2013 ANNUAL REPORT

四海國際集團有限公司
Cosmopolitan International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 120)

Contents

Corporate Information

DIRECTORS

Executive Directors

Lo Yuk Sui
(Chairman and Chief Executive Officer)
Jimmy Lo Chun To
(Vice Chairman and Managing Director)
Lo Po Man
(Vice Chairman)
Kenneth Wong Po Man
(Chief Operating Officer)
Kelvin Leung So Po
(Chief Financial Officer)
Daniel Bong Shu Yin
Cheng Sui Sang
Kenneth Ng Kwai Kai

Non-Executive Director

Francis Bong Shu Ying, OBE, JP

Independent Non-Executive Directors

Judy Chen Qing
Alice Kan Lai Kuen
Lee Choy Sang
David Li Ka Fai
Abraham Shek Lai Him, GBS, JP

AUDIT COMMITTEE

David Li Ka Fai (Chairman)
Judy Chen Qing
Alice Kan Lai Kuen
Lee Choy Sang
Abraham Shek Lai Him, GBS, JP

REMUNERATION COMMITTEE

Alice Kan Lai Kuen (Chairman)
Lo Yuk Sui
Daniel Bong Shu Yin
Lee Choy Sang
David Li Ka Fai

NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)
Daniel Bong Shu Yin
Alice Kan Lai Kuen
Lee Choy Sang
David Li Ka Fai
Abraham Shek Lai Him, GBS, JP

SECRETARY

Eliza Lam Sau Fun

AUDITORS

Ernst & Young

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
Industrial and Commercial Bank of China (Asia) Limited
Deutsche Bank A.G.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Australia and New Zealand Banking Group Limited

SHARE REGISTRAR IN HONG KONG

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

REGISTERED OFFICE

P.O. Box 309, George Town
Grand Cayman, Cayman Islands
British West Indies

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 801-802, 8th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong
Tel: 2834 2833
Fax: 2893 1312
Website: www.cosmoholdings.com

Directors' Profile

Mr. Lo Yuk Sui, *aged 69; Chairman and Chief Executive Officer* — Appointed to the Board as an Executive Director on 18th December, 2013. Mr. Lo also acts as the Chairman and the Chief Executive Officer of the Company since 18th December, 2013. Mr. Lo has been the managing director and chairman of the respective predecessor listed companies of Century City International Holdings Limited ("CCIHL") (the ultimate listed holding company of the Company), Paliburg Holdings Limited ("PHL") (the immediate listed holding company of the Company) and Regal Hotels International Holdings Limited ("RHIHL") (a listed subsidiary of CCIHL and PHL and of which the Company is a listed associate) since 1980s. He is also an executive director, the chairman and the chief executive officer of CCIHL, PHL and RHIHL and a non-executive director and the chairman of Regal Portfolio Management Limited ("RPML"), the manager of Regal Real Estate Investment Trust (the listed subsidiary of RHIHL). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Mr. Jimmy Lo Chun To and Miss Lo Po Man.

Mr. Jimmy Lo Chun To, *aged 40; Vice Chairman and Managing Director* — Appointed to the Board as an Executive Director on 18th December, 2013. Mr. Jimmy Lo also acts as a Vice Chairman and the Managing Director of the Company since 18th December, 2013. He is also an executive director and a vice chairman of CCIHL, an executive director, a vice chairman and the managing director of PHL, an executive director of RHIHL and a non-executive director of RPML. Mr. Jimmy Lo graduated from Cornell University, New York, with a Degree in Architecture. He joined the Century City Group in 1998. Mr. Jimmy Lo is primarily involved in overseeing the property projects of the PHL group in the People's Republic of China ("PRC") (which are now owned by the Group) and, in addition, undertakes responsibilities in the business development of the Century City Group. He is the son of Mr. Lo Yuk Sui and the brother of Miss Lo Po Man.

Miss Lo Po Man, *aged 34; Vice Chairman and Executive Director* — Appointed to the Board as an Executive Director on 18th December, 2013. Miss Lo also acts as a Vice Chairman of the Company since 18th December, 2013. Miss Lo graduated from Duke University, North Carolina, U.S.A. with a Bachelor's Degree in Psychology. She is also an executive director and a vice chairman of CCIHL, an executive director of PHL, an executive director, a vice chairman and the managing director of RHIHL, and a non-executive director and the vice chairman of RPML. Miss Lo joined the RHIHL Group in 2000 and is an experienced executive in sales and marketing and corporate management. She oversees the sales and marketing function of the RHIHL Group and also undertakes responsibilities in the business development of the Century City Group. Miss Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

Mr. Kenneth Wong Po Man, *aged 48; Executive Director and Chief Operating Officer* — Appointed to the Board in 2010 as a Non-Executive Director until re-designated as an Executive Director and the Chief Operating Officer on 18th December, 2013. Mr. Wong is a qualified architect. He graduated from the University of Hong Kong with a Bachelor of Arts Degree in Architectural Studies and a Bachelor's Degree of Architecture. He also holds a Master of Science Degree in Real Estates from the University of Hong Kong. Mr. Wong has over 20 years of experience in architectural design and project management in respect of property management projects. Mr. Wong is also an executive director of PHL and a Technical Director of an engineering company which is registered under the Buildings Ordinance of Hong Kong.

Mr. Kelvin Leung So Po, *aged 41; Executive Director and Chief Financial Officer* — Appointed to the Board in 2008 as a Non-Executive Director until re-designated as an Executive Director and the Chief Financial Officer on 18th December, 2013. Mr. Leung holds a Bachelor's Degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. He has over 18 years of experience in accounting and corporate finance field. Mr. Leung is also an executive director of CCIHL. He has been with the Century City Group for over 16 years and is involved in the corporate finance function as well as in the China business division of the Century City Group.

Mr. Daniel Bong Shu Yin, *aged 74; Executive Director* — Appointed to the Board in 2006. Mr. Daniel Bong had also acted as the Chairman of the Company since 2006 until his resigning from this role when the board of the Company was reconstituted on 18th December, 2013. He is a qualified architect and has extensive experience in the property and hotel fields, both in Hong Kong and overseas. Mr. Daniel Bong had been involved in the management of several public listed companies in Hong Kong for over 10 years, including CCIHL and PHL. Mr. Daniel Bong was the deputy chairman and an executive director of RHIHL until 1999 when he resigned to pursue his personal interests and investments. He is the brother of Mr. Francis Bong Shu Ying.

Mr. Cheng Sui Sang, *aged 70; Executive Director* — Appointed to the Board in 2006. He has extensive experience in banking and finance fields and has held senior management positions in overseas companies, as well as several Hong Kong listed companies. Mr. Cheng holds a Bachelor's Degree in Economics and a Master's Degree in Business Administration. He is also an associate member of the Hong Kong Institute of Certified Public Accountants. Immediately before joining the Company, Mr. Cheng was involved in private consulting work to a number of clients in the PRC and Hong Kong. Mr. Cheng is also an independent non-executive director and the chairman of the audit committee of Hsin Chong Construction Group Ltd., a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Kenneth Ng Kwai Kai, *aged 59; Executive Director* — Appointed to the Board in 2008 as a Non-Executive Director until re-designated as an Executive Director on 18th December, 2013. Mr. Ng is a Chartered Secretary. He is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group. Mr. Ng is also an executive director and the chief operating officer of CCIHL, an executive director of PHL and RHIHL, and a non-executive director of RPML.

Mr. Francis Bong Shu Ying, OBE, JP, *aged 72; Non-Executive Director* — Appointed to the Board in 2006. Mr. Francis Bong was a director of AECOM Technology Corporation, a company listed on the New York Stock Exchange, until he recently retired from it. Mr. Francis Bong holds a Bachelor's Degree of Science in Engineering from the University of Hong Kong and is currently the Chairman of the Hong Kong University Engineering Advisory Committee. He is a former president of the Hong Kong Institution of Engineers, a former president of the Hong Kong Academy of Engineering Sciences and a fellow member of the Institution of Civil Engineers and The Institution of Structural Engineers in the United Kingdom. Mr. Francis Bong is also an independent non-executive director of China Merchants Holdings (International) Company Limited, a company listed on the main board of the Stock Exchange. He is the brother of Mr. Daniel Bong Shu Yin.

Ms. Judy Chen Qing, *aged 42; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director on 18th December, 2013. Ms. Chen serves as the Chairman of the Hong Kong Committee for United Nations Children's Fund ("UNICEF HK") and the Foundation Chair of Ocean Park Conservation Foundation Hong Kong ("OPCF HK"). She received her higher education from China and U.S.A. – Beijing University of Aeronautics & Astronautics; Menlo College and Harvard Business School. She has also been appointed by the Under-Secretary-General of the United Nations to serve as Standing Member of the Development Cooperation Forum. Before joining UNICEF HK and OPCF HK, Ms. Chen held senior positions in multinational companies. Besides chairing the UNICEF HK and OPCF HK, Ms. Chen is also actively working in the social service areas in Mainland China and Hong Kong.

Ms. Alice Kan Lai Kuen, *aged 59; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director on 18th December, 2013. Ms. Kan is a shareholder and the managing director of Asia Investment Management Limited providing corporate advisory and investment management services and Asia Investment Research Limited involving in research work in Hong Kong and China based companies. She is a licensed investment adviser under the Securities and Futures Ordinance of Hong Kong and a responsible officer of Asia Investment Management Limited, Asia Investment Research Limited and Lotus Asset Management Limited. She has over 20 years of experience in corporate finance and is well experienced in both the equity and debt markets. She held various senior positions in international and local banks and financial institutions. Ms. Kan is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. She is a fellow member of the Hong Kong Institute of Directors. Ms. Kan is also an independent non-executive director of China Energine International (Holdings) Limited, RHIHL, Shimao Property Holdings Limited and Shougang Concord International Enterprises Company Limited, all of which are companies listed on the Stock Exchange, and an independent director of AVIC International Maritime Holdings Limited, a company listed on Singapore Exchange Securities Trading Limited.

Mr. Lee Choy Sang, *aged 77; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director in 2006. Mr. Lee has been involved in the construction industry for over 40 years. He obtained his Bachelor of Architecture Degree in the University of Hong Kong. Mr. Lee was a member of the Royal Institute of British Architects, the Royal Australian Institute of Architects and the Hong Kong Institute of Architects. He was also a registered architect in Hong Kong. He is a member of the Hong Kong Housing Society. Mr. Lee is currently a director of Silver Force (Consultants) Limited and Brilliant Force International China Heating Supply Holdings Company Limited, and is in charge of various projects in respect of the provision of services relating to energy supply and management in different regions, including Hong Kong and the PRC.

Mr. David Li Ka Fai, *aged 59; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director in 2006. Mr. Li is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is also a fellow of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, UK as well as The Institute of Chartered Secretaries and Administrators, UK and an associate member of The Institute of Chartered Accountants in England and Wales. He is an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of Goldlion Holdings Limited, an independent non-executive director and the chairman of the audit committee of China-Hongkong Photo Products Holdings Limited, an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of China Merchants Holdings (International) Company Limited and an independent non-executive director, a member of the audit committee and the remuneration committee of AVIC International Holding (HK) Limited, and an independent non-executive director and the chairman of the audit committee of Shanghai Industrial Urban Development Group Limited, all of which companies are listed on the main board of the Stock Exchange.

Hon Abraham Shek Lai Him, GBS, JP, *aged 68; Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director on 18th December, 2013. Mr. Shek holds a Bachelor's Degree of Arts. He is currently a member of the Legislative Council of the Hong Kong Special Administrative Region. He is also a Member of the Court of The Hong Kong University of Science and Technology, Member of both of the Court and the Council of The University of Hong Kong, Director of The Hong Kong Mortgage Corporation Limited and Vice Chairman of Independent Police Complaints Council. Mr. Shek is the chairman and an independent non-executive director of Chuang's China Investments Limited, the vice chairman, an independent non-executive director and a member of the audit committee of ITC Properties Group Limited, an independent non-executive director and a member of the audit committee of China Resources Cement Holdings Limited, Chuang's Consortium International Limited, Country Garden Holdings Company Limited, Dorsett Hospitality International Limited, ITC Corporation Limited, Lifestyle International Holdings Limited, Midas International Holdings Limited, NWS Holdings Limited, PHL and SJM Holdings Limited, and an independent non-executive director of Hop Hing Group Holdings Limited, Hsin Chong Construction Group Ltd., Lai Fung Holdings Limited and MTR Corporation Limited, all of which companies are listed on the Stock Exchange. He is also an independent non-executive director and a member of the audit committee of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (which is listed on the Stock Exchange), and RPML.

Chairman's Statement

Dear shareholders,

I am pleased to present, as the new Chairman of the Board of Directors of the Company, the Annual Report of the Company for the nine-month period ended 31st December, 2013.

FINANCIAL RESULTS

Since Century City International Holdings Limited became the ultimate holding company of the Company in September 2013, the Company has changed its financial year end date from 31st March to 31st December, so as to align with that of Century City. Accordingly, the financial results of the Company for 2013 herein presented are for nine-month period ended 31st December, 2013.

Shareholders would also have noted that, as announced by the Company on 21st January, 2014, SHINEWING (HK) CPA Limited resigned as the auditors of the Company on 21st January, 2014 and Ernst & Young were appointed as the new auditors of the Company on that same date to fill this casual vacancy.

Following the appointment of Ernst & Young as the Company's new auditors, the Company reassessed the terms of the convertible bonds issued by the Group in 2007 and 2008, respectively, and has come to the view that the embedded conversion rights of these convertible bonds are more appropriate to be accounted for in the Group's consolidated financial statements as financial derivatives, rather than as equity instruments as previously recognised in the Group's prior years' financial statements. Due to the change in the accounting treatment of the convertible bonds, the fluctuation in the appraised fair values of the embedded conversion rights from time to time would have implications on the consolidated statements of profit or loss and the consolidated statements of financial position of the Group, and it has adversely affected the financial results of the Group for 2013 under review. However, as all these convertible bonds have been fully converted by their holders into new ordinary shares of the Company prior to their maturity in September 2013, these adjustments to the Group's consolidated financial statements are purely technical and accounting in nature and did not have any impact on the cash flow, financial status or the operations of the Group. Shareholders could refer to the Company's announcement dated 27th January, 2014 as well as in the Notes to the Financial Statements in this Annual Report for further detailed information on the prior year adjustments regarding the change in the accounting treatment of the convertible bonds.

With this in the backdrop, the Group recorded for the nine-month period ended 31st December, 2013 a consolidated loss of HK$88.2 million, as compared to the profit of HK$52.8 million (as restated) for the financial year ended 31st March, 2013.

DIVIDENDS

To conserve cash resources for the business development of the Group, the Directors have resolved not to recommend the payment of a final dividend for the nine-month period ended 31st December, 2013 (year ended 31st March, 2013 – Nil). No interim dividend was paid for the nine-month period ended 31st December, 2013 (year ended 31st March, 2013 – Nil).

BUSINESS OVERVIEW

During the period under review, the Group undertook some very strategic and important transactions to acquire two large-scale development projects located in Chengdu and Tianjin, both major cities in the People's Republic of China, and has disposed of the investment properties at Rainbow Lodge in Hong Kong.

The Group has in the past been principally engaged in property investment and development, in Hong Kong and the PRC, and financial assets and other investments. With the completion of these two strategic acquisitions, it is intended that a majority proportion of the businesses of the Group will in future be focused on property development and investment in the PRC.

As disclosed in a joint announcement by the Company dated 30th September, 2013, P&R Holdings Limited, a 50/50 joint venture held by Paliburg Holdings Limited and Regal Hotels International Holdings Limited, acquired from Giant Sino Group Limited, the then single largest shareholder of the Company, on 14th September, 2013 ordinary shares of the Company representing approximately 19.4% of the then issued share capital of the Company at a price of HK$0.07 per share. P&R Holdings has further on 16th September, 2013 fully converted their holdings of the then outstanding convertible bonds issued by the Group into new ordinary shares of the Company. As a result, P&R Holdings and its concert parties have come to own, in aggregate, approximately 67.6% of the entire issued share capital of the Company. In accordance with the Codes on Takeovers and Mergers, P&R Holdings extended an unconditional mandatory general cash offer to all the independent shareholders of the Company at the offer price of HK$0.07 per share, as set out in the composite offer document dated 11th November, 2013 despatched to shareholders, which offer has duly closed on 2nd December, 2013.

To align with the management structure of its parent company and to prepare for the increased business activities of the Group, a number of changes to the composition of the Board of Directors and in the roles of key officers were effected on 18th December, 2013 and I was also elected as the new Chairman of the Board of the Company.

PROPERTIES

The property businesses of the Group are now principally focused in the PRC. Over the past few years, the central government of the PRC has been implementing different measures to cool down the real estate sector in Mainland China and these measures have generated positive effects for a gradual consolidation of the property market.

The Group has in the meantime taken the opportunity to acquire, as mentioned above, the two large scale development projects in Chengdu and Tianjin, which are being developed in stages. Moreover, the Group has since 2008 been involved in a re-forestation and land grant project in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC and substantive progress has been achieved during the period under review.

With a view to expanding the Group's property portfolio and business coverage in the PRC, the Group has entered into in October 2013 a Co-operation Agreement for Business and Investment Encouragement for the possible acquisition and development of a large parcel of land in Wuxi City, Jiangsu Province. More lately in February 2014, a Co-operation Agreement has been secured in respect of the investment in an investee company involved in a resettlement housing project in Tongzhou District, Beijing.

Further detailed information on these projects is contained in the section headed "Management Discussion and Analysis" in this Annual Report.

FINANCIAL ASSETS AND OTHER INVESTMENTS

As the Group is now principally focused on property development and investment in the PRC, business activities in financial assets investments during the period under review have relatively reduced. However, financial assets and other investment businesses will continue to be part of the principal activities of the Group and will be deployed to enhance the yield on the liquid resources of the Group from time to time.

OUTLOOK

After all the then outstanding convertible bonds in an aggregate principal amount of HK$541.5 million were fully converted into new ordinary shares of the Company in September 2013, the capital base of the Company has been substantially enlarged and strengthened.

The Group considers that the gradual consolidation of the real estate sector in the PRC is healthy and beneficial for its stable development. Having regard to the growing affluence and the increasing size of the population, the Group is optimistic that the property market in Mainland China in the long term will remain prosperous and will continue to actively seek any investment opportunities that may become available at reasonable prices.

Both the Chengdu Project and the Tianjin Project are currently free of any external borrowings and it is anticipated that substantial proceeds will be generated from the presale and/or sale of their component parts over the period of the next two years, a majority portion of which may be utilised to pay off the outstanding considerations payable for the acquisition of the two projects. Nevertheless, given the planned continuing expansion of its asset portfolio, the Group will review possible avenues to further expand its capital base at appropriate times.

The Directors anticipate that when all the projects presently undertaken by the Group are gradually developed and completed, significant revenues and profits will be generated for the Group over the coming few years.

DIRECTORS AND STAFF

Taking this opportunity, I would like to express our deep appreciation to Ms. Ka Kit who served for years as an Independent Non-Executive Director until she resigned on 18th December, 2013 and to Mr. Daniel Bong Shu Yin who led the development of the Group over the past several years before he retired as Chairman of the Board on that same date.

On 18th December, 2013, along with my appointment as an Executive Director, some other new members were appointed to the Board, including Mr. Jimmy Lo Chun To and Miss Lo Po Man as Executive Directors and Ms. Judy Chen Qing, Ms. Alice Kan Lai Kuen and Mr. Abraham Shek Lai Him as Independent Non-Executive Directors. At the same time, Mr. Jimmy Lo and Miss Poman Lo were each elected as Vice Chairman, while I was elected as the new Chairman of the Board of Directors of the Company.

To prepare for the increasing level of business activities, a number of designations or re-designations of Directors have also been effected on 18th December, 2013, including the designation of myself as the Chief Executive Officer, the appointment of Mr. Jimmy Lo as the Managing Director, and the re-designations of Mr. Kenneth Wong Po Man as an Executive Director and the Chief Operating Officer, Mr. Kelvin Leung So Po as an Executive Director and the Chief Financial Officer and Mr. Kenneth Ng Kwai Kai as an Executive Director.

On behalf of shareholders, I would like to extend my warm welcome to all the new members of the Board and I am confident that the new Board of Directors as a whole will continue to render significant contribution to the continuing growth of the Group.

LO YUK SUI
Chairman

Hong Kong
31st March, 2014

COMPOSITE DEVELOPMENT

CHENGDU • MAINLAND CHINA

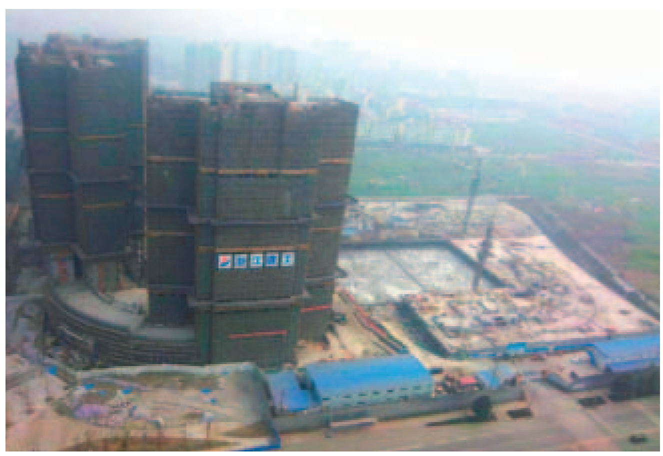
Artist impression of a five-star hotel, Regal Xindu Hotel, and the commercial towers of the composite development in Xindu District, Chengdu, Sichuan

Artist impression of the hotel lobby of Regal Xindu Hotel

Structural frame of the hotel in the first stage of the composite development already completed

Artist impression of the residential towers of the composite development in Chengdu

Artist impression of the club house facilities of the residential portion of the composite development in Chengdu



Structural frames of the three residential towers in the first stage of the composite development already completed

TIANJIN • MAINLAND CHINA

A composite commercial / office / hotel / residential development in a prime district in Tianjin City

Artist impression of the composite development in Tianjin City

The development site in Tianjin City

Management Discussion and Analysis

BUSINESS REVIEW

The Group has in the past been principally engaged in property investment and development, in Hong Kong and the PRC, and financial assets and other investments. During the period under review, in September 2013, the Group acquired from P&R Holdings Limited ("P&R Holdings") and Regal Hotels International Holdings Limited ("RHIHL") their respective interests in the two large scale development projects in Chengdu and Tianjin, the People's Republic of China (the "PRC"), and sold its property investments in Rainbow Lodge in Yuen Long, Hong Kong to P&R Holdings. The Company has become a listed subsidiary of P&R Holdings and, in turn, of Paliburg Holdings Limited ("PHL") and Century City International Holdings Limited ("CCIHL"), on 16th September, 2013. The principal business activities of the Group since then comprise property development and investment, presently focused in the PRC, and financial assets and other investments.

The performance of the Group's property and other investment businesses during the period under review, the commentary on the property sector and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the preceding Chairman's Statement and in this section.

The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed "Business Overview" and "Outlook" in the preceding Chairman's Statement and in this section.

A brief review on the property projects currently undertaken by the Group is set out below.

Property Development

Chengdu Project

The Chengdu Project was previously held as to 70% by P&R Holdings and the remaining 30% by a joint venture 50/50 owned by RHIHL and the Group. Pursuant to the transactions completed in September 2013, a wholly owned subsidiary of the Company acquired from P&R Holdings and the joint venture their respective interests in the project, with the consideration in each case based on an independent professional valuation of the Chengdu Project of RMB1,540 million as of 31st May, 2013 and with a 5% discount to the valuation, subject to adjustments for other net tangible assets. The Chengdu Project is now 100% owned by the Group.

The project involves a mixed use development project located in Xindu District in Chengdu, Sichuan Province, consisting of hotel, commercial, office, service apartments and residential components with an overall total gross floor area of approximately 497,000 square metres, which is being developed in stages spanning over a period to 2017. The first stage of the development, which includes a hotel with 306 hotel rooms and extensive facilities and three residential towers with about 340 apartment units with car parking spaces and ancillary commercial accommodation, is expected to be completed in 2015. Presale of the residential units in the three residential towers included in the first stage is anticipated to be launched in the fourth quarter of this year.

Tianjin Project

The Tianjin Project was acquired from the RHIHL group as part of the transactions completed in September 2013, with consideration based on an independent professional valuation of the Tianjin Project of RMB1,250 million as of 31st May, 2013 and with a 10% discount to the valuation, subject to adjustments for other net tangible assets.

The project entails a development site located in a prime district in Tianjin City with a total site area of about 31,700 square metres. The development is presently planned to include commercial, office, hotel and residential components with total gross floor area of about 145,000 square metres. The site formation and foundation works for the project have already commenced and the entire development is anticipated to be completed in stages before end of 2016.

Xinjiang Project

This is a re-forestation and land grant project in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC that has been undertaken by the Group since 2008, which involves a total site area of about 7,600 mu. Up to now, the Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi City, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for commercial development after the requisite inspection, land grant listing and tender procedures are completed. The inspection and measurement of the re-forested area by the relevant government authorities are already in progress. It is hoped that the final procedures leading to the land grant listing and tender of the development land would be concluded within 2014.

Should the Group successfully secure the development land and depending on the permitted land use, the Group preliminarily plans to develop in stages on the land a large scale mixed use complex comprising residential, hotel, recreational and commercial properties.

Wuxi Project

As disclosed in the 2013 Interim Report of the Company, the Group entered into in October 2013 a Co-operation Agreement for Business and Investment Encouragement with Wuxi Huishan District People's Government and Wuxi Metro Xizhang Area Commission for the possible acquisition and development of a parcel of land of about 937mu (equivalent to approximately 624,270 square metres) located in Huishan District, Wuxi City, Jiangsu Province, the PRC. The Co-operation Agreement for the Wuxi Project is subject to certain terms to be agreed by the parties within six months of the date of the agreement, which are still in the course of discussions among the parties. Shareholders will be kept apprised of the development in this regard.

Property Investment

Beijing Tongzhou Project

On 26th February, 2014, the Group entered into a Co-operation Agreement with an independent third party in respect of the investment in an investee company involved in a resettlement housing project in Tongzhou District, Beijing, the PRC. Under the Co-operation Agreement for the Tongzhou Project, the investee company will be 82.5% owned by the Group and the remaining 17.5% by that third party and the aggregate capital commitments of the Group will amount to RMB297,000,000. The capital contribution by the Group is subject to certain prescribed conditions being fulfilled under the Co-operation Agreement.

The investee company is a limited liability company incorporated in the PRC for investing in a primary land development project confirmed by the PRC government and entrusted to the investee company through the Beijing Land Reserve Centre. The principal purpose of the project is to develop buildings for the purposes of housing resettlement under PRC government policies. The total site area planned to be developed under the project is approximately 181,000 square metres and the planned above-ground construction area is approximately 412,000 square metres.

The Group's investment in the Tongzhou Project is expected to generate returns on satisfactory terms, which will have support from the PRC government. Moreover, the undertaking of the project is also expected to strengthen the Group's experience in the management of primary land development projects and foster its relationship with the PRC government authorities in furtherance of its future strategic business development in the PRC.

Further detailed information in relation to this Tongzhou Project was contained in the joint announcement of the Company dated 26th February, 2014.

FINANCIAL REVIEW

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

Acquisition of the two development projects in the PRC are financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. Construction and related cost for the property projects are presently financed by internal resources. Project financing may be arranged on appropriate terms and will normally be in local currency to cover a part of the land cost and/or construction cost, and with the loan maturity tied in to the estimated project completion date.

Cash Flow

Net cash flows used in operating activities during the period under review amounted to HK$72.1 million (year ended 31st March, 2013 - net cash flows generated from operating activities of HK$73.5 million). Interest payment for the nine-month period amounted to approximately HK$121,000 (year ended 31st March, 2013 - HK$557,000).

Borrowings and Gearing

As at 31st December, 2013, the Group had cash and bank balances and deposits net of bank borrowings of HK$389.1 million (31st March, 2013 - bank borrowings and convertible bonds, net of cash and bank balances and deposits of HK$194.1 million, as restated).

As at 31st December, 2013, excluding the considerations payable to the vendors for acquisition of the property projects, the Group had net cash balance of HK$389.1 million and therefore no gearing (31st March, 2013 - gearing of 18.0%, computed on the basis of the Group's bank borrowings and convertible bonds, net of cash and bank balances and deposits of HK$194.1 million (as restated) as compared to the total assets of the Group of HK$1,077.4 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2013 are shown in note 23 to the financial statements.

Pledge of Assets

As at 31st December, 2013, part of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK$37.5 million (31st March, 2013 - HK$48.8 million) were pledged to secure general banking facilities granted to the Group.

The above details of the pledge of assets of the Group are also shown in note 33 to the financial statements.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2013 are shown in note 35 to the financial statements.

Contingent Liabilities

The Group had no contingent liability as at 31st December, 2013.

Share Capital

During the period under review, on 16th September, 2013, the conversion rights attached to the outstanding convertible bonds issued by Fancy Gold Limited, a wholly owned subsidiary of the Company, due in 2010 (with maturity date on 16th May, 2010, which was subsequently further extended to 30th September, 2013) ("CB 2010") in an aggregate principal amount of HK$141,450,000 were exercised to convert into a total of 3,536,250,000 new ordinary shares of the Company at a conversion price of HK$0.04 per share (as adjusted).

During the period, on 2nd July, 2013, the options granted by Apex Team Limited ("Apex Team"), also a wholly owned subsidiary of the Company, to the holders of the convertible bonds in an aggregate principal amount of HK$200,000,000 due in 2013 (with maturity date on 14th February, 2013, which was subsequently extended to 30th September, 2013) issued by Apex Team ("CB 2013") were exercised to subscribe for additional CB 2013 in an aggregate principal amount of HK$200,000,000 ("Optional CB 2013"). On 16th September, 2013, the conversion rights attached to the CB 2013 and the Optional CB 2013 were exercised to convert, in each case, into 3,333,333,332 new ordinary shares of the Company, at a conversion price of HK$0.06 per share (as adjusted).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

In view of the acquisition opportunities available and the expected continuing growth in the PRC economy, the Company entered into, during the period under review, various agreements relating to the disposals of certain subsidiaries of the Group, which hold properties in Hong Kong, to P&R Holdings and the acquisition of certain subsidiaries of P&R Holdings and RHIHL, which hold property development projects in the PRC.

Acquisition of interests in a property development project in Chengdu, the PRC from P&R Holdings

On 27th June, 2013, a conditional sale and purchase agreement was entered into between Ample State Investments Limited ("Ample State"), a wholly owned subsidiary of the Company, as the purchaser and P&R Holdings as the vendor in relation to the transfer of 70% effective interests in the mixed use development project (the "Chengdu Project") in Xindu District, Chengdu, Sichuan Province, the PRC (the "Chengdu Properties"), by way of the transfer of all the interests then held by P&R Holdings (representing 70% of the existing entire issued share capital) in two relevant companies (the "Chengdu Subsidiaries", and together with their respective wholly owned subsidiaries, the "Chengdu Group") and the loans owed to P&R Holdings by the Chengdu Group to Ample State (the "Chengdu Agreement") (the "Chengdu Transaction").

The initial net consideration for the Chengdu Transaction (after offsetting the Novated Liability (as referred to below)) (the "Chengdu Consideration") was approximately HK$642.3 million (subject to adjustments). The Chengdu Consideration was determined primarily based on 70% of the valuation of the Chengdu Properties of RMB1,540.0 million (equivalent to approximately HK$1,940.4 million) as of 31st May, 2013 as appraised by a qualified independent professional valuer jointly engaged by P&R Holdings and Ample State and a 5% discount to the valuation, less the Novated Liability of approximately HK$648.1 million. The Chengdu Consideration (with accrued interest) were to be payable within three years after completion of the Chengdu Transaction in any number of instalments at the discretion of Ample State.

Also on 27th June, 2013, a conditional sale and purchase agreement was entered into between Faith Crown Holdings Limited ("Faith Crown"), a joint venture owned as to 50% each by RHIHL and the Company, as the vendor and Ample State as the purchaser in relation to the transfer of the remaining 30% effective interests in the Chengdu Properties to the Company, by way of the transfer of all the interests then held by Faith Crown (representing 30% of the existing entire issued share capital) in the Chengdu Subsidiaries and the loans owed to Faith Crown by the Chengdu Group to Ample State (the "Other Chengdu Agreement") (the "Other Chengdu Transaction" and together with the Chengdu Transaction, the "Chengdu Transactions").

The initial consideration for the Other Chengdu Transaction (the "Other Chengdu Consideration") was approximately HK$553.0 million (subject to adjustments). The Other Chengdu Consideration was determined based on 30% of the valuation of the Chengdu Properties of RMB1,540.0 million (equivalent to approximately HK$1,940.4 million) as of 31st May, 2013 as appraised by a qualified independent professional valuer jointly engaged by Faith Crown and Ample State and a 5% discount to the valuation. The Other Chengdu Consideration (with accrued interest) were to be payable within three years after completion of the Other Chengdu Transaction in any number of instalments at the discretion of Ample State.

In June 2011, Faith Crown entered into an agreement to dispose of a 70% interest in the Chengdu Group to P&R Holdings for a final adjusted consideration of HK$1,024.7 million payable in cash by instalments (the "2011 CD Transaction"). Upon completion of the 2011 CD Transaction, Joyous Unity Investments Limited (a member of the Chengdu Group) was granted an option to purchase the completed hotel and commercial podium of the Chengdu Project (the "Put Option"). On 27th June, 2013, P&R Holdings, Ample State and Faith Crown entered into a novation and variation deed (the "Novation Agreement"), pursuant to which Ample State would assume the outstanding consideration of approximately HK$648.1 million payable by P&R Holdings to Faith Crown (the "Novated Liability") in consideration of the tantamount reduction in the consideration payable by Ample State to P&R Holdings for the Chengdu Transaction (the"Novation"). The completion of the Novation Agreement would take place simultaneously with the completion of the Chengdu Transactions. The Novated Liability (with accrued interest) would be payable within three years after completion of the Chengdu Transaction in any number of instalments at the discretion of Ample State. Upon completion of the Chengdu Transactions, the Put Option would be terminated and ceased to have effect.

The transactions contemplated under the Chengdu Agreement (including the Novation) were approved by the shareholders of each of CCIHL and PHL by way of written approval. The transactions contemplated under the Chengdu Agreement (including the Novation) and the Other Chengdu Agreement were approved by the independent shareholders of the Company at its extraordinary general meeting held on 13th September, 2013. Following the Chengdu Agreement and the Other Chengdu Agreement becoming unconditional, completion of the Chengdu Transactions (including the Novation) took place on 13th September, 2013.

The vendors under the Chengdu Transactions have had the benefit of pro rata pledges over the equities in the Chengdu Project and protective restrictive covenants before the considerations are fully settled. After taking into account the completion adjustment, the aggregate consideration for the Chengdu Transaction (after offsetting the Novated Liability) and the Other Chengdu Transaction were HK$618.3 million and HK$542.7 million respectively.

PHL is a substantial shareholder of the Company and RHIHL is a subsidiary of PHL. P&R Holdings is owned as to 50% by each of PHL (through a wholly-owned subsidiary) and RHIHL (through a wholly-owned subsidiary) while Faith Crown is a 50%-owned joint venture of RHIHL. P&R Holdings and Faith Crown are connected persons of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and the Chengdu Transactions (including the Novation) constituted connected transactions for the Company. The Chengdu Transactions (including the Novation) and the Tianjin Transaction (as referred to below) also constituted very substantial acquisitions for the Company under the Listing Rules. The Chengdu Transactions (including the Novation) were therefore subject to reporting, announcement and shareholders' approval requirements under the Listing Rules. Relevant details of the transactions under the Chengdu Agreement, the Other Chengdu Agreement and the Novation Agreement were disclosed in the announcement of the Company dated 27th June, 2013 and the circular of the Company dated 28th August, 2013.

Acquisition of interests in a parcel of land in Tianjin, the PRC from RHIHL

On 27th June, 2013, a conditional sale and purchase agreement was entered into between Fortune City International Investments Limited ("Fortune City"), a wholly owned subsidiary of the Company, as the purchaser and Regal International (BVI) Holdings Limited ("Regal BVI"), a wholly owned subsidiary of RHIHL, as the vendor in relation to the transfer of all the effective interests in a parcel of land located in Tianjin City, the PRC (the "Tianjin Land") to Fortune City, by way of the transfer of all the interests in Grand Praise Investments Limited ("Grand Praise"), a then wholly owned subsidiary of Regal BVI, and the shareholder's loans owing by Sure Reward Investments Limited, a wholly owned subsidiary of Grand Praise, to Fortune City (the "Tianjin Agreement") (the "Tianjin Transaction").

The initial consideration for the Tianjin Transaction (the "Tianjin Consideration") was HK$1,417.5 million (subject to adjustments). The Tianjin Consideration was determined primarily based on the preliminary valuation of the Tianjin Land of RMB1,250.0 million (equivalent to approximately HK$1,575.0 million) as of 31st May, 2013 as appraised by a qualified independent professional valuer jointly engaged by Regal BVI and Fortune City and a 10% discount to the valuation. The Tianjin Consideration was to be payable within three years after completion of the Tianjin Transaction in any number of instalments at the discretion of Fortune City.

The transactions contemplated under the Tianjin Agreement were approved by the independent shareholders of the Company at its extraordinary general meeting held on 13th September, 2013. Following the Tianjin Agreement becoming unconditional, completion of the Tianjin Transaction took place on 13th September, 2013. Before the consideration and the interest accrued are fully settled, Fortune City has pledged its entire equity interests in the companies holding the Tianjin Land in favour of Regal BVI and has undertaken to comply with certain restrictive covenants to protect the interests of Regal BVI. After taking into account the completion adjustment, the aggregate consideration for the Tianjin Transaction was HK$1,460.7 million.

As RHIHL is a connected person of the Company under the Listing Rules, the Tianjin Transaction constituted a connected transaction for the Company. As disclosed above, the Chengdu Transactions (including the Novation) and the Tianjin Transaction also constituted very substantial acquisitions for the Company under the Listing Rules. The Tianjin Transaction was therefore subject to reporting, announcement and shareholders' approval requirements under the Listing Rules. Relevant details of the transactions under the Tianjin Agreement were disclosed in the joint announcement of the Company dated 27th June, 2013 and the circular of the Company dated 28th August, 2013.

Disposal of interests in properties in Yuen Long, Hong Kong to P&R Holdings

On 27th June, 2013, a conditional sale and purchase agreement was entered into between the Company as the vendor and P&R Holdings as the purchaser in relation to the transfer of the entire interest in Kola Glory Limited ("Kola Glory"), a then wholly owned subsidiary of the Company, and the shareholder's loans owing by Lead Fortune Development Limited ("Lead Fortune"), a wholly owned subsidiary of Kola Glory, (the "Rainbow Lodge Agreement") (the "Rainbow Lodge Transaction"). Kola Glory holds, through Lead Fortune, the properties comprise 10 duplex residential units and 14 car parking spaces in Rainbow Lodge located at 9 Ping Shan Lane, Tong Yan San Tsuen, Yuen Long, New Territories, Hong Kong (the "Rainbow Lodge Properties").

The initial consideration for the Rainbow Lodge Transaction (the "Rainbow Lodge Consideration") was HK$88.0 million (subject to adjustments). The Rainbow Lodge Consideration was determined primarily based on the valuation of the Rainbow Lodge Properties of HK$88.0 million as of 31st May, 2013 as appraised by a qualified independent professional valuer jointly engaged by the Company and P&R Holdings. The Rainbow Lodge Consideration was settled by P&R Holdings to the Company upon completion of the Rainbow Lodge Agreement.

The transactions contemplated under the Rainbow Lodge Agreement were approved by the independent shareholders of the Company at its extraordinary general meeting held on 13th September, 2013. Following the Rainbow Lodge Transaction becoming unconditional, completion of the Rainbow Lodge Transaction took place on 13th September, 2013. After taking into account the completion adjustment, the aggregate consideration for the Rainbow Lodge Transaction was HK$88.0 million.

As P&R Holdings is a connected person of the Company under the Listing Rules, the Rainbow Lodge Transaction constituted a connected transaction for the Company. The Rainbow Lodge Transaction also constituted a discloseable transaction for the Company under the Listing Rules. The Rainbow Lodge Transaction was therefore subject to reporting, announcement and shareholders' approval requirements under the listing Rules. Relevant details of the transactions under the Rainbow Lodge Agreement were disclosed in the announcement of the Company dated 27th June, 2013 and the circular of the Company dated 28th August, 2013.

STAFF AND REMUNERATION POLICY

The Group employs 107 staff in Hong Kong and the PRC. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical and life insurance.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and the Group for the nine-month period ended 31st December, 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property development and investment, and financial assets and other investments. There have been no significant changes in these activities during the period.

The turnover and contribution to trading results by each principal activity are set out in note 4 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the nine-month period ended 31st December, 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 42 to 122.

DIVIDENDS

No interim dividend was paid to holders of ordinary shares during the nine-month period ended 31st December, 2013.

The Directors have resolved not to recommend the payment of a final dividend for the nine-month period ended 31st December, 2013 (the year ended 31st March, 2013 – Nil).

ANNUAL GENERAL MEETING

The 2014 Annual General Meeting of the Company will be convened to be held on Tuesday, 3rd June, 2014. Relevant notice of the Meeting will be contained in the circular of the Company relating to the re-election of Directors and the general mandates to issue and repurchase ordinary shares (the "Circular") to be sent to the shareholders, together with the 2013 Annual Report.

CLOSURE OF REGISTER

The Register of Members of the Company will be closed from Thursday, 29th May, 2014 to Tuesday, 3rd June, 2014, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2014 Annual General Meeting and no transfers of shares will be effected during such period. In order to be entitled to attend and vote at the 2014 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 28th May, 2014.

DIRECTORS

The Directors of the Company are:

Mr. Lo Yuk Sui
Mr. Jimmy Lo Chun To
Miss Lo Po Man
Mr. Kenneth Wong Po Man
Mr. Kelvin Leung So Po
Mr. Daniel Bong Shu Yin
Mr. Cheng Sui Sang
Mr. Kenneth Ng Kwai Kai
Mr. Francis Bong Shu Ying
Ms. Judy Chen Qing
Ms. Alice Kan Lai Kuen
Mr. Lee Choy Sang
Mr. David Li Ka Fai
Hon Abraham Shek Lai Him, GBS, JP

During the reporting period, Ms. Ka Kit resigned as an Independent Non-Executive Director of the Company with effect from 18th December, 2013. Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Miss Lo Po Man were appointed as Executive Directors of the Company and Ms. Judy Chen Qing, Ms. Alice Kan Lai Kuen and Hon Abraham Shek Lai Him, GBS, JP were appointed as Independent Non-Executive Directors of the Company, all with effect from 18th December, 2013. Mr. Kelvin Leung So Po, Mr. Kenneth Ng Kwai Kai and Mr. Kenneth Wong Po Man, previously Non-Executive Directors, were all re-designated as Executive Directors of the Company with effect from 18th December, 2013.

In accordance with Article 116 of the Articles of Association of the Company, Mr. Daniel Bong Shu Yin and Mr. Cheng Sui Sang, both Executive Directors, and Mr. Francis Bong Shu Ying, a Non-Executive Director, will retire from office by rotation at the 2014 Annual General Meeting.

In accordance with Article 99 of the Articles of Association of the Company, Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Miss Lo Po Man, Executive Directors of the Company, and Ms. Judy Chen Qing, Ms. Alice Kan Lai Kuen and Hon Abraham Shek Lai Him, GBS, JP, Independent Non-Executive Directors of the Company, were all appointed subsequent to the last annual general meeting of the Company held on 29th August, 2013, and shall hold office until the 2014 Annual General Meeting.

Except for Mr. Cheng Sui Sang, all the above retiring Directors, being eligible, have offered themselves for re-election at the 2014 Annual General Meeting. Mr. Cheng Sui Sang will not offer himself for re-election at the 2014 Annual General Meeting due to his other business commitment. Details of the retiring Directors who will seek re-election, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), will be set out in the Circular.

The Company has received from each of the five incumbent Independent Non-Executive Directors an annual confirmation of independence as required under Rule 3.13 of the Listing Rules. The Company considers that all of these Independent Non-Executive Directors are independent.

DIRECTORS' INTERESTS IN CONTRACTS

Save as otherwise disclosed, none of the Directors had any beneficial interests, whether direct or indirect, in any significant contract to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries, was a party at the end of the reporting period or at any time during the period.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries during the period.

At no time during the reporting period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the share option scheme of the Company named as "The Cosmopolitan International Holdings Limited Share Option Scheme" (the "Share Option Scheme").

There were no options granted or exercised under the Share Option Scheme during the period. Pursuant to the terms of the Share Option Scheme, the Share Option Scheme was valid and effective for a period of ten years from the date of adoption of 20th August, 2003 (the "Scheme Period"), after which no further options could be granted under the Share Option Scheme. No option had been granted during the Scheme Period.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2013, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

				Number of shares held			
	The Company/ Name of Associated Corporation	**Name of Director**	**Class of shares held**	**Personal interests**	**Corporate interests**	**Family/Other interests**	**Total (Approximate percentage of the issued shares as at 31st December, 2013)**
1.	**The Company**	Mr. Lo Yuk Sui	Ordinary (issued)	–	14,845,167,190 (Note e)	–	14,845,167,190 (67.51%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	7,500,000	–	–	7,500,000 (0.03%)
		Miss Lo Po Man	Ordinary (issued)	4,600,000	–	–	4,600,000 (0.02%)

	The Company/ Name of Associated Corporation	Name of Director	Class of shares held	Number of shares held: Personal interests	Corporate interests	Family/Other interests	Total (Approximate percentage of the issued shares as at 31st December, 2013)
2.	CCIHL	Mr. Lo Yuk Sui	Ordinary (issued)	100,587,396	1,769,164,691 (Note a)	380,683	1,870,132,770 (58.25%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	–	–	251,735 (0.008%)
		Miss Lo Po Man	Ordinary (issued)	112,298	–	–	112,298 (0.003%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	–	–	4,000 (0.000%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)
3.	PHL	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,354,803 (Note b)	15,000	830,447,817 (74.48%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	–	–	2,274,600 (0.20%)
		Miss Lo Po Man	Ordinary (issued)	1,116,000	–	–	1,116,000 (0.10%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	–	–	176,200 (0.02%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	390,185	–	–	390,185 (0.03%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	6,200	–	–	6,200 (0.001%)

	The Company/ Name of Associated Corporation	Name of Director	Class of shares held	Number of shares held: Personal interests	Corporate interests	Family/Other interests	Total (Approximate percentage of the issued shares as at 31st December, 2013)
4.	RHIHL	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	557,023,261 (Note c)	260,700	557,308,161 (58.24%)
		Miss Lo Po Man	Ordinary (issued)	300,000	–	269,169 (Note d)	569,169 (0.06%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	200	–	–	200 (0.000%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)
5.	Regal REIT	Mr. Lo Yuk Sui	Units (issued)	–	2,443,033,102 (Note f)	–	2,443,033,102 (75.00%)

Notes:

(a) The interests in 1,769,164,691 issued ordinary shares of CCIHL were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo") and a company, namely Master City Limited, 99.9% owned by Mr. Lo.

(b) The interests in 693,618,547 issued ordinary shares of PHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 58.24% shareholding interests.

The interests in 16,271,685 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

(c) The interests in 421,400 issued ordinary shares of RHIHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 58.24% shareholding interests, and the interests in the other 556,601,861 issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which CCIHL held 62.21% shareholding interests.

(d) The interests in 269,169 issued ordinary shares of RHIHL were held by Miss Lo Po Man as the beneficiary of a trust.

(e) The interests in 14,845,167,190 issued ordinary shares of the Company were held through wholly owned subsidiaries of P&R Holdings Limited ("P&R Holdings"), which is owned as to 50% each by PHL and RHIHL. PHL, in which CCIHL held approximately 62.21% shareholding interests, held approximately 58.16% shareholding interests in RHIHL. Mr. Lo held approximately 58.24% shareholding interests in CCIHL.

(f) The interests in 10,219,000 issued units of Regal REIT were held through a wholly owned subsidiary of the Company. The interests in 2,429,394,739 issued units of Regal REIT were held through wholly owned subsidiaries of RHIHL. The interests in 732,363 issued units of Regal REIT were held through wholly owned subsidiaries of PHL. The interests in 2,687,000 issued units of Regal REIT were held through wholly owned subsidiaries of CCIHL. The Company were held as to approximately 67.51% shareholding interests by P&R Holdings, which is owned as to 50% each by PHL and RHIHL. PHL, in which CCIHL held approximately 62.21% shareholding interests, held approximately 58.16% shareholding interests in RHIHL. Mr. Lo held approximately 58.24% shareholding interests in CCIHL.

Save as disclosed herein, as at 31st December, 2013, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

During the period, no right has been granted to, or exercised by, the following persons to subscribe for shares in or debentures of the Company under the Share Option Scheme, and there were no options granted to and held by such persons under the Share Option Scheme:

(i) any Director, chief executive or substantial shareholders of the Company, or their respective associates;

(ii) any participant under the Share Option Scheme with options granted in excess of the individual limit;

(iii) any employee working under employment contract that is regarded as "continuous contract" for the purpose of the Employment Ordinance;

(iv) any supplier of goods or services; and

(v) any other participants under the Share Option Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2013, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares held	Total number of ordinary shares (issued and underlying) held	Approximate percentage of issued ordinary shares as at 31st December, 2013
CCIHL (Note i)	14,845,167,190	—	14,845,167,190	67.51%
Century City BVI Holdings Limited ("CCBVI") (Note ii)	14,845,167,190	—	14,845,167,190	67.51%
PHL (Note iii)	14,845,167,190	—	14,845,167,190	67.51%
Paliburg Development BVI Holdings Limited (Note iv)	14,845,167,190	—	14,845,167,190	67.51%
Capital Merit Investments Limited (Note iv)	14,845,167,190	—	14,845,167,190	67.51%
RHIHL (Note v)	14,845,167,190	—	14,845,167,190	67.51%
Regal International (BVI) Holdings Limited (Note vi)	14,845,167,190	—	14,845,167,190	67.51%
Regal Hotels Investments Limited (Note vi)	14,845,167,190	—	14,845,167,190	67.51%
P&R Holdings (Note vii)	14,845,167,190	—	14,845,167,190	67.51%
Valuegood International Limited (Note viii)	3,536,250,000	—	3,536,250,000	16.08%
Lendas Investments Limited	2,941,076,090	—	2,941,076,090	13.38%
Jumbo Pearl Investments Limited (Note viii)	1,666,666,666	—	1,666,666,666	7.58%
Sun Joyous Investments Limited (Note viii)	1,666,666,666	—	1,666,666,666	7.58%
Time Crest Investments Limited (Note viii)	1,666,666,666	—	1,666,666,666	7.58%
Well Mount Investments Limited (Note viii)	1,666,666,666	—	1,666,666,666	7.58%
Space Capital Investments Limited (Note ix)	2,112,500,000	—	2,112,500,000	9.61%
Giant Sino Group Limited (Note ix)	2,112,500,000	—	2,112,500,000	9.61%
Culture Landmark Investment Limited (Note x)	1,446,064,745	—	1,446,064,745	6.58%
New Asia Media Development Limited (Note x)	1,446,064,745	—	1,446,064,745	6.58%

Notes:

(i) The interests in the ordinary shares of the Company held by CCIHL were included in the corporate interests of Mr. Lo Yuk Sui in the ordinary shares of the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.

(ii) CCBVI is a wholly owned subsidiary of CCIHL and its interests in the ordinary shares of the Company were included in the interests held by CCIHL.

(iii) PHL is a listed subsidiary of CCIHL, which held 62.21% shareholding interests in PHL, and PHL's interests in the ordinary shares of the Company were included in the interests held by CCIHL.

(iv) These companies are wholly owned subsidiaries of PHL and their interests in the ordinary shares of the Company were included in the interests held by PHL.

(v) RHIHL is a listed subsidiary of PHL, which held 58.16% shareholding interests in RHIHL, and RHIHL's interests in the ordinary shares of the Company were included in the interests held by PHL.

(vi) These companies are wholly owned subsidiaries of RHIHL and their interests in the ordinary shares of the Company were included in the interests held by RHIHL.

(vii) P&R Holdings is owned as to 50% each by PHL and RHIHL, through their respective wholly owned subsidiaries, and P&R Holdings' interests in the ordinary shares of the Company were included in the interests held by PHL and RHIHL.

(viii) These companies are wholly owned subsidiaries of P&R Holdings and their interests in the ordinary shares of the Company were included in the interests held by P&R Holdings.

(ix) Giant Sino Group Limited is a wholly owned subsidiary of Space Capital Investments Limited, which in turn is owned as to 28% by Mr. Daniel Bong Shu Yin (an Executive Director of the Company).

(x) New Asia Media Development Limited is a wholly owned subsidiary of Culture Landmark Investment Limited, a company listed on the Stock Exchange.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 31st December, 2013, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

(1) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss Lo Po Man, Mr. Kelvin Leung So Po and Mr. Kenneth Ng Kwai Kai are directors of CCIHL and CCBVI.

(2) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss Lo Po Man, Mr. Kenneth Wong Po Man and Mr. Kenneth Ng Kwai Kai are directors of PHL, the wholly owned subsidiaries of PHL which are substantial shareholders as named above, P&R Holdings and the wholly owned subsidiaries of P&R Holdings which are substantial shareholders as named above.

(3) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss Lo Po Man, Ms. Alice Kan Lai Kuen and Mr. Kenneth Ng Kwai Kai are directors of RHIHL.

(4) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss Lo Po Man and Mr. Kenneth Ng Kwai Kai are directors of the wholly owned subsidiaries of RHIHL which are substantial shareholders as named above.

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the interim report of the Company for the six months ended 30th September, 2013 is set out below:

Name of Director	**Details of changes**
Executive Directors:	
Mr. Lo Suk Sui *(Note (i))*	• Entitled to an allocated monthly salary, based on services rendered to the Group, in an amount of HK$68,800 commencing from January 2014 (Notes (ii) & (iv)).
Mr. Jimmy Lo Chun To *(Note (i))*	• Entitled to an allocated monthly salary, based on services rendered to the Group, in an amount of HK$36,000 commencing from January 2014 (Note (ii)).
Miss Lo Po Man *(Note (i))*	• Entitled to an allocated monthly salary, based on services rendered to the Group, in an amount of HK$27,000 commencing from January 2014 (Note (ii)).
Mr. Kenneth Wong Po Man *(Note (i))*	• Entitled to an allocated monthly salary, based on services rendered to the Group, in an amount of HK$30,000 commencing from January 2014 (Note (ii)).
Mr. Kelvin Leung So Po *(Note (i))*	• Entitled to an allocated monthly salary, based on services rendered to the Group, in an amount of HK$27,000 commencing from January 2014 (Note (ii)).
Mr. Daniel Bong Shu Yin	• Entitled to a monthly salary, based on services rendered to the Group, in an amount of HK$191,300 commencing from January 2014 (Notes (ii) & (iv)).
Mr. Cheng Sui Sang	• Entitled to a monthly salary, based on services rendered to the Group, in an amount of HK$73,500 commencing from January 2014 (Note (ii)). • Appointed as an independent non-executive director and the chairman of the audit committee of Hsin Chong Construction Group Ltd., a company listed on the Stock Exchange, with effect from 1st January, 2014.
Mr. Kenneth Ng Kwai Kai *(Note (i))*	• Entitled to an allocated monthly salary, based on services rendered to the Group, in an amount of HK$31,700 commencing from January 2014 (Note (ii)).
Non-Executive Director:	
Mr. Francis Bong Shu Ying	• Entitled to normal Director's fee in an amount of HK$100,000 per annum commencing from 18th December, 2013 (Note (iii)). • Retired as a director of AECOM Technology Corporation, a company listed on the New York Stock Exchange on 6th March, 2014.

Independent Non-Executive Directors:

Mr. Lee Choy Sang	• Entitled to normal Director's fee in an amount of HK$100,000 per annum commencing from 18th December, 2013 (Notes (iii) and (iv)).
Mr. David Li Ka Fai	• Entitled to normal Director's fee in an amount of HK$100,000 per annum commencing from 18th December, 2013 (Notes (iii) and (iv)).
Hon Abraham Shek Lai Him, GBS, JP *(Note (i))*	• Ceased to act as an independent non-executive director and a member of the audit committee of Titan Petrochemicals Group Limited (Provisional Liquidators appointed), a company listed on the Stock Exchange, with effect from 27th February, 2014.

Notes:

(i) The change in information of these Directors occurred after the announcement of the Company dated 18th December, 2013 relating to, among others, the changes of Directors and officers of the Company on 18th December, 2013, which was made pursuant to Rule 13.51(2) of the Listing Rules.

(ii) Each Executive Director is also entitled to performance based discretionary bonus and other related employee benefits and allowances for the executive role in the Group, and normal Director's fee in the amount of HK$100,000 per annum in acting as a Director of the Company since 18th December, 2013. Details of the remuneration of the Executive Directors for the nine-month period ended 31st December, 2013 are disclosed in note 8 to the financial statements.

(iii) The Independent Non-Executive Directors, who are also the chairman or members of the Audit Committee, are entitled to normal fee of HK$100,000 per annum in acting as the chairman or HK$50,000 per annum in acting as a member of the Audit Committee since 18th December, 2013. Details of the remuneration of all Independent Non-Executive Directors for the nine-month period ended 31st December, 2013 are disclosed in note 8 to the financial statements.

(iv) Mr. Lo Yuk Sui, Mr. Daniel Bong Shu Yin and the Independent Non-Executive Directors, who are also the chairman or members of the Nomination Committee and/or the Remuneration Committee of the Company, are entitled to normal fee of HK$30,000 per annum in acting as the chairman or a member of each of such board committees since 18th December, 2013. Details of the remuneration of all Directors for the nine-month period ended 31st December, 2013 are disclosed in note 8 to the financial statements.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

CONNECTED TRANSACTIONS

Relevant details of the Chengdu Transaction, the Other Chengdu Transaction and the Novation, which constituted connected transactions for the Company under the Listing Rules, are disclosed under the section headed "Material Acquisitions or Disposals of Subsidiaries or Associates" in the preceding "Management Discussion and Analysis".

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of listed securities of the Company during the reporting period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands, being the jurisdiction in which the Company was incorporated, and there is no provision relating to pre-emptive rights stipulated in the Articles of Association of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover during the period under review was substantially derived from trading of financial assets, and most of the trading transactions were conducted on the Stock Exchange through brokers of financial assets, and thus the disclosure of the customers and suppliers information would not be meaningful.

PROPERTY AND EQUIPMENT

The details of movements in the Group's property and equipment during the reporting period are set out in note 14 to the financial statements.

SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

The details of movements in the share capital and share premium account of the Company, together with the reasons therefor, during the reporting period are set out in note 26 to the financial statements.

SHARE OPTIONS

The details of the Share Option Scheme are set out in note 27 to the financial statements.

There were no outstanding options granted over its shares by the Company at the expiry of the life of the Share Option Scheme on 19th August, 2013 and as at 31st December, 2013.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 31 to the financial statements.

A JOINT VENTURE

Particulars of the Group's investment in a joint venture are set out in note 17 to the consolidated financial statements.

RESERVES

The details of movements in the reserves of the Company and the Group during the reporting period are set out in note 28(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31st December, 2013, the Company's reserves available for distribution calculated in accordance with the laws of the Cayman Islands amounted to HK$1,107,348,000.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 39 to the financial statements.

AUDITORS

Ernst & Young retire, and being eligible, offer themselves for re-appointment.

On behalf of the Board
LO YUK SUI
Chairman

Hong Kong
31st March, 2014

Corporate Governance Report

The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report of the Company for the nine-month period ended 31st December, 2013.

The Company is committed to maintaining good corporate governance practices and procedures. Review of existing policies and practices in respect of the management and corporate matters of the Group has been conducted by the Company. Enhancement to the current standards for complying with new requirements, revision of the existing policies and practices and introduction of appropriate new measures have been implemented. Periodic review of the system and controls within the Group will be carried out by the Company to comply with the prevailing standards and requirements of good corporate governance.

(I) CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code Provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the period, except that:

(1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group's corporate operating structure.

(2) The Non-Executive Director and Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Articles of Association of the Company, all Directors (including the Non-Executive Director and Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

(II) BOARD OF DIRECTORS

After the Board was re-constituted on 18th December, 2013, the Board currently comprises the following members:

Executive Directors

Mr. Lo Yuk Sui *(Chairman and Chief Executive Officer)*
Mr. Jimmy Lo Chun To *(Vice Chairman and Managing Director)*
Miss Lo Po Man *(Vice Chairman)*
Mr. Kenneth Wong Po Man *(Chief Operating Officer)*
Mr. Kelvin Leung So Po *(Chief Financial Officer)*
Mr. Daniel Bong Shu Yin
Mr. Cheng Sui Sang
Mr. Kenneth Ng Kwai Kai

Non-Executive Director

Mr. Francis Bong Shu Ying

Independent Non-Executive Directors

Ms. Judy Chen Qing
Ms. Alice Kan Lai Kuen
Mr. Lee Choy Sang
Mr. David Li Ka Fai
Hon Abraham Shek Lai Him, GBS, JP

Ms. Ka Kit, who was an Independent Non-Executive Director of the Company, resigned on 18th December, 2013.

The personal and biographical details of the current Directors, including the relationship among them, are disclosed in the preceding section headed "Directors' Profiles" contained in this Annual Report.

During the period, the Company has fully complied with Rules 3.10 and 3.10A of the Listing Rules regarding the number of Independent Non-Executive Directors and the requirement that at least one of these Directors must have appropriate professional qualifications.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-Executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

The Board conducts regular meetings to discuss and decide on major corporate, strategic, business and operational issues. Appropriate and sufficient information is provided to Board members in a timely manner in order to enable them to discharging their duties.

All material policies and decisions remain within the authority of the Board as a whole. The Board only delegates authorities to management to an extent that would not significantly hinder or reduce the ability of the Board to discharge its proper functions as a whole. The functions of the Board and those delegated to management of the Company are properly distinguished and clarified. Review of the formalised arrangements will be carried out on a periodic basis to ensure that they remain appropriate to the needs of the Company. The Board is also responsible for developing, reviewing and/or monitoring the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

During the period, the attendance rates of individual Board members of the Company were as follows:

Name of Directors	**Attendance**	
	Board Meetings	*General Meetings*
Executive Directors		
Mr. Lo Yuk Sui *(Chairman and Chief Executive Officer)**	1/1	0/0
Mr. Jimmy Lo Chun To *(Vice Chairman and Managing Director)**	1/1	0/0
Miss Lo Po Man *(Vice Chairman)**	1/1	0/0
Mr. Kenneth Wong Po Man *(Chief Operating Officer)***	10/10	2/2
Mr. Kelvin Leung So Po *(Chief Financial Officer)***	10/10	2/2
Mr. Daniel Bong Shu Yin	9/10	2/2
Mr. Cheng Sui Sang	10/10	2/2
Mr. Kenneth Ng Kwai Kai**	10/10	2/2
Non-Executive Director		
Mr. Francis Bong Shu Ying	7/10	2/2
Independent Non-Executive Directors		
Ms. Judy Chen Qing*	1/1	0/0
Ms. Alice Kan Lai Kuen*	1/1	0/0
Mr. Lee Choy Sang	9/10	2/2
Mr. David Li Ka Fai	10/10	2/2
Hon Abraham Shek Lai Him, GBS, JP*	1/1	0/0
Ms. Ka Kit#	6/10	2/2

* (appointed on 18th December, 2013)
** (re-designated on 18th December, 2013)
\# (resigned on 18th December, 2013)

The Chairman or an Executive Director so delegated is responsible for providing every newly appointed Director with an induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the operations and business of the Group. With respect to compliance matters, the Company Secretary is responsible for providing any new Director with information and materials relating to his/her responsibilities under applicable statutory and regulatory requirements. Subsequent updating about the latest changes and development of such requirements will be sent to the Directors by the Company Secretary. In addition, the Directors have participated in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. During the period, the Company arranged for Directors a seminar in relation to updates to the new Companies Ordinance of Hong Kong (Cap.622) and the various updates of the Listing Rules. The training received by the Directors during the period is summarised below:

Name of Directors	**Types of training**
Executive Directors	
Mr. Lo Yuk Sui *(Chairman and Chief Executive Officer)*	A, B
Mr. Jimmy Lo *(Vice Chairman and Managing Director)*	A, B
Miss Lo Po Man *(Vice Chairman)*	A, B
Mr. Kenneth Wong Po Man *(Chief Operating Officer)*	A, B
Mr. Kelvin Leung So Po *(Chief Financial Officer)*	A, B
Mr. Daniel Bong Shu Yin	B
Mr. Cheng Sui Sang	A, B
Mr. Kenneth Ng Kwai Kai	A, B
Non-Executive Director	
Mr. Francis Bong Shu Ying	A, B
Independent Non-Executive Directors	
Ms. Judy Chen Qing	B
Ms. Alice Kan Lai Kuen	A, B
Mr. Lee Choy Sang	A, B
Mr. David Li Ka Fai	A, B
Hon Abraham Shek Lai Him, GBS, JP	A, B

A - Attending briefings/seminars/conferences/forums
B - Reading/studying training or other materials

(III) BOARD COMMITTEES

There are three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, established by the Board for overseeing certain functions delegated by the Board.

(a) Audit Committee

The Audit Committee was established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

Before the change in composition of the Audit Committee in conjunction with the re-constitution of the Board on 18th December, 2013, the Audit Committee then comprised the following members:

Independent Non-Executive Directors

Mr. David Li Ka Fai *(Chairman of the Committee)*
Mr. Lee Choy Sang *(Member)*
Ms. Ka Kit *(Member)*

During the period from 1st April, 2013 to 17th December, 2013, the then Audit Committee had reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the final financial statements for the year ended 31st March, 2013 and the interim financial statements for the six months ended 30th September, 2013.

During the period from 1st April, 2013 to 17th December, 2013, the then Audit Committee met twice and the meetings were attended by the external Auditors of the Company. The attendance rates of individual Audit Committee members of the Company were as follows:

Name of Audit Committee members	**Attendance**
Mr. David Li Ka Fai *(Chairman of the Committee)*	2/2
Mr. Lee Choy Sang	2/2
Ms. Ka Kit (subsequently resigned on 18th December, 2013)	0/2

After the change in composition of the Audit Committee on 18th December, 2013, the Audit Committee currently comprises the following members, all being Independent Non-Executive Directors of the Company:

Mr. David Li Ka Fai *(Chairman of the Committee)*
Ms. Chen Qing *(new Member)*
Ms. Alice Kan Lai Kuen *(new Member)*
Mr. Lee Choy Sang *(Member)*
Hon Abraham Shek Lai Him, GBS, JP *(new Member)*

The Audit Committee, with new composition of members, did not hold any meeting during the period from 18th December, 2013 to 31st December, 2013.

As both the current Board and Audit Committee have recommended to re-appoint the current external Auditors, Messrs. Ernst & Young, who was appointed on 21st January, 2014 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited on the said same date until the conclusion of the next annual general meeting of the Company, no circumstances exist as would require an explanation from the Audit Committee as to why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external Auditors.

(b) Remuneration Committee

The Remuneration Committee was established with specific written terms of reference that deal with its authority and duties. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange. The principal responsibilities of the Remuneration Committee are to review the remuneration of individual Directors and senior management and to make recommendations to the Board on the policy and structure for the determination of the remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy of the Company on such matters.

Before the change in composition of the Remuneration Committee in conjunction with the re-constitution of the Board on 18th December, 2013, the Remuneration Committee then comprised the following members:

Independent Non-Executive Directors

Mr. Lee Choy Sang *(Chairman of the Committee)*
Mr. David Li Ka Fai *(Member)*

Executive Director

Mr. Daniel Bong Shu Yin *(Member)*

The then Remuneration Committee had not met during the period from 1st April, 2013 to 17th December, 2013.

After the change in composition of the Remuneration Committee on 18th December, 2013, the Remuneration Committee currently comprises the following members:

Executive Director

Mr. Lo Yuk Sui *(new Member)*

Independent Non-Executive Directors

Ms. Alice Kan Lai Kuen *(new Chairman of the Committee)*
Mr. Daniel Bong Shu Yin *(Member)*
Mr. Lee Choy Sang *(Member)*
Mr. David Li Ka Fai *(Member)*

Mr. Kenneth Ng Kwai Kai, an Executive Director of the Company, has acted as the Secretary of the Committee.

The Remuneration Committee, with new composition of members, did not hold any meeting during the period from 18th December, 2013 to 31st December, 2013.

The remuneration of the senior management (comprising Executive Directors) of the Company for the nine-month period ended 31st December, 2013 by band is set out below:

Remuneration band	Number of individuals
HK$500,001 – 1,000,000	1
HK$1,500,001 – 2,000,000	1

Further details of the Executive Directors' remuneration for the nine-month period ended 31st December, 2013 are disclosed in note 8 to the financial statements contained in this Annual Report.

(c) Nomination Committee

The Nomination Committee was established with specific written terms of reference by the Board for the purpose of making recommendations to the Board in relation to the nomination and appointment of Directors, with a view to ensuring fairness and transparency in the nomination and selection procedures. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

Before the change in composition of the Nomination Committee in conjunction with the re-constitution of the Board on 18th December, 2013, the Nomination Committee then comprised the following members:

Executive Director

Mr. Daniel Bong Shu Yin *(Chairman of the Committee)*

Independent Non-Executive Directors

Mr. David Li Ka Fai *(Member)*
Mr. Lee Choy Sang *(Member)*

The Company views diversity at the Board level essential for attaining the Group's strategic and business objectives as well as ensuring its sustainable development. A Board Diversity Policy has been adopted to set out policy for designing the composition of the Board with diversity in Board members having balanced skills and expertise. The diversity of the Board members should be assessed on a diversity of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional knowledge, industry experience, skills and other individual qualities. The Nomination Committee will discuss and review annually the structure, size and composition of the Board and agree on measurable objectives for achieving diversity on the Board and make relevant recommendation to the Board for adoption.

On 18th December, 2013, the then Nomination Committee met to review and consider the proposed appointments of Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Miss Lo Po Man as new Executive Directors and Ms. Judy Chen Qing, Ms. Alice Kan Lai Kuen and Hon Abraham Shek Lai Him, GBS, JP as new Independent Non-Executive Directors, and the proposed re-designation of Mr. Kelvin Leung So Po, Mr. Kenneth Ng Kwai Kai and Mr. Kenneth Wong Po Man, then all being Non-Executive Directors, as Executive Directors, as well as the designation of offices of certain of the proposed new/re-designated Executive Directors. In reviewing and assessing the Board composition, the Nomination Committee had considered the various aspects set out in the Board Diversity Policy. It had also reviewed and assessed the independence of the Independent Non-Executive Directors. The Nomination Committee made related recommendation to the Board about the appointments, designations/redesignations of members of the Board, having due regard for the benefits of diversity in Board members. The attendance rates of individual members of the Nomination Committee were as follows:

Name of Nomination Committee members	**Attendance**
Mr. Daniel Bong Shu Yin *(Chairman of the Committee)*	0/1
Mr. David Li Ka Fai	1/1
Mr. Lee Choy Sang	1/1

After the change in composition of the Nomination Committee on 18th December, 2013, the Nomination Committee currently comprises the following members:

Executive Director

Mr. Lo Yuk Sui *(new Chairman of the Committee)*

Independent Non-Executive Directors

Mr. Daniel Bong Shu Yin *(Member)*
Ms. Alice Kan Lai Kuen *(new Member)*
Mr. Lee Choy Sang *(Member)*
Mr. David Li Ka Fai *(Member)*
Hon Abraham Shek Lai Him, GBS, JP *(new Member)*

The Nomination Committee, with new composition of members, did not hold any meeting during the period from 18th December, 2013 to 31st December, 2013.

(IV) DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the financial statements of the Group, which give a true and fair view of the state of affairs of the Group, and ensuring that appropriate accounting policies are selected and applied consistently and that the financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standards. The Directors will also ensure that the financial statements are published in a timely manner. As a manpower policy of the Group, which is subject to regular review by the Directors and senior management, adequate resources have been allocated to the accounting and financial reporting function with staff members possessing appropriate qualifications and experience engaged in the discharge of the relevant functions. The relevant staff members attend seminars and workshops organised by the professional accounting bodies on a regular basis, and a reasonable budget has been allocated for continuous professional development purposes.

The statement by the external Auditors, Messrs. Ernst & Young, about their reporting responsibilities is set out in the Independent Auditors' Report contained in this Annual Report.

The financial statements are prepared on a going concern basis. The Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(V) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct governing the securities transactions by the Directors of the Company.

Following specific enquiry by the Company, the Directors have confirmed that they have complied with the Model Code during the nine-month period ended 31st December, 2013.

(VI) INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the system of internal controls of the Group during the reporting period, including financial, operational and compliance controls and risk management functions with a view to safeguarding the shareholders' investment and the Company's assets.

The Board acknowledges that it is responsible for the Company's system of internal control and for reviewing its effectiveness. Accordingly, while periodic committee meetings are held with the delegated Executive Directors and senior management staff members, clear instructions have been provided to management of the Company that any material issues relating to the internal control system, particularly any incidence of significant control failings or weaknesses that has had, or might have, a material impact on the business of the Group is to be reported to the Board and the Audit Committee of the Company on a timely basis.

(VII) AUDITORS' REMUNERATION

During the nine-month period ended 31st December, 2013, the fees paid by the Group to the previous external auditors, SHINEWING (HK) CPA Limited, in respect of non-audit services provided by them amounted to approximately HK$539,000, respectively. The non-audit services included interim review, taxation and other services. There was no audit service provided for the period.

The fees paid/payable by the Group to the current external auditors, Messrs. Ernst & Young, in respect of audit and non-audit services provided by them amounted to approximately HK$1,000,000 and HK$1,043,000, respectively. The non-audit services included compliance and other services.

(VIII) SHAREHOLDERS' RIGHT

Extraordinary general meetings may be convened upon receipt of written request submitted by two members of the Company. Such written requisition must state the purposes of the meeting, and be signed by the requisitionists and deposited at the Head Office of the Company at Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong (for the attention of the Company Secretary). If the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company.

Shareholders may also send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company at the abovementioned address (for the attention of the Company Secretary).

During the nine-month period ended 31st December, 2013, the Company has not made any changes to its Articles of Association. A consolidated version of the Memorandum and Articles of Association of the Company is available on the website of the Company.

Consolidated Statement of Profit or Loss

For the nine-month period ended 31st December, 2013

	Notes	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
REVENUE	5	**12,487**	24,091
Cost of sales		**(80)**	(197)
Gross profit		**12,407**	23,894
Other income	5	**3,778**	4,053
Fair value gains on investment properties		**–**	8,000
Fair value losses on financial assets at fair value through profit or loss, net		**(2,559)**	(18,958)
Fair value gain/(loss) on derivative financial instruments		**(3,795)**	107,812
Administrative expenses		**(28,808)**	(19,858)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION		**(18,977)**	104,943
Depreciation		**(407)**	(128)
OPERATING PROFIT/(LOSS)		**(19,384)**	104,815
Finance costs	7	**(86,616)**	(75,684)
Share of profit of a joint venture		**17,338**	23,640
PROFIT/(LOSS) BEFORE TAX	6	**(88,662)**	52,771
Income tax	10	**451**	–
PROFIT/(LOSS) FOR THE PERIOD/YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		**(88,211)**	52,771

	Notes	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
PROFIT/(LOSS) FOR THE PERIOD/YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		**(88,211)**	52,771
Attributable to:			
Equity holders of the parent	11	**(88,211)**	52,813
Non-controlling interests		**–**	(42)
		(88,211)	52,771
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	13		(Restated)
Basic		**HK(0.56) cent**	HK0.45 cent
Diluted		**HK(0.56) cent**	HK0.09 cent

Consolidated Statement of Comprehensive Income

For the nine-month period ended 31st December, 2013

	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
PROFIT/(LOSS) FOR THE PERIOD/YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(88,211)**	52,771
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**17,122**	41
Share of other comprehensive income/(loss) of a joint venture	**(2,232)**	908
Other comprehensive income for the period/year	**14,890**	949
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	**(73,321)**	53,720
Attributable to:		
Equity holders of the parent	**(73,321)**	53,762
Non-controlling interests	**–**	(42)
	(73,321)	53,720

Consolidated Statement of Financial Position

As at 31st December, 2013

	Notes	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)	1st April, 2012 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	14	**3,555**	1,171	355
Investment properties	15	**–**	88,000	80,000
Properties under development	16	**1,308,632**	–	–
Investment in a joint venture	17	**575,591**	559,348	628,531
Goodwill	18	**228,310**	–	–
Prepayments	19	**58,115**	42,823	–
Total non-current assets		**2,174,203**	691,342	708,886
CURRENT ASSETS				
Properties under development	16	**2,204,292**	–	–
Debtors, deposits and prepayments	19	**11,366**	1,927	1,567
Held-to-maturity investments	20	**40,925**	37,140	49,360
Financial assets at fair value through profit or loss	21	**116,045**	107,946	233,369
Tax recoverable		**2,208**	2,208	3,709
Pledged time deposits and bank balances		**1,721**	12,967	–
Time deposits		**141,567**	89,943	45,219
Cash and bank balances		**258,007**	133,894	34,823
Total current assets		**2,776,131**	386,025	368,047
CURRENT LIABILITIES				
Creditors and accruals	22	**(93,764)**	(8,848)	(4,785)
Deposits received		**(6,756)**	(156)	(39)
Interest bearing bank borrowings	23	**(12,212)**	(12,212)	(36,993)
Derivative financial instruments	24	**–**	(21,160)	(128,972)
Convertible bonds	24	**–**	(418,647)	(343,520)
Tax payable		**(837)**	(1,288)	(1,288)
Total current liabilities		**(113,569)**	(462,311)	(515,597)
NET CURRENT ASSETS/(LIABILITIES)		**2,662,562**	(76,286)	(147,550)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,836,765**	615,056	561,336

Consolidated Statement of Financial Position (Cont'd)

As at 31st December, 2013

	Notes	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)	1st April, 2012 HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Other payables	22	**(3,229,411)**	–	–
Deferred tax liabilities	25	**(362,536)**	–	–
Total non-current liabilities		**(3,591,947)**	–	–
Net assets		**1,244,818**	615,056	561,336
EQUITY				
Equity attributable to equity holders of the parent				
Issued capital	26	**4,398**	2,357	2,357
Reserves	28	**1,240,394**	612,673	559,367
		1,244,792	615,030	561,724
Non-controlling interests		**26**	26	(388)
Total equity		**1,244,818**	615,056	561,336

KELVIN LEUNG SO PO
Director

JIMMY LO CHUN TO
Director

Consolidated Statement of Changes in Equity

For the nine-month period ended 31st December, 2013

	Notes	Attributable to equity holders of the parent: Issued capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Exchange equalisation reserve HK$'000	Contributed surplus# HK$'000	Equity component of convertible bonds HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April, 2012													
As previously reported		2,357	202,769	209	1,018	1,257	26,801	24,739	(620)	314,549	573,079	(388)	572,691
Prior year adjustments	40	–	71,048	–	–	–	–	(24,739)	–	(57,664)	(11,355)	–	(11,355)
As restated		2,357	273,817*	209*	1,018*	1,257*	26,801*	–	(620)*	256,885*	561,724	(388)	561,336
Profit for the year (as restated)		–	–	–	–	–	–	–	–	52,813	52,813	(42)	52,771
Other comprehensive income for the year:													
Exchange differences on translating foreign operations		–	–	–	–	41	–	–	–	–	41	–	41
Share of other comprehensive income of a joint venture		–	–	–	–	908	–	–	–	–	908	–	908
Total comprehensive income for the year		–	–	–	–	949	–	–	–	52,813	53,762	(42)	53,720
Deemed acquisition of an additional interest in a subsidiary	31	–	–	–	–	–	–	–	(456)	–	(456)	456	–
At 31st March, 2013		2,357	273,817*	209*	1,018*	2,206*	26,801*	–	(1,076)*	309,698*	615,030	26	615,056

Consolidated Statement of Changes in Equity (Cont'd)

For the nine-month period ended 31st December, 2013

	Notes	Attributable to equity holders of the parent										Non-controlling interests HK$'000	Total equity HK$'000
		Issued capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Exchange equalisation reserve HK$'000	Contributed surplus# HK$'000	Equity component of convertible bonds HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000		
At 1st April, 2013													
As previously reported		2,357	202,769	209	1,018	2,206	26,801	24,739	(1,076)	343,670	602,693	26	602,719
Prior year adjustments	40	-	71,048	-	-	-	-	(24,739)	-	(33,972)	12,337	-	12,337
As restated		2,357	273,817	209	1,018	2,206	26,801	-	(1,076)	309,698	615,030	26	615,056
Loss for the period		-	-	-	-	-	-	-	-	(88,211)	(88,211)	-	(88,211)
Other comprehensive income/(loss) for the period:													
Exchange differences on translating foreign operations		-	-	-	-	17,122	-	-	-	-	17,122	-	17,122
Share of other comprehensive loss a joint venture		-	-	-	-	(2,232)	-	-	-	-	(2,232)	-	(2,232)
Total comprehensive income/(loss) for the period		-	-	-	-	14,890	-	-	-	(88,211)	(73,321)	-	(73,321)
Conversion of convertible bonds	26(a)	2,041	701,042	-	-	-	-	-	-	-	703,083	-	703,083
At 31st December, 2013		4,398	974,859*	209*	1,018*	17,096*	26,801*	-	(1,076)*	221,487*	1,244,792	26	1,244,818

* These reserve accounts comprise the consolidated reserves of HK$1,240,394,000 (31st March, 2013 - HK$612,673,000, as restated; 1st April, 2012 - HK$559,367,000, as restated) in the consolidated statement of financial position.

\# The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group's reorganisation in 1991, net of subsequent distributions therefor. Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

Consolidated Statement of Cash Flows

For the nine-month period ended 31st December, 2013

	Notes	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**(88,662)**	52,771
Adjustments for:			
Finance costs	7	**86,616**	75,684
Share of profit of a joint venture		**(17,338)**	(23,640)
Interest income		**(5,392)**	(4,759)
Loss on disposal of items of property, plant and equipments	6	**37**	–
Depreciation	6	**407**	128
Fair value losses on financial assets at fair value through profit or loss		**2,559**	18,958
Fair value loss/(gain) on derivative financial instruments		**3,795**	(107,812)
Changes in fair value of investment properties		**–**	(8,000)
		(17,978)	3,330
Increase in properties under development		**(28,618)**	–
Increase in debtors, deposits and prepayments		**(19,636)**	(41,960)
Decrease/(Increase) in financial assets at fair value through profit or loss		**(10,658)**	106,465
Increase in creditors and accruals		**525**	4,049
Increase in deposits received		**4,290**	117
Cash generated from/(used in) operations		**(72,075)**	72,001
Hong Kong profits tax refunded		**–**	1,501
Net cash flows from/(used in) operating activities		**(72,075)**	73,502
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	29(a), (b)	**35,129**	–
Purchases of held-to-maturity investments		**(52,067)**	(49,480)
Proceeds from redemption of held-to-maturity investments		**48,282**	61,700
Repayments from/(advances to) a joint venture		**(1,137)**	93,731
Interest received		**4,702**	3,605
Purchases of items of property, plant and equipment		**(1,444)**	(940)
Disposal of subsidiaries	30	**(118)**	–
Decrease/(Increase) in pledged time deposits and bank balances		**11,246**	(12,967)
Net cash flows from investing activities		**44,593**	95,649

Consolidated Statement of Cash Flows (Cont'd)

For the nine-month period ended 31st December, 2013

	Notes	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds		**200,000**	–
New bank loans		**–**	12,212
Repayment of bank loans		**–**	(36,993)
Interest paid		**(121)**	(557)
Net cash flows from/(used in) financing activities		**199,879**	(25,338)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**172,397**	143,813
Cash and cash equivalents at beginning of period/year		**223,837**	80,042
Effect of foreign exchange rate changes, net		**3,340**	(18)
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		**399,574**	223,837
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**258,007**	133,894
Non-pledged time deposits with original maturity of less than three months when acquired		**141,567**	89,943
Cash and cash equivalents as stated in the consolidated statement of cash flows		**399,574**	223,837

At the end of the reporting period, the cash and bank balances of the Group amounting to HK$100,422,000 (31st March, 2013 - HK$2,166,000) were held by certain subsidiaries operating in Mainland China where exchange controls applied.

Statement of Financial Position

As at 31st December, 2013

	Notes	31st December, 2013 HK$'000	31st March, 2013 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	31	**1,109,614**	690,619
CURRENT ASSETS			
Tax recoverable		**2,208**	2,208
Bank balances		**124**	172
Total current assets		**2,332**	2,380
CURRENT LIABILITIES			
Accruals		**(200)**	(491)
Amounts due to subsidiaries	31	**—**	(270,136)
Total current liabilities		**(200)**	(270,627)
NET CURRENT ASSETS/(LIABILITIES)		**2,132**	(268,247)
Net assets		**1,111,746**	422,372
EQUITY			
Issued capital	26	**4,398**	2,357
Reserves	28(b)	**1,107,348**	420,015
Total equity		**1,111,746**	422,372

KELVIN LEUNG SO PO
Director

JIMMY LO CHUN TO
Director

Notes to Financial Statements

31st December, 2013

1. CORPORATE INFORMATION

Cosmopolitan International Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The head office and principal place of business in Hong Kong of the Company is located at Units 801-802, 8th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.

During the period, the Company and its subsidiaries (collectively, the "Group") were principally engaged in property investment and development, and financial assets and other investments. The principal activities of the principal subsidiaries are set out in note 31.

Following the acquisition by P&R Holdings Limited ("P&R Holdings"), a 79.1%-owned subsidiary of Paliburg Holdings Limited ("PHL") (which was incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16th September, 2013, PHL has become the immediate listed parent company of the Group. In the opinion of the Directors, the ultimate holding company of the Group is Century City International Holdings Limited ("CCIHL"), which was incorporated in Bermuda and is listed on the Stock Exchange.

2.1 BASIS OF PREPARATION

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Change of financial year end date

Pursuant to a resolution of the Board of Directors passed on 21st January, 2014, the Company's financial year end date was changed from 31st March to 31st December in order to align with that of the parent companies. Accordingly, the current financial period covers a nine-month period from 1st April, 2013 to 31st December, 2013. The comparative figures cover a twelve-month period from 1st April, 2012 to 31st March, 2013, which may not be comparable with amounts shown for the current period.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the nine-month period ended 31st December, 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current period's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)–Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1st April, 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 had no impact on the Group's results of operations or financial position.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for subsidiaries and joint venture are included in notes 31 and 17 to the financial statements, respectively.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of the financial instruments are included in note 37 to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in the financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1st January, 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 Effective for annual periods beginning on or after 1st January, 2014
2 Effective for annual periods beginning on or after 1st July, 2014
3 No mandatory effective date yet determined but is available for adoption
4 Effective for first annual HKFRS financial statements beginning on or after 1st January, 2016 and not applicable to the Group

Apart from the above, the HKICPA has also issued Annual Improvements to HKFRSs 2010 - 2012 Cycle and Annual Improvements to HKFRSs 2011 - 2013 Cycle which set out a collection of amendments to HKFRSs in response to the International Accounting Standard Board's annual improvement process. Except for the amendment to HKFRS 1, in which no effective date has been specified and, accordingly, is effective upon its issuance in January 2014, these amendments are effective for annual periods beginning on or after 1st July, 20l3, although there are separate transitional provisions for each standard.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1st January, 2014.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Upon the disposal of investments in subsidiaries, any gain or loss arising thereon, including the realisation of the attributable reserves, is included in the statement of profit or loss.

(b) Investment in a joint venture

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

The Group's investment in a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of a joint venture are included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investment in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint venture is included as part of the Group's investment in joint venture.

If an investment in joint venture becomes an investment in associate or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence or the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of joint venture are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a joint venture is treated as non-current assets and is stated at cost less any impairment losses.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with change in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The carrying amount of goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31st December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

(d) Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity and debt investments held for trading at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(e) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than investment properties, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

(f) Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, direct costs of construction, applicable borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

(g) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of 5 years or the remaining lease terms
Furniture, fixtures and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress in reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(h) Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

(i) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised as a separate line item in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other operating expenses.

(j) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

(k) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, derivative instruments or as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

If the conversion option of convertible bonds exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible bonds based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

(m) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

(n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle liabilities simultaneously.

(o) Derivative financial instruments

Initial recognition and subsequent measurement

The Group held certain derivative financial instruments, such as foreign currency option contracts, for trading purpose. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) rental income, on a time proportion basis over the lease terms;

(ii) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;

(iii) dividend income, when the shareholders' right to receive payment has been established; and

(iv) net gain or loss from the sale of investments at fair value through profit or loss, on the transaction dates when the relevant contract notes are exchanged. The net gain or loss represents the differences between the sale proceeds and the investment's carrying amount. Any previously recognised fair value changes are presented separately on the statement of profit or loss.

(q) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The functional currencies of certain overseas subsidiaries and joint venture are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(r) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(s) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

(t) Employee benefits

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7th November, 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per ordinary share.

Staff retirement schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a percentage of their payroll costs to the relevant central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

(u) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(v) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(w) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

(x) Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - Group as lessor
The Group has entered into commercial property leases on its property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) Estimation uncertainty

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, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31st December, 2013 was HK$228,310,000 (31st March, 2013 - Nil). Further details are given in note 18.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell of disposal and its value in use. The calculation of the fair value less costs to sell of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimation of amortised cost of other payables

The Group's long term other payables are non-derivative financial liabilities and are stated at amortised cost. Amortised cost is calculated using the discounted cash flow model based on estimated future cash outflow in repayment of the payable. The determination of the value at the reporting date requires the Group to make assumptions and estimates of the expected future cash flows, including an appropriate discount rate to calculate the present value of those net cash flows.

Measurement of convertible bonds

On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The determination of the liability component requires an estimation of the market interest rate.

For the embedded derivative in convertible bonds, the Group uses its judgement to select an appropriate valuation method and makes assumptions that are mainly based on market conditions existing at the issue date and end of the reporting period. The valuation model requires the input of subjective assumptions, including the stock price, expected volatility and risk free rate. Changes in subjective input assumptions can materially affect the fair value estimate. For the nine-month period ended 31st December, 2013, the fair value loss resulting from change in fair value of the derivative component of the convertible bonds was approximately HK$3,795,000 (year ended 31st March, 2013 - fair value gain of HK107,812,000, as restated).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and

(b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that certain interest income, finance costs, and corporate gains and expenses are excluded from such measurement.

Segment assets exclude time deposits, cash and bank balances, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest bearing bank borrowings, derivative financial instruments, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the nine-month period ended 31st December, 2013 and the year ended 31st March, 2013:

GROUP

	Property development and investment		Financial assets investments		Consolidated	
	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
Segment revenue:						
Sales to external customers	424	756	12,063	23,335	12,487	24,091
Segment results before depreciation	(15,062)	2,728	6,668	114,008	(8,394)	116,736
Depreciation	(376)	(92)	–	–	(376)	(92)
Segment results	(15,438)	2,636	6,668	114,008	(8,770)	116,644
Unallocated interest income and unallocated non-operating and corporate gains					2,769	2,160
Unallocated non-operating and corporate expenses					(13,383)	(13,989)
Operating profit/(loss)					(19,384)	104,815
Finance costs	(27,014)	–	–	–	(27,014)	–
Unallocated finance costs					(59,602)	(75,684)
Share of profit of a joint venture	17,338	23,640	–	–	17,338	23,640
Profit/(Loss) before tax					(88,662)	52,771
Income tax					451	–
Profit/(Loss) for the period/year before allocation between equity holders of the parent and non-controlling interests					(88,211)	52,771
Attributable to:						
Equity holders of the parent					(88,211)	52,813
Non-controlling interests					–	(42)
					(88,211)	52,771

GROUP

	Property development and investment		Financial assets investments		Consolidated	
	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)
Segment assets	3,805,117	132,282	165,194	146,125	3,970,311	278,407
Investment in a joint venture	575,591	559,348	–	–	575,591	559,348
Cash and unallocated assets					404,432	239,612
Total assets					4,950,334	1,077,367
Segment liabilities	(3,328,789)	(5,367)	–	(2,915)	(3,328,789)	(8,282)
Interest bearing bank borrowings and unallocated liabilities					(376,727)	(454,029)
Total liabilities					(3,705,516)	(462,311)
Other segment information:						
Capital expenditure	102,126	43,718	–	–		
Fair value losses on financial assets at fair value through profit or loss, net	–	–	2,559	18,958		
Fair value loss/(gain) on derivative financial instruments	–	–	3,795	(107,812)		
Fair value gains on investment properties	–	(8,000)	–	–		
Interest income	–	–	(1,009)	(1,893)		

Geographical information

(a) Since the Group's revenue is substantially derived from its financial assets at fair value through profit or loss in Hong Kong, no geographical information in respect of revenue from external customers is presented in accordance with HKFRS 8 *Operating Segment*.

(b) Non-current assets

	31st December, 2013 HK$'000	**31st March, 2013 HK$'000** (Restated)
Hong Kong	**45**	88,072
Mainland China	**2,174,158**	603,270
	2,174,203	691,342

The non-current assets information above is based on the locations of assets.

Information about major customers

During the nine-month period ended 31st December, 2013 and year ended 31st March, 2013, no single customer has contributed over 10% of the total revenue of the Group.

5. REVENUE AND OTHER INCOME

Revenue (which is also the Group's turnover) and other income are analysed as follows:

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	**Year ended 31st March, 2013 HK$'000** (Restated)
Revenue		
Rental income from investment properties	**424**	756
Gain from sale/settlement of financial assets at fair value through profit or loss, net	**6,932**	16,962
Dividend income from listed investments	**3,247**	5,307
Interest income from corporate bonds	**1,884**	1,066
	12,487	24,091
Other income		
Interest income from:		
Bank balances	**2,499**	1,800
Held-to-maturity investments	**1,009**	1,893
Others	**270**	360
	3,778	4,053

6 PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is arrived at after charging/(crediting):

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	**Year ended 31st March, 2013 HK$'000** (Restated)
Depreciation	**431**	128
Less: Depreciation capitalised in properties under development	**(24)**	–
	407	128
Employee benefit expenses (inclusive of Directors' remuneration as disclosed in note 8):		
Salaries, wages and benefits	**14,258**	9,367
Staff retirement scheme contributions	**1,122**	264
	15,380	9,631
Less: Staff costs capitalised in respect of property development projects:		
Salaries, wages and benefits	**(6,249)**	(2,174)
Staff retirement scheme contributions	**(408)**	–
	8,723	7,457
Auditors' remuneration	**1,000**	605
Loss on disposal of items of property, plant and equipment	**37**	–
Minimum lease payments under operating leases in respect of land and buildings	**1,684**	1,200
Gross rental income	**(424)**	(756)
Less: Outgoings	**80**	197
Net rental income	**(344)**	(559)
Foreign exchange differences, net	**3,138**	(214)

7. FINANCE COSTS

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
Imputed interest expenses on convertible bonds	**59,481**	75,127
Interest on bank loans wholly repayable within five years	**121**	557
Interest on other payables wholly repayable within five years	**47,511**	–
	107,113	75,684
Less: Finance costs capitalised	**(20,497)**	–
	86,616	75,684

8. DIRECTORS' REMUNERATION

Directors' remuneration for the period/year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000
Fees	**715**	1,002
Other emoluments:		
Salaries and other allowances	**2,384**	3,614
Staff retirement scheme contributions	**22**	30
	3,121	4,646

(a) Non-executive directors and independent non-executive directors

The fees paid to non-executive directors and independent non-executive directors during the period/year were as follows:

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	**Year ended 31st March, 2013 HK$'000**
Non-executive directors:		
Mr. Francis Bong Shu Ying	**77**	108
Mr. Kenneth Ng Kwai Kai*	**77**	108
Mr. Kelvin Leung So Po*	**77**	108
Mr. Kenneth Wong Po Man*	**77**	108
Independent non-executive directors:		
Mr. David Li Ka Fai	**99**	138
Mr. Lee Choy Sang	**77**	108
Ms. Ka Kit**	**77**	108
	561	786

* Mr. Kenneth Ng Kwai Kai, Mr. Kelvin Leung So Po and Mr. Kenneth Wong Po Man were re-designated as executive directors of the Company on 18th December, 2013.

** Ms. Ka Kit resigned as an independent non-executive director of the Company with effect from 18th December, 2013.

There were no other emoluments payable to the non-executive directors and independent non-executive directors during the period (year ended 31st March, 2013 - Nil).

(b) Executive directors

	Fees HK$'000	Salaries and other allowances HK$'000	Staff retirement scheme contributions HK$'000	Total remuneration HK$'000
For the nine-month period ended 31st December, 2013				
Mr. Daniel Bong Shu Yin	**77**	**1,722**	**11**	**1,810**
Mr. Cheng Sui Sang	**77**	**662**	**11**	**750**
	154	**2,384**	**22**	**2,560**
For the year ended 31st March, 2013				
Mr. Daniel Bong Shu Yin	108	2,623	15	2,746
Mr. Cheng Sui Sang	108	991	15	1,114
	216	3,614	30	3,860

There was no arrangement under which a Director waived or agreed to waive any remuneration during the period/year.

Certain other directors, including, Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Miss Lo Po Man, as executive directors of the Company, and Ms. Judy Chen Qing, Ms. Alice Kan Lai Kuen and Hon Abraham Shek Lai Him, GBS, JP, as independent non-executive directors of the Company, were appointed on 18th December, 2013. The fees of the directors and for serving as the chairman or a member of the board committees (comprising the audit committee, the nomination committee and the remuneration committee) of the Company have been revised effective from 18th December, 2013, as follows:

(i) the fee as a director at HK$100,000 per annum;

(ii) the fee as the chairman of the audit committee at HK$100,000 per annum;

(iii) the fee as member of the audit committee at HK$50,000 per annum;

(iv) the fee as of the chairman or a member of the nomination committee at HK$30,000 per annum; and

(v) the fee as the chairman or a member of the remuneration committee at HK$30,000 per annum.

For the nine-month period ended 31st December, 2013, the above directors were entitled to the sum of HK$794,000 (year ended 31st March, 2013 - HK$1,002,000) as directors' fees including a fee from 18th December, 2013 for serving as the directors (HK$54,000 for the nine-month period ended 31st December, 2013), the members of the audit committee (HK$4,000 for the nine-month period ended 31st December, 2013 and HK$8,000 for the nine-month period ended 31st December, 2013 as its chairman and members, respectively), the nomination committee (HK$7,000 for the nine-month period ended 31st December, 2013) and the remuneration committee (HK$6,000 for the nine-month period ended 31st December, 2013) of the Company, where applicable.

9. SENIOR EXECUTIVES' EMOLUMENTS

The five highest paid individuals during the period included two (year ended 31st March, 2013 - two) Directors, details of whose remuneration are disclosed in note 8 to the financial statements. Details of the remuneration for the period of the remaining three (year ended 31st March, 2013 - three) individuals, who were not Directors, were as follows:

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	**Year ended 31st March, 2013 HK$'000**
Salaries and other emoluments	**987**	1,043
Staff retirement scheme contributions	**23**	42
	1,010	1,085

The emoluments of the remaining three (year ended 31st March, 2013 - three) individuals fell within the band of less than HK$1,000,000 (year ended 31st March, 2013 - less than HK$1,000,000).

10. INCOME TAX

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000
Group:		
Current – Hong Kong		
Overprovision in prior years	**451**	–
Total tax credit for the period/year	**451**	–

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the period and the prior year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

A reconciliation of the tax amount applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rate is as follows:

	GROUP	
	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
Profit/(loss) before tax	**(88,662)**	52,771
Tax at the Hong Kong statutory tax rate of 16.5% (year ended 31st March, 2013 - 16.5%)	**(14,629)**	8,707
Adjustment in respect of current tax of previous years	**(451)**	–
Losses attributable to a joint venture	**(2,861)**	(3,901)
Higher tax rates of other jurisdiction	**(1,260)**	(471)
Income not subject to tax	**(3,725)**	(13,445)
Expenses not deductible for tax	**22,086**	11,874
Tax losses utilised from previous years	**(101)**	(2,809)
Tax losses not recognised	**498**	45
Others	**(8)**	–
Tax credit at the Group's effective rate of 0.5% (year ended 31st March, 2013 - Nil)	**(451)**	–

The share of tax attributable to a joint venture amounting to approximately HK$20,316,000 (year ended 31st March, 2013 - Nil) is included in "Share of profit of a joint venture" in the consolidated statement of profit or loss.

11. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the nine-month period ended 31st December, 2013 includes a loss of HK$13,709,000 (year ended 31st March, 2013 - HK$605,000) which has been dealt with in the financial statements of the Company (note 28(b)).

12. DIVIDENDS

No dividend was paid or proposed during the nine-month period ended 31st December, 2013, nor has any dividend been proposed since the end of the reporting period (year ended 31st March, 2013 - Nil).

13. EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

(a) Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share is based on the loss for the nine-month period ended 31st December, 2013 attributable to equity holders of the parent of HK$88,211,000 (year ended 31st March, 2013 - profit of HK$52,813,000, as restated) and on the weighted average of 15,754,993,000 (year ended 31st March, 2013 - 11,785,131,000) ordinary shares of the Company in issue during the nine-month period ended 31st December, 2013.

(b) Diluted earnings per ordinary share

No adjustment has been made to the loss per share amount presented for the period in respect of the convertible bonds that are fully converted during the period as the impact of the convertible bonds had an anti-dilutive effect on the loss per share amount presented.

The calculation of diluted earnings per ordinary share amount for the prior year is based on the profit attributable to ordinary equity holders of the parent, adjusted to reverse fair value gain on the derivative component of the convertible bonds and imputed interest on the convertible bonds, whereas the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the prior year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all outstanding convertible bonds into ordinary shares.

The calculations of diluted earnings ordinary per share for the year ended 31st March, 2013 are based on

	Year ended 31st March, 2013 HK$'000 (Restated)
Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per ordinary share calculation:	52,813
Imputed interest on convertible bonds	75,127
Less: Fair value gain on derivative component of the convertible bonds	(107,812)
	20,128

	Number of shares 31st March, 2013 '000
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per ordinary share calculation	11,785,131
Effect of dilution – weighted average number of ordinary shares:	
– Convertible bonds	6,869,583
– Option to subscribe for convertible bonds	3,333,333
	21,988,047

14. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31st December, 2013					
At 31st March, 2013 and at 1st April, 2013:					
Cost:	51	731	1,044	–	1,826
Accumulated depreciation	(37)	(459)	(159)	–	(655)
Net carrying amount	14	272	885	–	1,171
At 1st April, 2013, net of accumulated depreciation	14	272	885	–	1,171
Acquisition of subsidiaries (note 29)	126	518	527	177	1,348
Additions	338	593	446	67	1,444
Depreciation provided during the period	(122)	(142)	(167)	–	(431)
Disposals	–	(10)	(27)	–	(37)
Exchange realignment	4	17	36	3	60
At 31st December, 2013, net of accumulated depreciation	360	1,248	1,700	247	3,555
At 31st December, 2013:					
Cost	523	1,772	1,785	247	4,327
Accumulated depreciation	(163)	(524)	(85)	–	(772)
Net carrying amount	360	1,248	1,700	247	3,555

	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31st March, 2013					
At 1st April, 2012:					
Cost	51	632	246	–	929
Accumulated depreciation	(27)	(412)	(135)	–	(574)
Net carrying amount	24	220	111	–	355
At 1st April, 2012, net of accumulated depreciation	24	220	111	–	355
Additions	–	143	797	–	940
Depreciation provided during the year	(10)	(94)	(24)	–	(128)
Exchange realignment	–	3	1	–	4
At 31st March, 2013, net of accumulated depreciation	14	272	885	–	1,171
At 31st March, 2013:					
Cost	51	731	1,044	–	1,826
Accumulated depreciation	(37)	(459)	(159)	–	(655)
Net carrying amount	14	272	885	–	1,171

15. INVESTMENT PROPERTIES

	GROUP HK$'000
Carrying amount at 1st April, 2012	80,000
Gain from fair value adjustments	8,000
Carrying amount at 31st March, 2013 and 1st April, 2013	88,000
Disposal of subsidiaries (note 30)	(88,000)
Carrying amount at 31st December, 2013	–

The Group's investment properties are situated in Hong Kong and are held under medium term lease.

The Group's investment properties were revalued on 31st March, 2013 based on valuations performed by Landscope Surveyors Limited, independent professionally qualified valuers, at HK$88,000,000. Each year, the Group's management selects the external valuers to be appointed for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management also has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting. Certain of the investment properties were leased to third parties under operating leases in the prior year, further summary details of which are included in note 34 to the financial statements.

16. PROPERTIES UNDER DEVELOPMENT

	GROUP HK$'000
Acquisition of subsidiaries (note 29)	3,393,828
Additions	105,890
Exchange realignment	13,206
Balance at 31st December, 2013	3,512,924
Portion included in current assets	(2,204,292)
Non-current portion	1,308,632

The Group's properties under development are located in Mainland China.

17. INVESTMENT IN A JOINT VENTURE

	GROUP	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Share of net assets	**561,713**	546,607
Loan to a joint venture	**13,878**	12,741
	575,591	559,348

The loan to the joint venture is unsecured, interest-free and has no fixed terms of repayment. In the opinion of the Directors, this loan is considered as quasi-equity investment in the joint venture.

Particulars of the Group's joint venture as at the end of the reporting period were as follows:

Name	Place of incorporation/ business	Particulars of issued shares held	Percentage of equity interest attributable to the Group		Principal activity
			31st December, 2013	**31st March, 2013**	
Faith Crown Holdings Limited ("Faith Crown")	British Virgin Islands	Ordinary shares of US$1 each	**50**	50	Investment holding

The joint venture is indirectly held by the Company.

Faith Crown is considered a material joint venture of the Group and is accounted for using the equity method.

The following table illustrates the summarised financial information of Faith Crown adjusted for any differences in accounting policies, and reconciled to the carrying amount in the financial statements:

	31st December, 2013 HK$'000	31st March, 2013 HK$'000
Non-current assets	**1,191,914**	920,417
Current assets	**–**	200,000
Current liabilities	**(40,732)**	–
Non-current liabilities	**(27,755)**	(27,202)
Net assets attributable to equity holders of the parent	**1,123,427**	1,093,215
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets of this joint venture	**561,713**	546,607

	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000
Interest income	**76,869**	50,418
Other income	**128**	–
Administrative expenses	**(1,689)**	(3,138)
Income tax	**(40,632)**	–
Profit for the period/year	**34,676**	47,280
Other comprehensive income/(loss)	**(4,464)**	1,816

18. GOODWILL

	GROUP HK$'000
Acquisition of subsidiaries:	
Cost and net carrying amount at 31st December, 2013 (note 29(a))	228,310

No impairment was made on the goodwill as at 31st December, 2013.

Impairment testing of goodwill

Goodwill acquired through business combination has been allocated to the property development cash-generating unit. The recoverable amount of the property development cash-generating unit as at 31st December, 2013 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been prepared to reflect the development plan of the property projects, comprising residential, commercial and hotel buildings. The discount rate applied to the cash flow projections is 22.8%.

Assumptions were used in the value in use calculation of the property development cash-generating unit for 31st December, 2013. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rate - Discount rate used is before tax and represents the current market assessment of the risks specific to the property development cash-generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Construction materials price inflation - The basis used to determine the construction materials price inflation is the forecast price indices during the budget year for Mainland China where the raw materials are sourced.

The values assigned to the key assumptions on property development, discount rates and construction materials price inflation are consistent with external information sources.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	Note	GROUP 31st December, 2013 HK$'000	31st March, 2013 HK$'000
Non-current asset			
Prepayments	(a)	**58,115**	42,823
Current assets			
Prepayments		**443**	70
Deposits		**2,078**	554
Other receivables		**8,845**	1,303
		11,366	1,927

None of the above assets is either past due or impaired. The financial assets included in above balances related to deposits and other receivables for which there was no recent history of default.

Note:

(a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the People's Republic of China (the "PRC"). In previous years, the Group had entered into contracts with the relevant PRC government authorities that upon the agreed completion (and had been certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be either entitled to the land use right of the 30% of the overall project area of such land for development purpose or reimbursed for all the costs incurred in the re-forestation project, in accordance with applicable rules and regulations.

In the prior year, the Group completed the milestones required by the relevant PRC government authorities, and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant rules and regulations. As such, based on the legal opinion obtained, the Directors of the Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with applicable rules and regulations.

20. HELD-TO-MATURITY INVESTMENTS

The amount represents unlisted certificates of deposits with fixed maturity dates. All unlisted certificates of deposits were denominated in RMB with fixed annual interest rates ranging from 2.75% to 3.20% per annum (31st March, 2013 - 2.75% to 3.10% per annum). The Group's held-to-maturity investments of approximately HK$19,184,000 (31st March, 2013 - HK$18,570,000) were pledged to a bank to secure banking facilities provided to the Group (note 23).

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	GROUP	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Hong Kong listed equity investments, at market value	**67,269**	66,875
Hong Kong listed debt investment, at market value	**22,537**	22,824
Overseas listed debt investments, at market value	**18,428**	18,247
Foreign currency option contracts, at fair value	**7,811**	–
	116,045	107,946

The above listed equity investments, listed debt investments and foreign currency option contracts at reporting dates were classified as held for trading.

The Group's financial assets at fair value through profit or loss of approximately HK$16,635,000 (31st March, 2013 - HK$17,228,000) were pledged to a bank to secure bank facilities provided to the Group (note 23).

22. CREDITORS AND ACCRUALS AND OTHER PAYABLES

	GROUP	
	31st December, 2013 HK$'000	31st March, 2013 HK$'000
Current liabilities		
Creditors	**56,845**	8,077
Accruals	**4,780**	771
Due to fellow subsidiaries	**32,139**	–
	93,764	8,848
Non-current liabilities		
Other payables:		
Due to the intermediate holding company	**627,551**	–
Due to a fellow subsidiary	**1,393,207**	–
Due to a joint venture	**1,208,653**	–
	3,229,411	–

Other payables under non-current liabilities are secured by the pledge over the equity interests in the relevant holding companies of the Group's properties under development, bear interest at 5% per annum and are repayable within three years from the end of the reporting period.

The balances due to fellow subsidiaries included in current liabilities are unsecured, interest-free and have no fixed terms of repayment.

23. INTEREST BEARING BANK BORROWING

GROUP	31st December, 2013 Contractual interest rate (%) per annum	Maturity	HK$'000	31st March, 2013 Contractual interest rate (%) per annum	Maturity	HK$'000
Current						
Bank loan – secured	**1.31**	**2014**	**12,212**	1.31	2013	12,212
Analysed into:						
Bank loan repayable within one year or on demand			**12,212**			12,212

The Group's facilities amounting to HK$73,400,000 (31st March, 2013 - HK$73,400,000), of which HK$12,212,000 (31st March, 2013 - HK$12,212,000) has been utilised at the end of the reporting period, are secured by the pledge of certain of the Group's time deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments amounting to HK$37,540,000 (31st March, 2013 - HK$48,765,000) in aggregate.

24. DERIVATIVE FINANCIAL INSTRUMENTS/CONVERTIBLE BONDS

As at 31st December, 2013, the Group had no outstanding (31st March, 2013 - two) convertible bonds ("CBs").

The details of the CBs and the movements during the period/year are set out as follows:

(a) CB 2010

On 17th May, 2007, the Company's wholly-owned subsidiary, Fancy Gold Limited, issued convertible bonds in the principal amount of HK$205,000,000 ("CB 2010") with maturity date on 16th May, 2010.

Conversion rights were exercisable at any time from 16th July, 2007 to 2nd May, 2010.

CB 2010 bore no coupon interest and was unsecured.

The effective interest rate of the liability component has been changed from 11.4% to 5.3% as the maturity of CB 2010 was further extended from 16th May, 2011 to 14th February, 2013 as detailed below.

The holders of CB 2010 were entitled to convert CB 2010 into ordinary shares of the Company at an initial conversion price of HK$0.205 per share (subject to adjustment). The conversion price was adjusted to HK$0.20 per share (subject to adjustment) due to new convertible bonds issued on 25th February, 2009.

If any of CB 2010 had not been converted, it would be redeemed on the original maturity date of 6th May, 2010 at 115.97% of the outstanding principal amount of the CB 2010.

On 30th October, 2007, an aggregate principal amount of HK$61,500,000 of CB 2010 was converted into 300,000,000 ordinary shares at a conversion price of HK$0.205 per share.

(a) CB 2010 *(Continued)*

On 26th April, 2010, the Group entered into a deed of variation with a holder of CB 2010 to extend the maturity date of CB 2010 with a principal amount of HK$141,450,000 from 16th May, 2010 to 16th May, 2011. The conversion price remained at HK$0.20 per share (subject to adjustment) and if any of the CB 2010 has not been converted subsequently, it should be redeemed on the extended maturity date on 16th May, 2011 at 121.84% of outstanding principal amount of the CB 2010. Details were set out in the Company's announcement on 26th April, 2010. Such extension of maturity date of CB 2010 was approved by independent shareholders of the Company on 7th June, 2010.

On 27th April, 2010, an aggregate principal amount of HK$2,050,000 of CB 2010 was converted into 10,250,000 ordinary shares at a conversion price of HK$0.20 per share.

Pursuant to a share subdivision effective on 30th August, 2010 (the "Share Subdivision"), the conversion price of CB 2010 was further adjusted from HK$0.20 per share to HK$0.04 per share.

On 27th April, 2011 and 16th November, 2012, the Group entered into another deed of variation to further extend the maturity date of CB 2010 in the principal amount of HK$141,450,000 from 16th May, 2011 to 14th February, 2013; and from 14th February, 2013 to 30th September, 2013, respectively. All the remaining CB 2010 would be redeemed by the Group at 132.84% of the outstanding principal amount of CB 2010 on 14th February, 2013 and at 137.03% on 30th September, 2013. Details were set out in the Company's announcement on 27th April, 2011 and 16th November, 2012, respectively. Such extensions of CB 2010 were approved by independent shareholders of the Company on 9th June, 2011 and 11th January, 2013, respectively.

The Directors considered that the deeds of variation entered into by the Group on 26th April, 2010, 27th April, 2011 and 16th November, 2012, respectively, resulted in change of the terms of CB 2010 but not substantial modifications.

During the current period, on 16th September, 2013, CB 2010 with an aggregate principal amount of HK$141,450,000 was fully converted into 3,536,250,000 new ordinary shares at a conversion price of HK$0.04 per share. As at 31st December, 2013, there was no outstanding principal amount of CB 2010.

(b) CB 2013

On 15th February, 2008, the Company's wholly-owned subsidiary, Apex Team Limited, issued convertible bonds with the principal amount of HK$200,000,000 ("CB 2013") with maturity date on 14th February, 2013.

CB 2013 bore no coupon interest and was unsecured.

The effective interest rate of the liability component was 12.19%.

Conversion rights were exercisable at any time from 29th February, 2008 to 31st January, 2013.

The holders of CB 2013 were entitled to convert CB 2013 into ordinary shares of the Company at an initial conversion price of HK$0.60 per share (subject to adjustment). The conversion price was adjusted to HK$0.30 per share (subject to adjustment) due to the new convertible bonds issued on 25th February, 2009.

If any of CB 2013 had not been converted, it would be redeemed on the maturity date at 128.01% of the outstanding principal amount of CB 2013.

Options were granted by the Group to subscribe for another convertible bonds in an additional principal amount of up to HK$200,000,000 ("Optional Bonds") with expiry date of 16th November, 2012.

The CB 2013 contained three components: liability component, derivative instruments and embedded derivative financial liabilities in respect of the subscription option for Optional Bonds.

Pursuant to the Share Subdivision effective on 30th August, 2010, the conversion price of CB 2013 was further adjusted from HK$0.30 per share to HK$0.06 per share.

On 16th November, 2012, the Group entered into a deed of variation to extend the maturity date of CB 2013 in the aggregate principal amount of HK$200,000,000 from 14th February, 2013 to 30th September, 2013. All the remaining CB 2013 would be redeemed by the Group at 132.05% of the outstanding principal amount of CB 2013 on 30th September, 2013. Details were set out in the Company's announcement on 16th November, 2012. Such extension of maturity date of CB 2013 was approved by independent shareholders of the Company on 11th January, 2013.

On 16th November, 2012, the Group also entered into extension agreements to extend the expiry date of the options from 16th November, 2012 to 2nd July, 2013 and the maturity date of the Optional Bonds from 14th February, 2013 to 30th September, 2013. Details were set out in the Company's announcement on 16th November, 2012. Such extension of expiry date of the options and the maturity date of the Optional Bonds were approved by the independent shareholders of the Company on 11th January, 2013.

The Directors considered that the deed of variation and the extension agreements entered into by the Group on 16th November, 2012 resulted in change of the terms of CB 2013 and Optional Bonds but not substantial modifications.

During the current period, on 2nd July, 2013, the Optional Bonds with the principal amount of HK$200,000,000 were subscribed by the holders of CB 2013. On 16th September, 2013, CB 2013 and Optional Bonds of respective principal amounts of HK$200,000,000 and HK$200,000,000 were converted into 3,333,333,332 and 3,333,333,332 new ordinary shares, both at a conversion price of HK$0.06 per share. As at 31st December, 2013, there were no outstanding principal amounts of CB 2013 and Optional Bonds.

The conversion rights embedded in the convertible bonds were recognised as derivative financial liabilities and were measured at fair value on initial recognition and remeasured at each subsequent reporting dates. The respective excess of proceeds over the amounts initially recognised as the derivative component of the CBs was recognised as liability component which was subsequently measured at amortised cost, using the effective interest rate method.

The subscription option embedded in CB 2013 was also recognised as a derivative financial liability and was measured at fair value on initial recognition and remeasured at each subsequent reporting date.

The movements of the liability component and derivative financial instruments of the CBs are as follows:

	Liability component HK$'000	Derivative financial instruments HK$'000	Total HK$'000
At 1st April, 2012			
As previously reported	411,243	49,894	461,137
Prior year adjustments (note 40)	(67,723)	79,078	11,355
As restated	343,520	128,972	472,492
Fair value change (as restated)	–	(107,812)	(107,812)
Imputed interest (as restated)	75,127	–	75,127
At 31st March, 2013	418,647	21,160	439,807
At 1st April, 2013			
As previously reported	444,266	7,878	452,144
Prior year adjustments (note 40)	(25,619)	13,282	(12,337)
As restated	418,647	21,160	439,807
Issue of Optional Bonds	175,228	24,772	200,000
Conversion during the period	(653,356)	(49,727)	(703,083)
Fair value change	–	3,795	3,795
Imputed interest	59,481	–	59,481
At 31st December, 2013	–	–	–

25. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the period is as follows:

	GROUP
	Fair value adjustments arising from acquisition of subsidiaries HK$'000
Acquisition of subsidiaries and at 31st December, 2013 (note 29(a))	362,536

The Group had tax losses arising in Hong Kong amounting to HK$74,157,000 (31st March, 2013 - HK$97,111,000) at the end of the reporting period. The tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets amounting to HK$12,236,000 (31st March, 2013 - HK$16,023,000) have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1st January, 2008 and applies to earnings after 31st December, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1st January, 2008.

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China as these subsidiaries reported accumulative losses at 31st December, 2013.

26. SHARE CAPITAL AND SHARE PREMIUM

	COMPANY	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Shares		
Authorised:		
1,250,000,000,000 (31st March, 2013 - 1,250,000,000,000) ordinary shares of HK$0.0002 each	**250,000**	250,000
Issued and fully paid:		
21,988,047,615 (31st March, 2013 - 11,785,130,951) ordinary shares of HK$0.0002 each	**4,398**	2,357

	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)	1st April, 2012 HK$'000 (Restated)
Share premium			
Ordinary shares	**974,859**	273,817	273,817

A summary of the movements of the Company's share capital and share premium account during the nine-month period ended 31st December, 2013 and the year ended 31st March, 2013 is as follows:

	Note	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000 (Restated)	Total HK$'000 (Restated)
At 1st April, 2012, 31st March, 2013 and 1st April, 2013		11,785,130,951	2,357	273,817	276,174
Conversion of convertible bonds	(a)	10,202,916,664	2,041	701,042	703,083
At 31st December, 2013		21,988,047,615	4,398	974,859	979,257

Note:

(a) The CB2010 and CB2013 with respective aggregate principal amounts of HK$141,450,000 and HK$400,000,000 were converted into 3,536,250,000 and 6,666,666,664 new ordinary shares of the Company at conversion prices of HK$0.04 and HK$0.06 per share, respectively.

27. SHARE OPTION SCHEME

On 20th August, 2003, at the annual general meeting, the Company adopted a share option scheme (the "Scheme") under which the Directors may, at their discretion, invite any full time and part time employees, directors, suppliers, customers, consultants, advisors or shareholders of any of the companies within the Group to take up options to subscribe for ordinary shares of the Company at any time during ten years from the date of adoption of the Scheme.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other share option schemes of the Group must not in aggregate exceed 10% of the number of shares in issue as at the date of approval of the Scheme (the "10% Limit"). The Company may obtain approval from the shareholders of the Company to refresh the 10% Limit, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and other schemes of the Group under the limit as refreshed must not exceed 10% of the number of shares in issue at the date of approval of the refresher mandate.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company shall not exceed such number of shares as shall represent 30% of the issued share capital of the Company from time to time.

The total number of shares issued and may be issued upon exercise of the options granted to each eligible person under the Scheme and any other share option schemes of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the proposed date of grant for such options must not exceed 1% of the then number of issued shares of the Company, without prior approval from the Company's shareholders.

Option granted under the Scheme must be accepted within 6 months from the date of grant and in any event no later than the last date of the period of ten years from the date of adoption of the Scheme. Upon acceptance, the grantee shall pay HK$10.00 to the Company as consideration for the grant.

The subscription price for the shares under the Scheme shall be a price determined by the Directors and notified to an eligible participant and shall be at least the higher of: (i) the nominal value of a share; (ii) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant, which shall be a business day; and (iii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

No share option had been granted since the date when the Scheme became effective and until the expiry of the life of the Scheme on 19th August, 2013.

28. RESERVES

(a) **Group**

The amounts of the Group's reserves and the movements therein for the current period and the prior year are presented in the consolidated statement of changes in equity of the financial statements on pages 47 and 48.

(b) **Company**

	Note	Share premium account HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2012		273,817	209	26,801	119,793	420,620
Loss for the year		–	–	–	(605)	(605)
At 31st March, 2013 and 1st April, 2013		273,817	209	26,801	119,188	420,015
Loss for the period		–	–	–	(13,709)	(13,709)
Conversion of convertible bonds	26(a)	701,042	–	–	–	701,042
At 31st December, 2013		974,859	209	26,801	105,479	1,107,348

The contributed surplus represents reserves arising from a Group's reorganisation in 1991, originally representing the difference between the nominal value of the Company's shares issued under the reorganisation scheme and the then subsidiaries' shares acquired at the date of acquisition, net of subsequent distributions therefor.

Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

29. ACQUISITION OF SUBSIDIARIES

(a) Business combination - Acquisition of the Excel Crown Group and the Joyous Unity Group

On 27th June, 2013, the Group entered into sale and purchase agreements with Faith Crown and P&R Holdings, in relation to the acquisition of the entire equity interests in Excel Crown Investments Limited ("Excel Crown") and its subsidiaries (the "Excel Crown Group") and Joyous Unity Investments Limited ("Joyous Unity") and its subsidiaries (the "Joyous Unity Group") and also the assignments of the loans due to former shareholders to the Group. The Excel Crown Group and the Joyous Unity Group are principally engaged in property development in Chengdu, the PRC. Details of the above transactions were contained in the circular of the Company dated 28th August, 2013. The transactions were approved by the independent shareholders of the Company as set out in the announcement of the Company dated 13th September, 2013, the date on which controls of the Excel Crown Group and the Joyous Unity Group were transferred to the Group. In the opinion of the Directors, with the completion of the above acquisition, the property portfolio of the Group is significantly enriched and enables the Group to focus on property development and investment in the PRC.

Prior to the acquisition of the entire equity interests in Excel Crown and Joyous Unity by the Group, the shareholders of Excel Crown and Joyous Unity were P&R Holdings and Faith Crown, which held 70% and 30% equity interests in each of Excel Crown and Joyous Unity, respectively.

The aggregate fair values of the identifiable assets and liabilities of the Excel Crown Group and the Joyous Unity Group as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisitions HK$'000
Property, plant and equipment	14	844
Properties under development	16	1,976,832
Cash and bank balances		23,957
Debtors, deposits and prepayments		2,024
Creditors and accruals		(60,241)
Amounts due to former shareholders		(493,542)
Deferred tax liabilities	25	(362,536)
Net assets		1,087,338
Add: Amounts due to the former shareholders assigned to the Group		493,542
Total identifiable net assets at fair value		1,580,880
Goodwill on acquisition	18	228,310
Cash consideration payable		1,809,190

The fair values and gross contracted amounts of other debtors as at the date of acquisition amounted to HK$1,671,000. The goodwill of HK$228,310,000 arose mainly from the recognition of deferred tax liabilities of the Excel Crown Group and the Joyous Unity Group in relation of the fair value adjustments of the properties under development. None of the goodwill is expected to be deductible for tax purpose.

An analysis of the cash flows in respect of the acquisition of the Excel Crown Group and the Joyous Unity Group is as follows:

	HK$'000
Cash consideration*	–
Cash and bank balances acquired	23,957
Inflow of cash and cash equivalents included in cash flows from investing activities	23,957

* Pursuant to the sale and purchase agreement with the vendors, the purchase consideration on acquisition of the Excel Crown Group and the Joyous Unity Group together with the interest accrued thereon which was charged at 5% per annum would be settled by the Group within 3 years after the completion of the acquisition. No cash consideration was paid up to the end of the reporting period and hence there was no cash outflow on the date of completion in relation to such acquisition of subsidiaries.

Since the acquisition the Excel Crown Group and the Joyous Unity Group did not contribute any revenue to the Group as they did not generate any revenue since incorporation. Aggregate losses of HK$2,582,000 of the Excel Crown Group and the Joyous Unity Group were included in the consolidated statement of profit or loss of the Group for the nine-month period ended 31st December, 2013.

Had the combination taken place at the beginning of the period, the consolidated loss of the Group for the period would have been HK$93,077,000.

(b) Acquisition of property interests

On 27th June, 2013, the Group also entered into sale and purchase agreements with Regal International (BVI) Holdings Limited ("Regal BVI"), a wholly-owned subsidiary of Regal Hotels International Holdings Limited, a listed company which became the Group's fellow subsidiary on 16th September 2013, in relation to the acquisition of the entire equity interest in Grand Praise Investments Limited ("Grand Praise") and its subsidiaries (the "Tianjin Group"). Details of the above transaction were contained in the circular of the Company dated 28th August, 2013. The transaction was approved by the independent shareholders of the Company as set out in the announcement of the Company dated 13th September, 2013, the date on which control of the Tianjin Group was transferred to the Group.

The Tianjin Group is principally engaged in property development in Tianjin, the PRC.

Since the principal asset of the Tianjin Group comprises only a parcel of land located in Tianjin City in the PRC and cash and bank balances. In the opinion of the Directors, the acquisition of the Tianjin Group is not considered as an acquisition of business under HKFRS 3 (Revised) *Business Combination*, hence the acquisition of Tianjin Group was accounted for as acquisition of assets and liabilities.

The fair values of the identifiable assets and liabilities of the Tianjin Group as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK$'000
Property, plant and equipment	14	504
Properties under development	16	1,416,996
Deposits and other receivables		38,436
Cash and bank balances		11,172
Accruals and other payables		(6,397)
Amounts due to former shareholders		(1,306,689)
Net assets		154,022
Add: Amounts due to former shareholder assigned to by the Group		1,306,689
Assets acquired and liabilities assumed and consideration payable		1,460,711

An analysis of the cash flows in respect of the acquisition of the Tianjin Group is as follows:

	HK$'000
Cash consideration*	–
Cash and bank balances acquired	11,172
Inflow of cash and cash equivalents included in cash flows from investing activities	11,172

* Pursuant to the sale and purchase agreement with the vendor, the purchase consideration on acquisition of the Tianjin Group together with the interest accrued thereon which was charged at 5% per annum would be settled by the Group within 3 years after the completion of the acquisition. No cash consideration was paid up to the end of the reporting period and hence there was no cash outflow on the date of completion in relation to such acquisition of assets and liabilities.

30. DISPOSAL OF SUBSIDIARIES

On 27th June, 2013, the Group entered into a sale and purchase agreement with P&R Holdings in relation to the disposal of the entire equity interest in Kola Glory Limited and its subsidiary and assumption of the amount due by Kola Glory Limited to the Group at a consideration of HK$87,965,000. The disposal was completed on 13th September, 2013.

	Note	HK$'000
Carrying amounts of the net assets disposed of:		
Investment properties	15	88,000
Debtors, deposits and prepayments		237
Cash and bank balances		118
Creditors and accruals		(390)
Amount due to the Group		(95,147)
		(7,182)
Add: Assignment of the amount due to the Group to the purchaser		95,147
Consideration receivable*		87,965

* Pursuant to the sale and purchase agreement with the P&R Holdings, the consideration receivable would be set-off against the consideration payable due to Regal BVI in respect of the acquisition of the Tianjin Group. Accordingly, there was no cash inflow on the date of completion in relation to such disposal of subsidiaries.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	HK$'000
Cash and bank balances disposed of, and outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(118)

31. INTERESTS IN SUBSIDIARIES

	COMPANY	
	31st December, 2013 HK$'000	31st March, 2013 HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**1,109,614**	690,619
	1,109,614	690,619

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Directors, these amounts are considered as quasi-equity loans.

The amounts due to subsidiaries classified as current liabilities as at 31st March, 2013 were unsecured, interest free and had no fixed terms of repayment.

Details of the principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			31st December, 2013	31st March, 2013	
Apex Team Limited	Hong Kong	HK$1	100	100	Financing
Cosmopolitan International Finance Limited*	Hong Kong	HK$1	100	100	Financial assets investment
Cosmopolitan International Management Services Limited*	Hong Kong	HK$1	100	100	Provision of management services
Evercharm Investments Limited	British Virgin Islands	US$1	100	100	Financial assets investment
Fancy Gold Limited	Hong Kong	HK$1	100	100	Financing
新疆麗寶生態開發有限公司** (“新疆麗寶”)**	PRC/ Mainland China	US$6,800,000	100	100 (Note)	Property development
成都富博房地產開發有限公司**	PRC/ Mainland China	HK$175,000,000	100	15	Property development
天津市富都房地產開發有限公司**	PRC/ Mainland China	RMB1,100,000,000	100	–	Property development
置富投資開發(成都)有限公司**	PRC/ Mainland China	HK$336,000,960	100	15	Property development

* Direct subsidiaries of the Company

** These subsidiaries are registered as wholly foreign owned enterprises under the PRC laws.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Note: During the year ended 31st March, 2013, the immediate holding company of 新疆麗寶 had been changed from Advanced Industry Limited, a non-wholly owned subsidiary of the Company, to Lanston Limited, a wholly-owned subsidiary of the Company and, accordingly, 新疆麗寶 became a wholly-owned subsidiary of the Group. This transaction, which constituted a deemed acquisition, was accounted for as an equity transaction and resulted in a transfer of non-controlling interest of HK$456,000 to other reserve.

32. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances set out elsewhere in the notes to the financial statements, the Group had the following material connected and related party transactions during the period/year:

	Notes	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000
Subsidiaries of PHL*:			
Building management expense	(i)	**235**	493
Rental income	(ii)	**270**	360
Interest income from listed debt investments	(iii)	**743**	450
Interest expenses	(iv)	**47,511**	–

* These parties were considered as related companies in the prior year as two directors of the Company were also directors and key management personnel of these related companies. Subsequent to the acquisition of the Group by P&R Holdings as disclosed in note 1 to these financial statements, these related companies became fellow subsidiaries of the Group.

Notes:

(i) The building management expense was paid to Paliburg Estate Management Limited acting as building manager of the Group's investment property for receiving building management services. The fee was paid in accordance with the terms of the relevant deed of mutual covenants.

(ii) The rental income was received from Regal Hotels International Limited in connection with the use of the Group's office premises. The fee was mutually agreed between the Group and the fellow subsidiary/related company.

(iii) The interest income was charged at a coupon rate of 4.25% per annum.

(iv) The interest expenses were paid to P&R Holdings, Faith Crown and Regal (BVI) for consideration payables in relation to the acquisition of the Excel Crown Group, the Joyous Unity Group and the Tianjin Group, which bear interest at 5% per annum.

(b) Compensation of key management personnel of the Group:

The key management members of the Group were the Directors of the Company. The remuneration of Directors was disclosed in note 8 to the financial statements.

The remuneration of the key management members is determined by the remuneration committee having regard to the performance of individuals and market prices.

The related party transactions set out in notes 32(a)(i) and (ii) above also constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules to the Company, but are exempted from relevant disclosures and other requirements, including, inter alia, independent shareholders' approval in accordance with the Listing Rules ("Relevant Requirements") pursuant to rule 14A.33(3)(a) of the Listing Rules.

The related party transaction set out in note 32(a)(iii) above did not constitute a connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules to the Company.

The related party transactions set out in note 32(a)(iv) above were contemplated under respective relevant transactions (the "Transactions") which constituted connected transactions to the Company subject to the Relevant Requirements. The Relevant Requirements with respect to the Transactions had been complied with.

33. PLEDGE OF ASSETS

The Group's bank borrowing was secured by the following assets:

	GROUP	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Pledged time deposits	**1,721**	587
Pledged bank balances	**–**	12,380
Financial assets at fair value through profit or loss	**16,635**	17,228
Held-to-maturity investments	**19,184**	18,570
	37,540	48,765

34. OPERATING LEASE ARRANGEMENTS

(a) As lessor

In the prior year, the Group leased certain of its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from 1 to 2 years. The terms of the leases generally also required the tenants to pay security deposits and, in certain cases, provided for periodic rent adjustments according to the terms under the leases.

At 31st March, 2013, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	GROUP
	31st March, 2013 HK$'000
Within one year	458

(b) As lessee

The Group leases certain office premises under operating lease arrangements. The leases are negotiated for terms ranging from 1 to 2 years.

At 31st December, 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	GROUP	
	31st December, 2013 HK$'000	31st March, 2013 HK$'000
Within one year	**1,695**	742
In the second to fifth years, inclusive	**456**	16
	2,151	758

At the end of the reporting period, the Company had no outstanding operating lease commitments.

35. COMMITMENTS

In addition to the operating lease commitments detailed in note 34(b) above, the Group had the following outstanding commitments at the end of the reporting period:

	GROUP	
	31st December, 2013 HK$'000	31st March, 2013 HK$'000
Contracted, but not provided for:		
Property development projects	**638,262**	357
Investment in a joint venture	**–**	237,259
	638,262	237,616

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31st December, 2013 **GROUP**

Financial assets

	Financial assets at fair value through profit or loss - held for trading HK$'000	Loans and receivables HK$'000	Held-to-maturity investments HK$'000	Total HK$'000
Other financial assets included in debtors, deposits and prepayments	–	10,923	–	10,923
Held-to-maturity investments (note 20)	–	–	40,925	40,925
Financial assets at fair value through profit or loss (note 21)	116,045	–	–	116,045
Pledged time deposits and bank balances	–	1,721	–	1,721
Time deposits	–	141,567	–	141,567
Cash and bank balances	–	258,007	–	258,007
	116,045	412,218	40,925	569,188

Financial liabilities

	Financial liabilities at amortised cost HK$'000
Other financial liabilities included in creditors and accruals	93,764
Other payables (note 22)	3,229,411
Interest bearing bank borrowing (note 23)	12,212
	3,335,387

31st March, 2013 **GROUP**

Financial assets

	Financial assets at fair value through profit or loss - held for trading HK$'000	Loans and receivables HK$'000	Held-to-maturity investments HK$'000	Total HK$'000
Financial assets at fair value through profit or loss (note 21)	107,946	–	–	107,946
Other financial assets included in debtors, deposits and prepayments	–	1,857	–	1,857
Held-to-maturity investments (note 20)	–	–	37,140	37,140
Pledged time deposits and bank balances	–	12,967	–	12,967
Time deposits	–	89,943	–	89,943
Cash and bank balances	–	133,894	–	133,894
	107,946	238,661	37,140	383,747

Financial liabilities

	Financial liabilities at fair value through profit or loss - designated as such upon initial recognition HK$'000 (Restated)	Financial liabilities at amortised cost HK$'000 (Restated)	Total HK$'000 (Restated)
Other financial liabilities included in creditors and accruals	–	8,848	8,848
Interest bearing bank borrowing (note 23)	–	12,212	12,212
Derivative financial instruments (note 24)	21,160	–	21,160
Convertible bonds (note 24)	–	418,647	418,647
	21,160	439,707	460,867

Financial assets

	COMPANY	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Loans and receivables – bank balances	**124**	172

Financial liabilities

	COMPANY	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Financial liabilities at amortised cost:		
Accruals	**200**	491
Amounts due to subsidiaries	**–**	270,136
	200	270,627

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at the end of the reporting period, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximated to their fair values.

Management has assessed that the fair values of other financial assets included in debtors, deposits and prepayments, cash and bank balances and time deposits, other financial liabilities included in creditors and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. Independent professional valuers are engaged for the valuation as appropriate. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current financial liabilities included in other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the other payables was assessed to be insignificant.

The fair values of listed equity and debt investments are based on quoted market prices.

The Group enters into foreign currency option contracts with a financial institution. The foreign currency option contracts are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of the financial institution, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of foreign currency option contracts are the same as their fair values.

The fair value of embedded derivative in convertible bonds is determined by valuation techniques and based on assumptions on market conditions existing at the issue date and end of the reporting period. The valuation model requires the input of subjective assumptions, including the stock price, expected volatility and risk free rate.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value as at 31st December, 2013:

GROUP	**Fair value measurement using**			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at fair value through profit or loss:				
Listed equity investments	**67,269**	**–**	**–**	**67,269**
Listed debt investments	**–**	**40,965**	**–**	**40,965**
Foreign currency option contracts	**–**	**7,811**	**–**	**7,811**
	67,269	**48,776**	**–**	**116,045**

Assets measured at fair value as at 31st March, 2013:

GROUP	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets at fair value through profit or loss:				
Listed equity investments	66,875	–	–	66,875
Listed debt investments	–	41,071	–	41,071
	66,875	41,071	–	107,946

The Group did not have any financial liabilities measured at fair value as at 31st December, 2013.

Liabilities measured at fair value as at 31st March, 2013:

GROUP	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000 (Restated)	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000 (Restated)
Derivative financial liabilities	–	21,160	–	21,160

The Company did not have any financial assets or financial liabilities measured at fair value as at 31st December, 2013 and 31st March, 2013.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (year ended 31st March, 2013 - Nil).

Fair values of liabilities as at 31st December, 2013 was:

GROUP	**Fair value measurement using**			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Other payables	–	3,229,411	–	3,229,411

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise interest bearing bank borrowing, other long term payables, cash and bank balances and time deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as financial assets at fair value through profit or loss, held-to-maturity investments, other financial assets included in debtors, deposits and prepayments and other financial liabilities included in creditors and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Directors meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group adopts prudent strategies on its risk management. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing bank borrowing with floating interest rates.

For Hong Kong dollar borrowing, assuming the amount of bank borrowing outstanding at the end of the reporting period was outstanding for the whole year, a 100 basis point increase in interest rates would have increased the Group's loss before tax for the current period by HK$121,000 (year ended 31st March, 2013 - decreased the Group's profit before tax by HK$121,000).

Foreign currency risk

The Group's operation is mainly in Hong Kong and Mainland China. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and entering into foreign currency option contracts to reduce the exposure should the need arises.

Credit risk

The Group's major exposure to the credit risk arises from its held-to-maturity investments and debt investments, with a maximum exposure equal to their carrying amounts in the consolidated statement of financial position. The Group only invests in held-to-maturity investments and debt investments after performing credit risk assessments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of banking facilities. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group will raise funds from different sources, including through the financial market or realisation of its assets, if required.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	GROUP		
	31st December, 2013		
	Within 1 year or on demand HK$'000	1 to 5 years HK$'000	Total HK$'000
Other financial liabilities included in creditors and accruals and other payables	**93,764**	**3,390,882**	**3,484,646**
Interest bearing bank borrowing	**12,373**	**–**	**12,373**
	106,137	**3,390,882**	**3,497,019**

	GROUP
	31st March, 2013 Within 1 year or on demand HK$'000 (Restated)
Other financial liabilities included in creditors and accruals	8,848
Interest bearing bank borrowing	12,373
Derivative financial instruments	21,160
Convertible bonds	418,647
	461,028

	COMPANY	
	Within 3 months or no fixed terms of repayment	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000**
Accruals	**200**	491
Amounts due to subsidiaries	**–**	270,136
	200	270,627

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments classified as financial assets at fair value through profit or loss (note 21) as at 31st December, 2013. The Group's listed investments are listed on the Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to a 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on the carrying amounts at the end of the reporting period.

	Carrying amount of equity investments HK$'000	Change in profit/(loss) before tax HK$'000
31st December, 2013		
Hong Kong listed investments	**67,269**	**3,363**
31st March, 2013		
Hong Kong listed investments	66,875	3,341

There is no impact on the Group's equity except on the retained earnings.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and enhance shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Capital represents equity attributable to equity holders of the parent. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the nine-month period ended 31st December, 2013 and year ended 31st March, 2013.

The Group monitors capital using a debt to total assets ratio, which is net debt divided by the total assets. Net debt includes interest bearing bank borrowings and convertible bonds less cash and bank balances and time deposits. The debt to total assets ratios as at the end of the reporting periods were as follows:

	GROUP	
	31st December, 2013 HK$'000	**31st March, 2013 HK$'000** (Restated)
Interest bearing bank borrowing and convertible bonds	**12,212**	430,859
Less: Cash and bank balances and time deposits	**(401,295)**	(236,804)
Net debt/(cash)	**(389,083)**	194,055
Total assets	**4,950,334**	1,077,367
Debt to total assets ratio	**N/A**	18.0%

39. EVENTS AFTER THE REPORTING PERIOD

On 26th February, 2014, the Group entered into a Co-operation Agreement with an independent third party in respect of the investment in an investee company involved in a resettlement housing project in Tongzhou, Beijing, the PRC (the "Tongzhou Project").

Under the above Co-operation Agreement for the Tongzhou Project, the investee company will be 82.5% owned by the Group and the remaining 17.5% by that third party and the aggregate capital commitments of the Group will amount to RMB297,000,000 (approximately HK$374,695,000). The capital contribution by the Group is subject to certain prescribed conditions under the Co-operation Agreement. The investee company has not been registered up to the date of these financial statements.

40. PRIOR YEAR ADJUSTMENTS

During the current period, following a further reassessment of the terms of agreements relating to CB 2010 and CB 2013, the Group considers that the embedded conversion rights of CB 2010 and CB 2013 are more appropriate to be recognised as financial derivatives rather than equity instruments as previously recognised in the prior years' consolidated financial statements.

Accordingly, certain prior year adjustments have been made and certain comparative amounts as at 31st March, 2013 and 1st April, 2012 and for the year ended 31st March, 2013 have been restated to reflect the full recognition of the embedded conversion rights of CB 2010 and CB 2013 as financial derivatives, and a third consolidated statement of financial position as at 1st April, 2012 has been presented.

The effects of these prior year adjustments are summarised below:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31st March, 2013

	HK$'000
Increase in finance costs	(42,104)
Increase in fair value gain on derivative financial instruments	65,796
Increase in profit before tax, profit for the year, total comprehensive income for the year, profit for the year attributable to the equity holders of the parent and total comprehensive income for the year attributable to the equity holders of the parent	23,692
Increase in basic earnings per share	HK0.20 cent
Decrease in diluted earnings per share	HK0.16 cent

Consolidated statement of financial position at

	31st March, 2013 HK$'000	**1st April, 2012 HK$'000**
Increase in derivative financial instruments	**(13,282)**	(79,078)
Decrease in liability components of convertible bonds	**25,619**	67,723
Decrease/(Increase) in net current liabilities and increase/(decrease) in total assets less current liabilities	**12,337**	(11,355)
Increase in share premium	**71,048**	71,048
Decrease in equity components of convertible bonds	**(24,739)**	(24,739)
Decrease in retained profits	**(33,972)**	(57,664)
Increase/(Decrease) in reserves and total equity	**12,337**	(11,355)

41. COMPARATIVE AMOUNTS

As explained in Note 40 to the financial statements, due to the prior year adjustments in relation to embedded conversion rights of CB 2010 and CB 2013, certain comparative amounts have been restated and a third statement of financial position as at 1st April, 2012 has been presented.

In addition, following the change in shareholding as explained in Note 1 to the financial statements, CCIHL has become the ultimate holding company of the Company, certain comparative amounts have been reclassified in order to align with the accounting policies of CCIHL. The effects of these reclassification adjustments are summarised below:

Consolidated statement of profit or loss for the year ended 31st March, 2013

	HK$'000
Increase in revenue and decrease in fair value losses on financial assets at fair value through profit or loss, net	16,962
Decrease in revenue and increase in other income	1
Increase in cost of sales	(197)
Decrease in administrative expenses	325
Increase in depreciation presented on the face of the consolidated statements of profit or loss	(128)

Consolidated statement of financial position as at 31st March, 2013

	HK$'000
Non-current assets	
Increase in prepayments	42,823
Current assets	
Decrease in debtors, deposits and prepayments	(42,823)
Increase in held-to-maturity investments	37,140
Decrease in pledged time deposits and bank balances	(11,625)
Increase in time deposits	89,943
Decrease in cash and bank balances	(115,458)

Consolidated statement of financial position as at 1st April, 2012

	HK$'000
Increase in debtors, deposits and prepayments	556
Increase in held-to-maturity investments	49,360
Decrease in pledged time deposits and bank balances	(43,190)
Decrease in deposits placed with securities brokers	(1,086)
Increase in time deposits	45,219
Decrease in cash and bank balances	(50,859)

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31st March, 2014.

Independent Auditors' Report

EY 安永

To the shareholders of Cosmopolitan International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Cosmopolitan International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 42 to 122, which comprise the consolidated and company statements of financial position as at 31st December, 2013, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1st April, 2013 to 31st December, 2013, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, 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 auditors' 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 auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st December, 2013, and of the Group's loss and cash flows for the period from 1st April, 2013 to 31st December, 2013 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.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

31st March, 2014

Schedule of Principal Properties

As at 31st December, 2013

PROPERTIES FOR DEVELOPMENT

	Description	Use	Approx. area	Stage of completion (completion date of development project)	Percentage of interest attributable to the Company
(1)	Development site at south of Xindu Main Road and both sides of Xingle Road, Banqiao Village, Xindu County, Xindu District, Chengdu, Sichuan Province, PRC	Hotel and commercial complex/ residential	Site area for the whole development - approx. 111,869 sq. m. (1,204,148 sq. ft.) Total gross floor area - approx. 497,000 sq. m. (5,349,700 sq. ft.) First stage • a 306-room hotel • 3 residential towers having 340 apartment units with car parks and ancillary commercial accommodation (Total gross floor area - approx. 45,500 sq. m. (490,000 sq. ft.)) Stage two • residential development with total gross floor area of approx. 176,516 sq. m. (1,900,000 sq. ft.) Stage three • commercial and office accommodations with total gross floor area of approx. 139,355 sq. m. (1,500,000 sq. ft.)	First stage • Expected to be completed in 2015 • Presale of the residential units anticipated to be launched in 4th quarter of 2014	100

As at 31st December, 2013

	Description	Use	Approx. area	Stage of completion (completion date of development project)	Percentage of interest attributable to the Company
(2)	Development site at the intersection between Weiguo Road and Xinkai Road, Hedong District, Tianjin, PRC	Commercial/ office/hotel/ residential	Site area for the whole development – approx. 31,700 sq. m. (341,216 sq. ft.) Total gross floor area – approx. 145,000 sq.m. (1,560,780 sq. ft.)	Site formation and foundation works commenced (expected to be completed in stages before end of 2016)	100

Published Five Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out below.

RESULTS

	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)	Year ended 31st March, 2012 HK$'000 (Restated)	Year ended 31st March, 2011 HK$'000 (Restated)	Year ended 31st March, 2010 HK$'000 (Restated)
Revenue	**12,487**	24,091	9,908	9,901	66,066
Operating profit/(loss) before depreciation	**(18,977)**	104,943	361,994	1,209,242	(1,353,537)
Depreciation	**(407)**	(128)	(87)	(84)	(337)
Finance costs	**(86,616)**	(75,684)	(72,732)	(51,157)	(41,081)
Share of profit of a joint venture	**17,338**	23,640	527,678	(1,794)	(949)
Profit/(loss) before tax	**(88,662)**	52,771	816,853	1,156,207	(1,395,904)
Income tax credit/(expense)	**451**	–	21,048	(385)	(5,804)
Profit/(loss) for the period/year before allocation between equity holders of the parent and non-controlling interests	**(88,211)**	52,771	837,901	1,155,822	(1,401,708)
Attributable to:					
Equity holders of the parent	**(88,211)**	52,813	837,952	1,156,163	(1,401,708)
Non-controlling interests	**–**	(42)	(51)	(341)	–
	(88,211)	52,771	837,901	1,155,822	(1,401,708)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	31st December, 2013 HK$'000	31st March, 2013 HK$'000 (Restated)	31st March, 2012 HK$'000 (Restated)	31st March, 2011 HK$'000 (Restated)	31st March, 2010 HK$'000 (Restated)
Property, plant and equipment	**3,555**	1,171	355	277	259
Investment properties	**–**	88,000	80,000	80,000	75,000
Properties under development	**1,308,632**	–	–	–	–
Investment in a joint venture	**575,591**	559,348	628,531	181,151	176,147
Goodwill	**228,310**	–	–	–	–
Prepayments	**58,115**	42,823	–	–	–
Current assets	**2,776,131**	386,025	368,047	400,384	398,238
Total assets	**4,950,334**	1,077,367	1,076,933	661,812	649,644
Current liabilities	**(113,569)**	(462,311)	(515,597)	(834,241)	(2,052,449)
Other payables	**(3,229,411)**	–	–	–	–
Convertible bonds	**–**	–	–	(99,808)	(60,463)
Deferred tax liabilities	**(362,536)**	–	–	–	–
Total liabilities	**(3,705,516)**	(462,311)	(515,597)	(934,049)	(2,112,912)
Non-controlling interests	**26**	26	388	337	–

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