47 Barker Road, The Peak, Hong Kong	Residential	100%	N/A	4,230	204,000	(a)	204,800
	Nos. 2–4 Shelly Street, Central, Hong Kong	Commercial/ Residential	100%	2,306	N/A	325,000	(a)	285,200

SCHEDULE OF PROPERTIES HELD BY THE GROUP

As at 31 March 2013

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Market value (HK$'000)		Book cost (HK$'000)
(i)	Hong Kong (continued)							
	No.14 Pennington Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	2,754	130,000	(a)	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	34,000	(a)	33,000
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	125,000	(a)	110,000
(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	965,900	(a)	638,500

Notes:

(a) Market value as at 31 March 2013 was based on valuation report conducted by independent qualified professional valuers not connected to the Group.

(b) Market value as at 31 March 2013 was based on valuation report conducted by independent qualified professional valuers not connected to the Group as well as signed sale and purchase agreements contracted to sell 2 apartments and 3 carparks of the property which were completed in April 2013 and to be completed in October 2013 respectively.

www.csigroup.hk