

# CSI Properties Limited

資本策略地產有限公司\*

Stock Code 股份代號: 497

# REDEFINING

ANNUAL REPORT 2016 年報

# BRICKS &

# MORTAR



\* For identification purposes only







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# Corporate Information

## BOARD OF DIRECTORS

### *Executive Directors:*

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

### *Independent Non-Executive Directors:*

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## EXECUTIVE COMMITTEE

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

## COMPANY SECRETARY

Chan Suet Kwan

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

## SHANGHAI OFFICE

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

## AUDITORS

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

## PRINCIPAL REGISTRARS

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road, Pembroke HM08  
Bermuda

## HONG KONG BRANCH SHARE REGISTRARS

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

## STOCK CODE

497

## COMPANY WEBSITE

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

## REVIEW OF THE RESULTS

The Group reported a total revenue of approximately HK\$2,201.5 million for the year ended 31 March 2016, which was mainly generated from sale of properties, representing an increase of 195.3% from approximately HK\$745.6 million recorded last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK\$1,645.0 million for the year ended 31 March 2016, represented an increase of 525.7% compared with HK\$262.9 million reported in 2015.

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

## LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK\$3,529.2 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowing decreased from approximately HK\$710.2 million as at 31 March 2015 to approximately HK\$561.1 million as at 31 March 2016, and long-term bank borrowing increased from approximately HK\$2,045.7 million as at 31 March 2015 to approximately HK\$6,410.0 million as at 31 March 2016. All the bank borrowings were utilized in financing the Group's properties investments in generating recurring rental income. As a result, the Group's total bank borrowing increased from approximately HK\$2,755.9 million as at 31 March 2015 to approximately HK\$6,971.1 million as at 31 March 2016, and the Group's ratio of total debt (bank and other borrowings) to total assets was 43.9% (At 31 March 2015: 31.3%). All bank borrowings were denominated in Hong Kong dollars and Renminbi and were on a floating rate basis at either bank prime rate lending rates or short-term

inter-bank offer rates. The maturity profile which with approximately HK\$561.1 million repayable within one year, HK\$5,214.0 million repayable between one to five years, and HK\$1,196.0 million over five years.

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

## ASSETS VALUE

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

The principal asset of the Group's joint ventures are properties held for sale and stated at the lower of cost and net realisable value in accordance with the current accounting standards.

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

## Financial Review

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

(1) Based on open market valuations as at 31 March 2016 carried out by independent firms of qualified professional valuers not connected to the Group.

(2) Deferred tax liabilities have not been provided for the attributable revaluation surplus of the properties held for sale.

### EMPLOYEE

The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

### CONTINGENT LIABILITIES

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	<b>3,628,959</b>	2,503,188
An associate	<b>262,919</b>	–
	<b>3,891,878</b>	2,503,188
and utilised by:		
Joint ventures	<b>2,638,712</b>	1,929,676
An associate	<b>126,298</b>	–
	<b>2,765,010</b>	1,929,676

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

The directors assessed the risk of default of the joint ventures and the associates at the end of each of the reporting period and consider the risk to be insignificant and it is less likely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$7,010,000 (2015: HK\$6,689,000).

### PLEDGE OF ASSETS

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

	<b>2016</b> <b>HK\$'000</b>	2015 HK\$'000
Property, plant and equipment	<b>584,375</b>	606,966
Properties held for sale	<b>8,414,618</b>	5,172,481
Investments held for trading	<b>74,326</b>	37,870
	<b>9,073,319</b>	5,817,317

# CHAIRMAN'S STATEMENT







Our unique property repositioning model focusing on commercial projects in prime location and development of premium **“life-style”** residential properties will continue to drive the future development of the Group

# Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present a respectable set of results of CSI Properties Limited (the "Company") for the financial year ended 31 March 2016 (the "Year"), reflecting that the Company's strategy in steady asset sale, stable recurrent income stream, lifestyle residential development and delivering solid dividend, has proven to be a success.

During the Year, the net income of the Company amounted to HK\$1,645 million. The Board has proposed a final dividend of HK1.973 cents per share, or HK\$198 million, with the payout ratio at approximately 12%. Furthermore, the Company conducted a share buyback exercise in January 2016 of approximately 450 million shares which amounted to approximately HK\$114 million. Net asset value of the Company also reached HK\$12,890 million as at 31 March 2016.

The Company has made substantial steps in capitalising on the increase in demand for prime office properties in Hong Kong brought about by the influx of Chinese enterprises looking for office spaces. Besides entering into the new landmark office development project in Kowloon Bay in conjunction with Billion Development and Sino Land, we have also acquired two commercial redevelopment sites in Central and Wanchai respectively to take advantage of this developing trend. These projects mark a new milestone for the Company in engaging in greenfield commercial property development, and beyond our traditional model of repositioning and various Ginza-styled establishments, in driving future growth for our commercial property division.

The lifestyle residential division, Couture Homes, has also made good progress in achieving sales at premium pricing and in acquiring prime land banks for future growth. The handover of the landmark yoo Residence project in this fiscal year marks the beginning for Couture Homes in delivering original luxury lifestyle residences, followed by the successful sales for our Kau To Highland and Queen's Gate premium villa projects. The sales for the Queen's Gate project is particularly encouraging and we will consider to search for profitable investment opportunities in China in the future.

The future outlook of the world's economy remains to be challenging due to a number of risks and uncertainties. The BREXIT event in June is creating vast uncertainties globally, and there are also growing concerns about the outlook of the Hong Kong economy with inbound tourism as well as retail sales and exports showing signs of weakening. While mindful of the challenging operating environment in Hong Kong, we will continue to closely monitor the market to make prudent disposals and acquisitions. We will also maintain a healthy balance sheet to ensure that the Company can continue to unlock value on our existing portfolio while mitigating potential investment risks.

Finally, I would like to express my heartfelt gratitude to my fellow directors, management and staff, whose hard work and dedication throughout the year have contributed to the success of the Company.

**CHUNG CHO YEE, MICO**  
*CHAIRMAN*

29 June 2016

# Management Discussion and Analysis

## BUSINESS REVIEW AND OUTLOOK

The period under review has been challenging due to the slowdown in retail and tourism activities in Hong Kong and the uncertainty on mass residential properties resulting from a rising interest rate outlook. The slowdown in the Macau gaming industry revenue is also affecting the liquidity in the Macau market. While in China, the slowdown in macro economy and the volatility in the renminbi exchange rate are also affecting the overall sentiment on both the commercial and residential property fronts.

Despite these challenging operating environments, the Group has successfully made several significant disposals on both the commercial and residential fronts to help achieve extremely respectable sales and profits for the fiscal year, while continuing to well-position itself as a rising leader in real estate investment and development in Hong Kong and China. Furthermore, the Group has been capitalizing from these uncertain market conditions and utilizing its healthy balance sheet to acquire several prime commercial and residential projects, with details in the following section, to further build up its land bank and accelerate the growth of the Group in the coming years.

## COMMERCIAL PROPERTIES

Significant disposals completed during the period included the sale of the Platinum Office Building in Shanghai for RMB2.88 billion. In addition, the strata sale of all the 13 floors of the Henan Building was completed for a total consideration of approximately HK\$510 million. Furthermore, the remaining high floors of the AXA Centre, namely the 17th to 21st floors, were also sold in two separate transactions with total consideration of approximately HK\$1.23 billion. These successful sales have enabled the Group to achieve our sales target for the fiscal year.

On the acquisition side, the Group acquired an office land site in Kowloon Bay through the government tender in a consortium bid with Billion Development and Sino Land, with CSI having a 30% interest. The plan will be the development of a new Grade-A office building in this Kowloon office hub area for sale. Given the reasonable land price and effective cost control, we expect this project to generate good income for us over the next few years.

In addition, we have also acquired two sites in the prime area of Central and Wanchai respectively with the intention to redevelop into new commercial buildings. The first is at 48 Cochrane Street in Central adjacent to the old Hollywood Road Police Station redevelopment project. The plan is to redevelop into a new iconic commercial building with GFA of over 30,000 square feet at this prime commercial/entertainment area in Central for sale in future.

The second site is at 232 Wanchai Road in Wanchai and was acquired in conjunction with a real estate fund. It is strategically located in the heart of Wanchai bordering Times Square in Causeway Bay. The plan is to redevelop into a new commercial building of nearly 90,000 square feet at this prime commercial/retail hub for sale in the future.

The J-Plus by yoo hotel has been able to maintain decent occupancy and room rates despite the recent slowdown in mainland tourism due to the diversified international customer base of our occupants. On our Ashley Road redevelopment plan, we are consolidating ownership of the adjacent site and the current plan is to commence redevelopment in within the next 12 to 18 months. The redevelopment work at Shelley Street is well on track and we expect the new commercial building will be erected within the next 18 months.

With a strong pipeline of these forthcoming exciting commercial development projects, we are optimistic on the prospective profitability from the commercial division in the coming years.

## Management Discussion and Analysis

### **COUTURE HOMES - RESIDENTIAL PROPERTY DEVELOPMENT**

Our life-style oriented project in Causeway Bay, yoo Residence, has been a great success for our residential division with majority of the units sold and delivered. The premium pricing achieved for these units help to cement the reputation of Couture Homes as a leading lifestyle property developer in Greater China.

The other residential development projects for Couture Homes, including the villa projects at Kau To Shan in the New Territories, namely the Kau To Highland, and in Daihongqiao area in Shanghai, namely the Queen's Gate, have both been launched in this fiscal year. The Shanghai villas have particularly good responses with over 140 villas pre-sold already and handover is expected in August 2016. The Kau To Shan villa project also has positive momentum with completed sales of three luxurious lifestyle houses in this prime location.

The super luxury lifestyle development project at Jardine's Lookout has already commenced foundation work and the new residential tower is expected to be completed in 2017. Partnering with the prestigious Grosvenor Fund from the UK, this is expected to be one of the most iconic residential projects in Asia Pacific upon its completion.

The Group made a number of key acquisitions during this period. Firstly, the Group acquired a residential land site from government land tender in Fanling. The plan is to develop the site into super luxury houses targeting the super affluent users at this prime site next to the Fanling golf course. In addition, the Group also completed the purchase of a majority stake in an existing residential development at Peak Road. Neighbouring the iconic Opus residential tower and overlooking the Victoria Harbour, the plan for this project will be to refurbish the existing development with modern and stylish design to extract the full value as comparable to the Opus project at this prime address.

Couture Homes has also won a number of awards for our projects including the Kau To Highland and the Queen's Gate. These accolades strongly reflect the brand recognition and uniqueness of Couture Homes as a leading developer providing unique luxury lifestyle residences with strong design element.

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

### **CORPORATE ACTIVITIES**

The Group completed a syndicated loan via a consortium of banks to raise approximately HK\$1.2 billion in February 2016. The new funding helps to further strengthen the balance sheet of the Group and provides resources for new acquisition of commercial and residential properties, in addition to being a new funding avenue for the Group in the future.

## OUTLOOK

The global economy is undergoing a challenging time despite all the monetary easing policies in Europe, Japan and China. The rising interest rate environment in the US is also putting uncertainty in the rate sensitive Hong Kong real estate business. There are also growing concerns about the outlook for the Hong Kong economy with inbound tourism as well as retail sales and exports showing signs of weakness. Despite all the uncertainties and risk concerns, we believe Hong Kong's economic fundamentals are still sound with interest rates and unemployment rate hovering at low levels. We remain optimistic that the pent-up demand will continue to support prices for quality residences in the longer run.

For our commercial division, we believe new supply of prime office and commercial units in prime districts like Central and Causeway Bay, etc. in Hong Kong will remain to be low. The continuing expansion of Chinese corporations into Hong Kong will underpin our strategy in capitalising on our prime location portfolio in the future in driving sales.

Furthermore, our high-end lifestyle residential products will continue to be dictated by limited supply, and our prospective buyers generally have better financial resources and are less sensitive to pricing. Thus we will continue to be cautious and disciplined in our residential property sales to maximize value and profits for our shareholders.

## KEY RISKS AND UNCERTAINTIES

The Group's business, financial conditions or results of operations are affected by a number of key risks and uncertainties as outlined below. There may be other risks or uncertainties, including those which are not known to the Group or which the Group currently deems to be immaterial but may affect the Group in future.

## Property development

A majority of the Group's assets are located in, and a majority of the Group's revenue is derived from Hong Kong. As a result, the general state of Hong Kong and the property market, the interest rate changes and the political and legal situation in Hong Kong may have a significant impact on the Group's operating results and financial condition. The Group's activities on its development properties are also subject to various laws and regulations of Hong Kong. Developing properties, refurbishment and other re-development projects require government permits. The government may introduce property cooling measures from time to time which may have a significant impact on the property market and adversely affect the Group's property sales performance and financial condition.

## Property Trading

Financial performance may be materially and adversely affected in the event of a decline in the turnover and liquidity of our commercial property trading businesses. The Group's activities on its trading properties undergoing development, refurbishment and redevelopment are also subject to various laws and regulations and relevant permit grants from the government of Hong Kong.

## Hospitality

Revenue and profitability may be materially and adversely affected in the event of a decline in occupancy and room rates in the hotel assets of the Group.

# Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance and believing that good corporate governance practices are essential to the transparent operation of the Company and to its ability to protect the rights of its shareholders and enhance their value. Throughout the year the Company complied with the Companies Act in Bermuda, the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and all other relevant laws and regulations.

## CORPORATE GOVERNANCE PRACTICES

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

## CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2016.

## BOARD OF DIRECTORS

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

The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May 2016.

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

## Board Composition

As at the date of this report, the Board is comprised of five executive directors (i.e. Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Wong Chung Kwong and Mr. Fong Man Bun, Jimmy) and three independent non-executive directors (“INEDs”) (i.e. Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William). Pursuant to the requirement of Rules 3.10(2) and 3.10A of the Listing Rules, at least one-third of the Board are INEDs and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. Biographies of all current directors are set out on pages 22 to 25 of this annual report. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Company and the Stock Exchange.

## BOARD OF DIRECTORS (Continued)

### Board Composition (Continued)

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

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

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

*Note:* Wong Sin Just retired on 25 August 2015.

Pursuant to Code A.6.7 of the CG Code, INEDs and other non-executive directors should attend the general meetings of the Company. Two INEDs of the Company were unable to attend the annual general meeting of the Company held on 25 August 2015 due to their respective engagement.

### Chairman and Chief Executive

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

The Company does not have the position of chief executive officer. The Board is of the view that the current management structure has been effective in facilitating the Company's operation and business development and that necessary checks and balances consistent with sound corporate governance practices are in place. The implementation of strategies and policies of the Board and the operations of each department are overseen and monitored by designated responsible Executive Board Committee. The Board found that the current management had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the 3 INEDs of the Company have contributed valuable views and proposals independently for the Board's deliberation and decisions.

### **BOARD OF DIRECTORS (Continued)** **Independent Non-Executive Directors**

All INEDs of the Company have confirmed their independence and the Company consider each of them to be independent. On 26 June 2015, the Nomination Committee of the Board has conducted an annual review of the independence of all INEDs of the Company. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the INEDs of the Company satisfied the Listing Rules requirement of independence.

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

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

### **Directors' Continuous Professional Development**

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

As part of an ongoing process of director's training, the directors of the Company are updated on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements. They are provided with written materials from time to time to develop and refresh their knowledge and skills. During the year, all directors of the Company received regular updates on the Company's business and written materials describing changes to the Listing Rules and other relevant rules and regulations and/or also attended an in-house seminar organised by the Company and conducted by a professional firm. The Directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. The Company has received confirmation from all directors of their respective training records for the year ended 31 March 2016.

### **Board Diversity Policy**

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



## BOARD COMMITTEES

The Board had four Board committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee, for overseeing particular aspects of the Company's affairs. The four Board committees of the Company are established with defined written terms of reference and approved by the Board, which set out the Board committees' respective duties. The terms of reference of the above committees have been reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Company.

The members of the above committees had full access to board minutes, records, materials as well as the management and staff of the Company. The Company provides full support to the above committees and arranges for professional advisors to give incidental advice whenever necessary.

### Audit Committee

The main role and function of the Audit Committee are to consider the application of financial reporting, risk management and internal control principles and to maintain an appropriate relationship with the external auditors of the Company. Currently the Audit Committee comprises three INEDs of the Company, namely, Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William. The chairman of the Committee is Mr. Cheng Yuk Wo, who has professional accounting qualifications and expertise in financial management. On 7 April 2016, the Board revised the terms of reference of the Audit Committee to enhance its accountability in risk management functions. The committee's authority and duties are set out in written terms of reference that are posted on the websites of the Company and the Stock Exchange.

During the year, the Audit Committee held three meetings. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the Audit Committee regarding the selection and appointment of external auditors. The Audit Committee has reviewed the final results of the Company for the year ended 31 March 2015 and the interim results of the Company for the six months ended 30 September 2015; approving the remuneration and terms of engagement of the external auditors; reviewing the internal audit plan and approving the remuneration and terms of engagement of the external consultants; and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

### Remuneration Committee

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

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

Details of emolument paid to the directors for the year 2016 are set out in the notes to the financial statement on page 73.

# Corporate Governance Report

## BOARD COMMITTEES (Continued)

### Nomination Committee

The Nomination Committee was established on 13 March 2012 with specific written terms of reference. The main role and function of the Nomination Committee are to review the structure, size and composition of the Board and the Board Diversity Policy; to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company; to assess of the independence of each INED. The committee's authority and duties are set out in written terms of reference that are posted on the websites of the Company and the Stock Exchange.

Currently the Nomination Committee comprises, two INEDs of the Company, Mr. Cheng Yuk Wo and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico (the chairman of the Committee). During the year, the Nomination Committee held one meeting, in which it reviewed the structure, size, composition and diversity of the Board and assessed the independence of INEDs of the Company.

### Executive Committee

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

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

## CORPORATE GOVERNANCE FUNCTION

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

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

During the year, the Board reviewed the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report and approved the 2015 Corporate Governance Report of the Company.

## COMPANY SECRETARY

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

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

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

The responsibility of Directors in relation to the financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 32 which acknowledges the reporting responsibility of the Group's Auditor.

### Annual Report and Accounts

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

### Going Concern

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

## INTERNAL CONTROL

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

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

The Group is committed to maintaining and upholding good corporate governance practices and internal control system. The Group has engaged external consultants, CT Partners Consultants Limited, to review the effectiveness of the Group's internal control system on tendering procedures, and make recommendations for improvement and strengthening of the internal control system. In respect of the reporting period, the Board considered the internal control system effective and adequate. No significant areas of concern which might affect shareholders were identified.

## AUDITOR'S REMUNERATION

During the year ended 31 March 2016, the fee incurred for audit and non-audit services provided by the auditor to the Group is set out as follows:

<b>Nature of Services</b>	<b>HK\$ million</b>
Audit services	1.800
Other services	0.631
	<b>2.431</b>

## CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's Memorandum of Association and the Bye-laws. The latest consolidated version of the Memorandum of Association and Bye-laws is available on the websites of the Company and the Stock Exchange.

## SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

## SHAREHOLDERS' RIGHTS (Continued)

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

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

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

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

## INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

# Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Company for the year ended 31 March 2016.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 41, 20 and 19, respectively to the consolidated financial statements.

## BUSINESS REVIEW

A review of the business of the Group during the year, as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622), including a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial ended 31 March 2016 and an indication of likely future developments in the Group's business, can be found in the Management Discussion and Analysis set out on pages 9 to 11 of this annual report.

## Environmental Policies and Performance

The Group believes that continued success depends on the long-term development of businesses and the communities, while sustainability issues have to be taken into consideration of major corporate decisions involving economic, environmental and social impacts. The Group cares about people, the community and the environment, and has contributed appropriate resources to ensure proper coordination of effort in moving towards sustainable development.

As part of the Group's commitment to sustainability, certain guidelines on environmental protection have been implemented in order to promote environmental awareness among employees and adopt green management and practices in workplace.

The Group adheres to the principles of reducing, reusing and recycling. Since paper and electricity are the major resources consumed in the offices, internal recycling programme on a continuous basis for consumable goods, such as toner cartridges and paper, is in place to minimise the operation impacts on the environment and natural resources. Employees are also encouraged to adopt double-sided printing and copying practice. In addition, the Group aims

at using environmental friendly materials when appropriate, and the interim and annual reports of the Company will be printed on Forest Stewardship Council (FSC) certified paper which is sourced from well-managed forest.

To reduce energy consumption, employees are advised to switch off lights and electrical appliances after use. The Group is also using Hong Kong Electrical and Mechanical Services Department certified electricity consumption appliances to enhance energy saving.

## Compliance with Laws and Regulations

The Group is committed to maintain a high level of corporate compliance with the legal and regulatory requirements in respect of businesses and operations. The Group's overseas operations are mainly carried out by the Company's subsidiaries in Macau and the Peoples Republic of China (the "PRC") while the Company itself was incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group accordingly shall comply with relevant laws and regulations in, inter alia the PRC, Macau, Hong Kong and Bermuda.

As far as the board of Directors (the "Board") is aware, during the year and up to the date of this report, the Group has complied with the relevant laws and regulations that have significant impact on its businesses and operations.

## Relationships with Key Stakeholders

The Group's success also depends on the support from its key stakeholders which comprise, inter alia, employees, business partners and customers. Employees are regarded as important and valuable assets of the Group. Therefore, the Group provides competitive remuneration packages to attract, motivate and retain employees for their continued contribution to the Group and also encourages them by way of sponsorship to attend training courses which help employees' career development. Besides, the Group has developed and maintained solid and steady relationships with its business partners, and provides high quality products and services to its customers so as to enhance its competitiveness, sustainability and future development.

## RESULTS AND APPROPRIATIONS

Details of the Group's results for the year are set out in the consolidated statement of profit or loss on page 34.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 1.973 Hong Kong cents per share (2015: 0.378 Hong Kong cent) and has not recommended the payment of a special dividend (2015: 0.252 Hong Kong cent) or an aggregate amount of approximately HK\$198.0 million (2015: HK\$66.1 million) for the year ended 31 March 2016 to the shareholders on the register of members on 22 August 2016.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 August 2016 to Friday, 26 August 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and the special dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 22 August 2016.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

## BORROWINGS

Details of bank borrowings of the Group are set out in note 26 to the consolidated financial statements. No interest was capitalised by the Group during the year.

## RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity herein.

## DISTRIBUTABLE RESERVES OF THE COMPANY

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

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

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2016 including contributed surplus and accumulated profits amounted to approximately HK\$5,278,933,000 (2015: HK\$5,034,276,000).

## MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 66.1% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 31.8% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 44.6% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 18.4% of the Group's total purchases.

Save as disclosed in Note 36 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

# Directors' Report

## DIRECTORS

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

### Executive Directors:

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

### Independent Non-Executive Directors:

Dr. Lam Lee G.  
Dato' Wong Sin Just (retired on 25 August 2015)  
Mr. Cheng Yuk Wo  
Dr. Lo Wing Yan, William

At the forthcoming annual general meeting, Mr. Wong Chung Kwong, Mr. Fong Man Bun, Jimmy and Dr. Lo Wing Yan, William will retire from office. While Mr. Wong Chung Kwong has decided to retire from the Board and therefore will not offer himself for re-election, all of the other Directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

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

## DIRECTORS AND SENIOR MANAGEMENT PROFILE

### Chairman and Executive Director

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

### Executive Director

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

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



## DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

### Executive Director (Continued)

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

**Mr. Fong Man Bun, Jimmy**, aged 51, joined the Group in 2011 and is a Managing Director of Couture Homes Properties Limited, a wholly-owned subsidiary of the Company. He is also a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Fong is mainly responsible for identifying and advising on residential development and investment for both acquisition and disposal planning of the Group. Mr. Fong has over 25 years' solid experience in luxury residential real estate project development and investment and has in-depth knowledge of the property market. He worked as a Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has worked in Shanghai, PRC in the 90's and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.

### Independent Non-Executive Director

**Dr. Lam Lee G.**, aged 56, joined the Group in 2001. He is a member of Audit Committee, Remuneration Committee and Nomination Committee of the Board. Dr. Lam has over 30 years of international experience in general management, management consulting, corporate governance, investment banking, direct investment and fund management, across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. He serves as an independent or non-executive director of several publicly listed companies, investment funds in the Asia Pacific region. Having served as a

Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, a Member of the Legal Aid Services Council, a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx) and a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, Dr. Lam is a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference (CPPCC), a Vice Chairman of Liaoning Chinese Overseas Friendship Association, Alternate Chairman of UNESCAP Task Force on Banking and Finance, Honorary Chairman – Asia Pacific of CMA Australia, a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents' Organization (WPO), a Member of the Chief Executives Organization (CEO), a Fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the Hong Kong-Thailand Business Council, a Founding Member of Hong Kong-Korea Business Council, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, a Member of Pacific Basin Economic Council (PBEC), a Founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, a Vice President of the Hong Kong Real Property Federation, Chairman of Monte Jade Science and Technology Association of Hong Kong, a Member of the Court of City University of Hong Kong, a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing, an Adjunct Professor at the Department of Management in the Chinese University of Hong Kong. A former member of the Hong Kong Bar, Dr. Lam is a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia.

## Directors' Report

### DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

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

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

Dr. Lam was non-executive director of China Communication Telecom Services Company Limited from January 2013 to March 2014, ZH International Holdings Limited (formerly known as Heng Fai Enterprises Limited) from July 2014 to July 2015 and DTXS Slik Road Investment Holdings Company Limited (formerly known as UDL Holdings Limited) from October 2015 to December 2015 and he was also an independent non-executive director of China Oceanwide Holdings Limited (formerly known as Hutchison Harbour Ring Limited) from September 2004 to December 2014, Far East Holdings International Limited from September 2004 to October 2014, Ruifeng Petroleum Chemical Holdings Limited from July 2014 to March 2015, Mingyuan Medicare Development Company Limited from September 2014 to May 2015 and Imagi International Holdings Limited from May 2010 to January 2016, the shares of all of which are listed on the Stock Exchange and an independent non-executive director of Next-Generation Satellite Communications Limited from January 2009 to August 2014, the shares of which are listed on the Singapore Exchange.

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

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

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

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

## DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

### Independent Non-Executive Director (Continued)

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

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

### Senior Management

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

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

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

## Directors' Report

### DIRECTORS AND SENIOR MANAGEMENT PROFILE (Continued)

#### Senior Management (Continued)

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

### PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors and officers is currently in force and was in force during the year. The Company has taken out and maintained appropriate directors' and officers' liability insurance cover in respect of potential legal actions against their risks and exposure arising from the Group's business and activities.

## DIRECTORS' INTERESTS IN SHARES

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

As at 31 March 2016, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and The Stock Exchange of Hong

Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Long positions in shares:

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

Notes:

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

Save as disclosed above, as at 31 March 2016, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

## Directors' Report

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

### MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors and their respective associates was interested in any business, apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the Directors were appointed as directors to represent the interests of the Group.

### APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

### SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

#### Long position

Name	Capacity	Number of shares	Derivative interests	Approximate shareholding percentage (%)
Value Partners Group Limited	Interest of controlled corporation ( <i>Note</i> )	740,720,000		7.38
Value Partners High-Dividend Stocks Fund	Beneficial owner	740,250,000	–	– 7.38
FIL Limited	Investment Manager	599,812,014	– 24,130,000	– 5.98 0.24

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

## SUBSTANTIAL SHAREHOLDERS (Continued)

### Long position (Continued)

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2016.

## CONNECTED TRANSACTION

During the year, the Group had no connected transactions.

## FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK\$6,195,878,000, which represented approximately 34% of the Group's total assets value as at 31 March 2016.

As at 31 March 2016, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK\$'000	Guarantees HK\$'000
Best Catch Ventures Limited	120,637	260,000
BCI Group Holdings (BVI) Limited (formerly known as Buzz Concepts International Holdings Limited)	7,795	–
Chater Capital Limited	17,510	477,588
Cleveland Global Limited	621,237	778,375
Eagle Wonder Limited	617,829	690,000
Faith Shores Limited	19,340	–
Fame Allied Limited	60,807	55,246
Great Maker Limited	472,272	780,000
Hillcharm Limited	198,225	425,000
Star Trail Limited	7,356	21,000
Vital Triumph Limited	155,549	141,750
Wealth Explorer Holdings Limited	5,443	262,919
	2,304,000	3,891,878

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

	Combined balance sheet HK\$'000	Group's attributable interests HK\$'000
Non-current assets	769,550	382,890
Current assets	13,011,154	5,645,864
Current liabilities	(5,103,630)	(2,286,675)
Non-current liabilities	(6,979,962)	(3,127,750)
	1,697,112	614,329

# Directors' Report

## EMOLUMENT POLICY

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

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

## SHARE OPTIONS SCHEME AND DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 37 to the consolidated financial statements.

Other than the share option scheme described above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## EQUITY-LINKED AGREEMENTS

Save for the share option scheme described above, the Group has not entered into any equity-linked agreements during the year.

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

During the year, the Company repurchased a total of 449,950,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK\$114,152,010. All the repurchased shares were subsequently cancelled. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Details of the repurchases are as follows:

Month, Year	Number of share repurchased	Purchase price		Aggregate consideration paid (before expenses) HK\$
		Highest HK\$	Lowest HK\$	
December, 2015	266,880,000	0.265	0.236	67,029,000
January, 2016	183,070,000	0.265	0.249	47,123,010
	449,950,000			114,152,010



## PRE-EMPTIVE RIGHTS

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

## CORPORATE GOVERNANCE

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 12 to 19 of this annual report.

## CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$279,000.

## SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on information that was publicly available to the Company and within the knowledge of the directors of the Company, the directors confirmed that the Company maintained the prescribed public float as required under the Listing Rules.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 126 of this annual report.

## AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2016.

## AUDITORS

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

On behalf of the Board

**CHUNG CHO YEE, MICO**  
*CHAIRMAN*

29 June 2016

# Independent Auditor's Report



## TO THE MEMBERS OF CSI PROPERTIES LIMITED

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of CSI Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 125, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

## AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

# Independent Auditor's Report

## OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
29 June 2016

# Consolidated Statement of Profit or Loss

For the year ended 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
Revenue	5	2,201,494	745,611
Cost of sales and services		(1,029,524)	(385,167)
Gross profit		1,171,970	360,444
Income and gains (losses) from investments	7	112,278	47,581
Other income	8	71,883	72,217
Other gains and losses	9	19,125	1,147
Administrative expenses		(214,268)	(152,307)
Finance costs	10	(138,609)	(122,089)
Share of results of joint ventures		687,752	16,631
Share of results of associates		1,085	57,737
Profit before taxation		1,711,216	281,361
Income tax expense	11	(53,948)	(16,308)
<b>Profit for the year</b>	12	<b>1,657,268</b>	265,053
Attributable to:			
Owners of the Company		1,645,022	262,936
Non-controlling interests		12,246	2,117
		<b>1,657,268</b>	265,053
<b>Earnings per share (HK cents)</b>	16		
Basic		<b>15.83</b>	2.65

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2016

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

# Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	17	623,307	664,818
Available-for-sale investments	18	59,630	64,579
Club memberships		11,385	11,385
Interests in joint ventures	19	1,308,350	1,653,996
Amounts due from joint ventures	19	1,743,320	1,937,397
Interests in associates	20	137,855	17,567
Amounts due from associates	20	4,152	18,947
		<b>3,887,999</b>	4,368,689
<b>Current Assets</b>			
Trade and other receivables	21	140,273	117,595
Properties held for sale	22	8,850,223	5,556,593
Investments held for trading	23	1,813,664	1,231,378
Taxation recoverable		20,141	7,703
Cash held by securities brokers	24	3,983	5,340
Bank balances and cash	24	3,525,228	1,274,443
		<b>14,353,512</b>	8,193,052
<b>Current Liabilities</b>			
Other payables and accruals	25	236,598	120,089
Taxation payable		185,864	138,854
Amounts due to joint ventures	19	20,130	169
Amounts due to associates	20	–	10,218
Amounts due to non-controlling shareholders of subsidiaries	36(b)	100,832	91,178
Bank borrowings – due within one year	26	561,101	710,204
		<b>1,104,525</b>	1,070,712
<b>Net Current Assets</b>			
		<b>13,248,987</b>	7,122,340
		<b>17,136,986</b>	11,491,029

# Consolidated Statement of Financial Position

At 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
<b>Capital and Reserves</b>			
Share capital	27	80,296	83,896
Reserves		9,586,815	8,180,824
Equity attributable to owners of the Company		9,667,111	8,264,720
Non-controlling interests		14,241	2,066
Total Equity		9,681,352	8,266,786
<b>Non-Current Liabilities</b>			
Guaranteed notes	28	1,040,130	1,170,000
Bank borrowings – due after one year	26	6,410,008	2,045,713
Deferred tax liabilities	29	5,496	8,530
		7,455,634	3,224,243
		17,136,986	11,491,029

The consolidated financial statements on pages 34 to 125 were approved and authorised for issue by the Board of Directors on 29 June 2016 and are signed on its behalf by:

**Chung Cho Yee, Mico**  
DIRECTOR

**Chow Hou Man**  
DIRECTOR

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Investment revaluation reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014	76,145	1,619,636	371	276,058	82,201	11,677	5,707,424	7,773,512	4,141	7,777,653
Profit for the year	-	-	-	-	-	-	262,936	262,936	2,117	265,053
Exchange differences arising on translation of foreign operations	-	-	-	-	521	-	-	521	-	521
Share of exchange differences of joint ventures	-	-	-	-	(3,545)	-	-	(3,545)	-	(3,545)
Decrease in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	(409)	-	(409)	-	(409)
Reclassified to profit and loss on derecognition of available-for-sale investments	-	-	-	-	-	(11,677)	-	(11,677)	-	(11,677)
Total comprehensive income for the year	-	-	-	-	(3,024)	(12,086)	262,936	247,826	2,117	249,943
Placing of shares (note 27(i))	10,400	432,499	-	-	-	-	-	442,899	-	442,899
Share repurchases (note 27(ii))	(2,649)	-	2,649	(91,683)	-	-	(2,649)	(94,332)	-	(94,332)
Expenses related to shares repurchased and cancelled	-	-	-	(453)	-	-	-	(453)	-	(453)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(4,192)	(4,192)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	(104,732)	(104,732)	-	(104,732)
At 31 March 2015	83,896	2,052,135	3,020	183,922	79,177	(409)	5,862,979	8,264,720	2,066	8,266,786
Profit for the year	-	-	-	-	-	-	1,645,022	1,645,022	12,246	1,657,268
Exchange differences arising on translation of foreign operations	-	-	-	-	(22,027)	-	-	(22,027)	-	(22,027)
Share of exchange differences of joint ventures	-	-	-	-	(25,527)	-	-	(25,527)	-	(25,527)
Decrease in fair value of available-for-sale investments recognised directly in equity	-	-	-	-	-	(3,284)	-	(3,284)	-	(3,284)
Reclassification adjustment upon impairment on available-for-sale investments	-	-	-	-	-	2,908	-	2,908	-	2,908
Reclassified to profit and loss on derecognition of a subsidiary of joint venture	-	-	-	-	(13,690)	-	-	(13,690)	-	(13,690)
Total comprehensive income for the year	-	-	-	-	(61,244)	(376)	1,645,022	1,583,402	12,246	1,595,648
Share repurchases (note 27(iii))	(3,600)	-	3,600	(110,552)	-	-	(3,600)	(114,152)	-	(114,152)
Expenses related to shares repurchased and cancelled	-	-	-	(791)	-	-	-	(791)	-	(791)
Acquisition of additional interest of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	(224)	(224)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(500)	(500)
Dividends recognised as distribution (note 15)	-	-	-	-	-	-	(66,068)	(66,068)	-	(66,068)
Partial disposal of interest in subsidiaries without loss of control	-	-	-	-	-	-	-	-	653	653
At 31 March 2016	80,296	2,052,135	6,620	72,579	17,933	(785)	7,438,333	9,667,111	14,241	9,681,352

Note: The contributed surplus of the Group represents the amount arising from capital reorganisation carried out by the Company during the year ended 31 March 2003.



# Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	2016 HK\$'000	2015 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	1,711,216	281,361
Adjustments for:		
Finance costs	138,609	122,089
Depreciation of property, plant and equipment	45,595	35,876
Gain on disposal of property, plant and equipment	(579)	(285)
Gain on derecognition of investments in convertible notes, net	–	(1,575)
Gain on disposal of joint ventures	(14,706)	–
Income from amortisation of financial guarantee contracts	(2,597)	(1,328)
(Increase) decrease in fair value of investments held for trading	(12,581)	86,420
Interest income	(10,479)	(11,075)
Impairment loss on amount due from a joint venture	3,500	–
Impairment loss on properties held for sale	125,729	36,341
Impairment loss on available-for-sale investments	2,908	–
Share of results of joint ventures	(687,752)	(16,631)
Share of results of associates	(1,085)	(57,737)
Operating cash flow before movements in working capital	1,297,778	473,456
(Increase) decrease in investments held for trading	(569,705)	564,659
Increase (decrease) in other payables and accruals	116,625	(158,828)
Increase in properties held for sale	(2,430,404)	(1,109,919)
Decrease (increase) in available-for-sale investments	1,665	(40,419)
(Increase) decrease in trade and other receivables	(50,222)	4,342
Decrease (increase) in cash held by securities brokers	1,357	(1,347)
Net cash used in operations	(1,632,906)	(268,056)
Hong Kong Profits Tax paid	(22,410)	(40,368)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(1,655,316)</b>	<b>(308,424)</b>

# Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	NOTES	2016 HK\$'000	2015 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Repayment from (advances to) joint ventures		160,226	(357,408)
Purchases of property, plant and equipment		(4,094)	(6,483)
Investments in associates		(124,559)	(2,642)
Repayment from (advance to) an associate		19,529	(24,998)
Dividends received from associates		1,200	165,280
Dividends received from joint ventures		661,085	50,000
Interest received		10,479	11,075
Decrease in loan receivables		27,135	22,667
Proceeds on disposal of property, plant and equipment		589	285
Proceeds from disposal of joint ventures		9,868	–
Net cash inflow on disposal of subsidiaries	31	1,189,021	221,000
Net cash outflow on acquisition of subsidiaries	30	(1,806,688)	(573,230)
Investment/acquisition of joint ventures		–	(52,567)
Purchase of a club membership		–	(4,525)
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>143,791</b>	<b>(551,546)</b>
<b>FINANCING ACTIVITIES</b>			
Repayments of bank borrowings		(1,253,424)	(925,889)
Repurchase of guaranteed notes		(129,870)	–
Dividends paid		(66,568)	(108,924)
Repayments to associates		(10,218)	(3,879)
Increase (decrease) in amounts due to joint ventures		19,961	(263)
Advances from non-controlling shareholders of subsidiaries		9,654	65,823
New bank borrowings raised		5,479,155	1,090,892
Net proceeds from placing of shares		–	442,899
Payment on repurchase of shares and related expenses		(114,943)	(94,785)
Interest paid		(171,866)	(122,089)
Acquisition of additional interest of non-wholly owned subsidiaries		(224)	–
Partial disposal of interest in subsidiaries without loss of control		653	–
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>3,762,310</b>	<b>343,785</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,250,785</b>	<b>(516,185)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>1,274,443</b>	<b>1,790,628</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash</b>		<b>3,525,228</b>	<b>1,274,443</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 1. GENERAL INFORMATION

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

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 41, 19 and 20 respectively.

The consolidated financial statements are presented in Hong Kong dollars (HK\$), which is the same as the functional currency of the Company.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKAS 19	Defined benefit plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments <sup>1</sup>
HKFRS 15	Revenue from contracts with customers <sup>1</sup>
HKFRS 16	Leases <sup>4</sup>
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations <sup>2</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from contracts with customers <sup>1</sup>
Amendments to HKAS 1	Disclosure initiative <sup>2</sup>
Amendments to HKAS 7	Disclosure initiative <sup>5</sup>
Amendments to HKAS 12	Recognition of deferred tax assets for unrealized losses <sup>5</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation <sup>2</sup>
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle <sup>2</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants <sup>2</sup>
Amendments to HKAS 27	Equity method in separate financial statements <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture <sup>3</sup>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017

### HKFRS 9 “Financial instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### HKFRS 9 “Financial instruments” (Continued)

Key requirements of HKFRS 9 are described below:

- all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors of the Company will assess the impact of the application of HKFRS 9. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### HKFRS 15 “Revenue from contracts with customers”

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

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

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company will assess the impact of the application of HKFRS 15. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

### HKFRS 16 “Leases”

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. It distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Subject to limited exceptions for short-term leases and low value assets, distinctions of operating and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees. However, the standard does not significantly change the accounting of lessors.

Application of HKFRS 16 will result in the Group’s recognition of right-of-use assets and corresponding liabilities in respect of many of the Group’s lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed as commitments to these consolidated financial statements. The directors of the Company anticipate that the application of HKFRS 16 in the future will have a material impact on the Group’s consolidated financial statements; however, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### **Amendments to HKFRS 10 and HKAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”**

The amendments to HKFRS 10 “*Consolidated financial statements*” and HKAS 28 “*Investments in associates and joint ventures*” deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. The directors of the Company anticipate that the application of these amendments to HKFRS 10 and HKAS 28 may have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

Other than as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

The disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance (Cap. 622) regarding presentation of accounts and directors’ report and audits and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2016 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 is presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of consolidation (Continued)

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments in associates and joint ventures

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

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

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

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments in associates and joint ventures (Continued)

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

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

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

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

### Business combinations

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investments in associates and joint ventures (Continued)

#### Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *“Income Taxes”* and HKAS 19 *“Employee Benefits”* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *“Share-based Payment”* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *“Non-current Assets Held for Sale and Discontinued Operations”* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

#### Revenue recognition

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

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

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

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

Assets management income relating to properties is recognised when services are rendered.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property, plant and equipment

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

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

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

### Properties held for sale

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

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

### Properties under development for sale under current assets

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

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into accounts the price ultimately expected to be realised, less the estimated selling expenses.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

#### The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating lease in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as prepaid lease payments in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

#### Club memberships

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

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

#### *Effective interest method*

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

#### *Financial assets at FVTPL*

Financial assets are classified as at FVTPL, when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gain or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in income and gains (losses) from investments line item. Fair value is determined in the manner described in note 39.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *AFS financial assets*

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

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount(s) due from joint ventures, an associate, cash held by securities brokers and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

##### *Impairment of financial assets*

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

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loan receivable, where the carrying amount is reduced through the use of an allowance account. When a trade receivable or a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Impairment of financial assets (Continued)*

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### Financial liabilities and equity instruments

##### *Financial liabilities and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial liabilities and equity instruments (Continued)

##### *Financial liabilities*

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

##### *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL on initial recognition.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the income and gains (losses) from investments line item. Fair value is determined in the manner described in note 39.

##### *Other financial liabilities*

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

#### **Embedded derivatives**

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

#### **Financial guarantee contracts**

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

#### Provisions

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

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

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### Retirement benefits costs

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

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

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Share-based payment arrangements

#### Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37 to the Group's consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an on-going basis.

### Key sources of estimation uncertainty

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

### Estimated impairments on properties held for sale

Management reviews the recoverability of the Group's property interests held for sale with carrying amount of HK\$8,850,223,000 (2015: HK\$5,556,593,000) with reference to the current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. Impairment for estimated irrecoverable amounts is recognised in profit and loss when there is objective evidence that the asset is impaired.

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

During the year ended 31 March 2016, impairment loss on properties held for sale amounted to approximately HK\$125,729,000 (2015: HK\$36,341,000) has been recognised in the consolidated statement of profit or loss.

## 5. REVENUE

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

	2016 HK\$'000	2015 HK\$'000
Rental income and hotel operation ( <i>Note</i> )	226,278	202,641
Sales of properties held for sale	1,975,216	542,970
	<b>2,201,494</b>	745,611

*Note:* This mainly comprises of rental income from properties.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segment, based on information provided to the chief operating decision maker ("CODM") representing the board of directors of the Company, for the purpose of allocating resources to segments and assessing their performance. This is also the basis upon which the Group is arranged and organised.

In prior years, there were three reportable and operating segments, namely (i) property holding segment, (ii) strategic investment segment, and (iii) securities investment segment.

During the current year, in view of the continuing significance of the operation of the property holding segment, the CODM revised the organisation of segments that are used to allocate resources and assess performance, and considered to change its analysis based on nature of the property holding, being (i) commercial property holding and (ii) residential property holding, which is currently the basis used for the purpose of allocating resources and assessing their performance, and also the basis of organisation of the Group for managing the business operations. Other than the commercial property holding and residential property holding segments, the CODM continues to review the performance of securities investment segment as similar basis as prior years. Trading of commercial properties and hotels operation and strategic alliances with the joint venture partners of the joint ventures and associates, and investment and trading of residential properties and strategic alliances with the joint venture partners of the joint ventures and associates are aggregated into single reportable segments, respectively, as the CODM considered that they have similar economic characteristics.

Therefore, there are three reportable and operating segments in current year as follows:

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

Consequently, the comparative segment information for the year ended 31 March 2015 have been re-presented in order to conform with the presentation adopted in current year. The changes in the segment information do not have any impact on the Group's consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 6. SEGMENT INFORMATION (Continued)

### Segment revenues and results

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

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

Notes:

- (i) The directors of the Company are not aware of any transactions between the operating segments during the year.
- (ii) Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 6. SEGMENT INFORMATION (Continued)

### Segment revenues and results (Continued)

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Consolidated HK\$'000
<i>For the year ended 31 March 2015 (Restated)</i>				
<b>EXTERNAL REVENUE</b>				
Rental income and hotels operation	197,228	–	–	197,228
Rental income	–	5,413	–	5,413
Sales of properties held for sale	542,970	–	–	542,970
Revenue of the Group	740,198	5,413	–	745,611
Interest income and dividend income	–	–	132,426	132,426
Share of results of joint ventures ( <i>Note ii</i> )	61,610	(44,979)	–	16,631
Share of results of associates ( <i>Note ii</i> )	57,738	(1)	–	57,737
Segment revenue/income	859,546	(39,567)	132,426	952,405
<b>RESULTS</b>				
Segment profit (loss)	431,854	(44,902)	40,733	427,685
Unallocated other income				65,506
Other gains and losses				1,147
Central administration costs				(90,888)
Finance costs				(122,089)
<b>Profit before taxation</b>				<b>281,361</b>

*Notes:*

- (i) The directors of the Company are not aware of any transactions between the operating segments during the year.
- (ii) Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 6. SEGMENT INFORMATION (Continued)

### Segment assets and liabilities

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

	2016 HK\$'000	2015 HK\$'000 (Restated)
<b>Segment assets</b>		
Commercial property holding	8,041,417	6,194,591
Residential property holding	4,507,192	3,460,070
Securities investment	1,901,379	1,311,742
<b>Total segment assets</b>	<b>14,449,988</b>	10,966,403
Property, plant and equipment	175,469	202,805
Cash held by securities brokers	3,983	5,340
Bank balances and cash	3,525,228	1,274,443
Other unallocated assets	86,843	112,750
<b>Consolidated assets</b>	<b>18,241,511</b>	12,561,741
<b>Segment liabilities</b>		
Commercial property holding	183,110	170,975
Residential property holding	139,522	41,543
Securities investment	18,541	7,625
<b>Total segment liabilities</b>	<b>341,173</b>	220,143
Guaranteed notes	1,040,130	1,170,000
Bank borrowings	6,971,109	2,755,917
Taxation payable	185,864	138,854
Other unallocated liabilities	21,883	10,041
<b>Consolidated liabilities</b>	<b>8,560,159</b>	4,294,955

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

- all assets are allocated to operating segments other than certain property, plant and equipment, taxation recoverable, cash held by securities brokers, bank balances and cash and assets used jointly by reportable and operating segments; and
- all liabilities are allocated to operating segments other than guaranteed notes, bank borrowings, taxation payable and liabilities for which reportable and operating segments are jointly liable.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 6. SEGMENT INFORMATION (Continued)

### Other segment information

For the year ended 31 March 2016

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	307,503	1,000,847	-	1,308,350	-	1,308,350
Amounts due from joint ventures	744,617	998,703	-	1,743,320	-	1,743,320
Interests in associates	1,085	136,770	-	137,855	-	137,855
Amounts due from associates	27	4,125	-	4,152	-	4,152
Net increase in fair value of investments held for trading	-	-	(12,581)	(12,581)	-	(12,581)
Depreciation and amortisation	15,609	-	-	15,609	29,986	45,595
Impairment loss on properties held for sale	119,063	6,666	-	125,729	-	125,729

For the year ended 31 March 2015 (Restated)

	Commercial property holding HK\$'000	Residential property holding HK\$'000	Securities investment HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or segment assets and liabilities:						
Interests in joint ventures	744,623	909,373	-	1,653,996	-	1,653,996
Amounts due from joint ventures	1,300,206	637,191	-	1,937,397	-	1,937,397
Interests in associates	11,515	6,052	-	17,567	-	17,567
Amounts due from associates	-	18,497	-	18,947	-	18,947
Net decrease in fair value of investments held for trading	-	-	86,420	86,420	-	86,420
Gain on derecognition of investments in convertible notes (included in available-for-sale investments)	-	-	(1,575)	(1,575)	-	(1,575)
Depreciation and amortisation	15,550	-	-	15,550	20,326	35,876
Impairment loss on properties held for sale	19,660	16,681	-	36,341	-	36,341

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 6. SEGMENT INFORMATION (Continued)

### Geographical information

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

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

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

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

	Revenue from external customers Year ended 31 March		Non-current assets (Note)	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong	2,097,399	368,273	1,469,154	1,836,276
PRC	57,300	55,230	600,064	500,105
Macau	46,795	322,108	294	–
	<b>2,201,494</b>	745,611	<b>2,069,512</b>	2,336,381

Note: Non-current assets exclude financial instruments and club membership.

### Information about major tenants and buyers of properties

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

	2016 HK\$'000	2015 HK\$'000
Buyer A	700,000	N/A <sup>1</sup>
Buyer B	493,330	N/A <sup>1</sup>
Buyer C	N/A <sup>1</sup>	221,000
	<b>1,193,330</b>	221,000

<sup>1</sup> The corresponding revenue from this buyer did not contribute over 10% of the total revenue of the Group for the relevant year.

### Revenue by type of income

The relevant information is set out in note 5.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2016 HK\$'000	2015 HK\$'000
Interest income from		
– investments held for trading	101,620	128,556
– available-for-sale investments	–	983
Dividend income from investments held for trading	985	2,887
Increase (decrease) in fair values of investments held for trading	12,581	(86,420)
Gain on derecognition of convertible notes in available-for-sale investments	–	1,575
Impairment loss on available-for-sale investments	(2,908)	–
	<b>112,278</b>	47,581

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

	2016 HK\$'000	2015 HK\$'000
Investments held for trading	115,186	45,023
Available-for-sale investments	(2,908)	2,558
	<b>112,278</b>	47,581

## 8. OTHER INCOME

	2016 HK\$'000	2015 HK\$'000
Bank interest income	8,975	11,075
Loan interest income	1,504	6,011
Interest income from amounts due from joint ventures	35,603	33,202
Amortisation of financial guarantee contracts	2,597	1,328
Assets management income	11,875	6,711
Others	11,329	13,890
	<b>71,883</b>	72,217

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 9. OTHER GAINS AND LOSSES

	2016 HK\$'000	2015 HK\$'000
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	579	285
Net exchange gain	7,340	1,031
Gain on disposal of a joint venture ( <i>Note</i> )	14,706	–
Impairment loss of amounts due from joint ventures	(3,500)	–
Other sundry losses	–	(169)
	<b>19,125</b>	1,147

*Note:* During the year ended 31 March 2016, the Group disposed its entire 50% equity interest in a joint venture, which principally engaged in properties holding, for a consideration of HK\$9,868,000. The negative carrying amount of the Group's interest in this joint venture was HK\$4,838,000, and hence a gain arising on this disposal resulted in HK\$14,706,000 and recognised in the profit or loss in current year.

## 10. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interests on:		
Bank borrowings	98,462	62,371
Guaranteed notes	73,404	76,050
Total borrowing costs	171,866	138,421
Less: Amounts capitalised in the cost of qualifying assets	(33,257)	(16,332)
	<b>138,609</b>	122,089



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 11. INCOME TAX EXPENSE

	2016 HK\$'000	2015 HK\$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	52,330	10,170
– Underprovision in prior years	2,015	4,398
Macau Complementary Tax		
– Current year	2,637	953
Deferred taxation ( <i>Note 29</i> )	56,982 (3,034)	15,521 787
	<b>53,948</b>	16,308

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

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca (“MOP”)300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

Taxation arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdictions.

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

	2016 HK\$'000	2015 HK\$'000
Profit before taxation	1,711,216	281,361
Taxation at Hong Kong Profits Tax rate of 16.5%	282,351	46,425
Tax effect of expenses not deductible for tax purpose	85,387	76,888
Tax effect of income not taxable for tax purpose	(211,609)	(106,703)
Tax effect of share of results of joint ventures	(113,479)	(2,744)
Tax effect of share of results of associates	(179)	(9,527)
Tax effect of tax losses not recognised	11,303	10,104
Utilisation of tax loss previously not recognised	(812)	(2,178)
Underprovision in prior years	2,015	4,398
Effect of different tax rates of group entities operating in other jurisdictions	(1,029)	(355)
Income tax expense for the year	<b>53,948</b>	16,308

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 12. PROFIT FOR THE YEAR

	2016 HK\$'000	2015 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration ( <i>Note 13</i> ):		
Fees	558	600
Salaries and other benefits	21,584	20,218
Performance-related incentive bonus	41,530	11,271
Contributions to retirement benefits schemes	910	661
	<b>64,582</b>	32,750
Other staff costs:		
Salaries and other benefits	36,365	24,077
Performance-related incentive bonus	10,211	8,194
Contributions to retirement benefits schemes	2,402	2,673
	<b>48,978</b>	34,944
Total staff costs	<b>113,560</b>	67,694
Auditor's remuneration	1,800	1,438
Cost of properties held for sale recognised as an expense	798,202	307,331
Depreciation of property, plant and equipment	45,595	35,876
Gain on disposal of property, plant and equipment	(579)	(285)
Impairment loss on properties held for sale (included in cost of sales)	125,729	36,341

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of nine (2015: nine) directors were as follows:

For the year ended 31 March 2016

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Dr. Lo Wing Yan, William HK\$'000	Total HK\$'000
<b>Directors' remuneration</b>										
Fees	-	-	-	-	-	165	63	165	165	558
Salaries and other benefits	11,072	3,149	2,700	1,558	3,105	-	-	-	-	21,584
Performance-related incentive bonus ( <i>Note</i> )	33,800	3,200	2,400	450	1,680	-	-	-	-	41,530
Contributions to retirement benefits schemes	18	318	255	80	239	-	-	-	-	910
	<b>44,890</b>	<b>6,667</b>	<b>5,355</b>	<b>2,088</b>	<b>5,024</b>	<b>165</b>	<b>63</b>	<b>165</b>	<b>165</b>	<b>64,582</b>

For the year ended 31 March 2015

	Mr. Chung Cho Yee, Mico HK\$'000	Mr. Kan Sze Man HK\$'000	Mr. Chow Hou Man HK\$'000	Mr. Wong Chung Kwong HK\$'000	Mr. Fong Man Bun, Jimmy HK\$'000	Dr. Lam Lee G. HK\$'000	Dato' Wong Sin Just HK\$'000	Mr. Cheng Yuk Wo HK\$'000	Dr. Lo Wing Yan, William HK\$'000	Total HK\$'000
<b>Directors' remuneration</b>										
Fees	-	-	-	-	-	150	150	150	150	600
Salaries and other benefits	10,616	2,763	2,581	1,561	2,697	-	-	-	-	20,218
Performance-related incentive bonus ( <i>Note</i> )	8,000	1,000	900	371	1,000	-	-	-	-	11,271
Contributions to retirement benefits schemes	17	188	174	97	185	-	-	-	-	661
	<b>18,633</b>	<b>3,951</b>	<b>3,655</b>	<b>2,029</b>	<b>3,882</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>32,750</b>

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 13. DIRECTORS' REMUNERATION (Continued)

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

The above emoluments to executive directors were mainly for their services in connection with the management of the affairs of the Company and of the Group. The above emoluments to independent non-executive directors were mainly for their services as directors of the Company. No directors waived any emoluments during both years.

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

## 14. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group four (2015: four) were directors and the chief executive of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2015: one) individual were as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries and other benefits	2,039	1,940
Performance-related incentive bonus ( <i>Note</i> )	900	576
Contributions to retirement benefits schemes	147	126
	<b>3,086</b>	2,642

Their emoluments were within the following bands:

	2016 Number of employee	2015 Number of employee
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	–	1

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 15. DIVIDENDS

	2016 HK\$'000	2015 HK\$'000
Dividend recognised as distribution during the year		
– Final dividend of HK0.378 cent per share in respect of financial year ended 31 March 2015 (2015: Final dividend of HK1.14 cents per share in respect of financial year ended 31 March 2014)	39,641	104,732
– Special dividend of HK0.252 cent per share in respect of financial year ended 31 March 2015	26,427	–
Dividend proposed after the end of the reporting period		
– Final dividend of HK1.973 cents per share (2015: Final dividend of HK0.378 cent per share)	198,032	39,641
– Special dividend: nil (2015: Special dividend of HK0.252 cent per share)	–	26,427

## 16. EARNINGS PER SHARE

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

	2016 HK\$'000	2015 HK\$'000
<b>Earnings</b>		
Earnings for the purposes of basic earnings per share: (profit for the year attributable to owners of the Company)	1,645,022	262,936
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	10,391,797	9,908,854

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both reporting periods.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Vessel HK\$'000	Total HK\$'000
<b>COST</b>							
At 1 April 2014	575,000	157,539	16,792	1,386	3,738	44,737	799,192
Additions	-	912	3,509	244	1,818	-	6,483
Transfer	-	34,000	-	-	-	-	34,000
Disposal	-	-	-	-	(924)	-	(924)
At 31 March 2015	575,000	192,451	20,301	1,630	4,632	44,737	838,751
Additions	-	163	1,246	317	2,368	-	4,094
Disposal	-	-	-	(28)	(505)	-	(533)
At 31 March 2016	575,000	192,614	21,547	1,919	6,495	44,737	842,312
<b>DEPRECIATION</b>							
At 1 April 2014	103,668	19,746	7,086	831	3,738	3,912	138,981
Provided for the year	13,863	8,345	4,051	147	563	8,907	35,876
Eliminated on disposal	-	-	-	-	(924)	-	(924)
At 31 March 2015	117,531	28,091	11,137	978	3,377	12,819	173,933
Provided for the year	13,863	17,406	4,306	178	935	8,907	45,595
Eliminated on disposal	-	-	-	(18)	(505)	-	(523)
At 31 March 2016	131,394	45,497	15,443	1,138	3,807	21,726	219,005
<b>CARRYING VALUES</b>							
At 31 March 2016	443,606	147,117	6,104	781	2,688	23,011	623,307
At 31 March 2015	457,469	164,360	9,164	652	1,255	31,918	664,818

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

Hotel property	2.78%
Land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 17. PROPERTY, PLANT AND EQUIPMENT (Continued)

In the opinion of the director of the Company, the land and buildings element of the hotel property cannot be separately measured, no allocation between land and buildings to hotel property is done.

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 33.

## 18. AVAILABLE-FOR-SALE INVESTMENTS

	2016 HK\$'000	2015 HK\$'000
Available-for-sale investments comprises:		
Unlisted equity security, at cost ( <i>Note i</i> )	5,005	5,005
Unlisted equity securities, at fair value ( <i>Note ii</i> )	54,625	59,574
	<b>59,630</b>	64,579
Analysed for reporting purposes as:		
Non-Current	<b>59,630</b>	64,579

Notes:

### (i) Unlisted equity security, at cost

Included in the unlisted equity security, the carrying value of HK\$5,005,000 (2015: HK\$5,005,000) represents a 8.27% (2015: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones.

The unlisted equity security is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimate is so significant that the directors of the Company are of the opinion that the fair value cannot be measured reliably.

### (ii) Unlisted equity securities, at fair value

Included in the unlisted equity securities, the carrying value of HK\$19,354,000 (2015: HK\$37,932,000) represents a 5.25% (2015: 5.25%) interested in an investee engaged in holding properties interest located in the PRC, which the Group received HK\$18,578,000 refund from an investee during the current year.

Included in the unlisted equity securities, the carrying value of HK\$9,976,000 (2015: HK\$6,062,000) represents a 4.83% (2015: 4.83%) interest in an investee engaged in provision of financial services in the PRC, which the Group further invested HK\$4,198,000 during the current year.

Included in the unlisted equity securities, the carrying value of HK\$12,130,000 (2015: nil) represents a 25% (2015: nil) interest in an investee engaged in holding of properties interest located in Australia, which the Group invested during the current year.

During the year ended 31 March 2016, a decrease in fair value of the unlisted equity securities of HK\$3,284,000 (2015: HK\$409,000) was recognised in other comprehensive income under investments revaluation reserve. Due to a significant decline in the fair value of certain of such investments below its cost, an impairment loss amounting to HK\$2,908,000 (2015: nil) has been recognised during the current year which was reclassified from the investments revaluation reserve to profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

	2016 HK\$'000	2015 HK\$'000
Costs of unlisted investments in joint ventures	710,708	860,616
Share of post-acquisition profits, net of dividend received	177,689	297,168
Exchange difference arising on translation	2,835	44,950
Deemed capital contribution – financial guarantee contracts	9,937	8,034
Deemed capital contribution – interest-free loans ( <i>Note i</i> )	407,181	443,228
	<b>1,308,350</b>	1,653,996
Amounts due from joint ventures included in non-current assets ( <i>Note i</i> )	<b>1,743,320</b>	1,937,397
Amounts due to joint ventures included in current liabilities ( <i>Note ii</i> )	<b>20,130</b>	169

*Notes:*

- (i) Included in the amounts due from joint ventures are principal amounts of HK\$505,930,000 (2015: HK\$505,330,000), which are unsecured, bear interest at prime rate plus 1% per annum and repayable after one year. The remaining amounts with principal of HK\$1,680,755,000 (2015: HK\$1,888,493,000) are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors of the Company, settlement is neither planned nor likely to occur in the foreseeable future. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK\$1,274,911,000 (2015: HK\$1,445,265,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2015: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK\$149,412,000 (2015: HK\$85,793,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations and interest income from amounts due from joint ventures of HK\$109,468,000 (2015: HK\$77,056,000).

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

During the year ended 31 March 2016, an impairment loss of HK\$3,500,000 (2015: nil) was made individually on the impaired amount due from a joint venture which has been determined by reference to past default experience and assessment of recoverability by management.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

As at 31 March 2016 and 2015, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group (Note i)		Proportion of voting power held		Principal activities
					2016	2015	2016	2015	
Chater Capital Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property development
Vastness Investment Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property development
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	60% (Note ii)	60% (Note ii)	Property development
Hillcharm Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (Note ii)	50% (Note ii)	Property holding
Great Maker Limited and its subsidiaries	Incorporated	Hong Kong	Hong Kong	Ordinary	30%	–	33% (Note ii)	–	Property development
Best Catch Ventures Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	40%	–	40% (Note ii)	–	Property holding
Cleveland Global Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	65%	–	50% (Note ii)	–	Property holding

Notes:

- (i) All the interests shown are held indirectly by the Group.
- (ii) Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the investment in these entities are treated as joint venture because major decisions require consent of all parties.

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures

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

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

#### Chater Capital Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	2,742,537	2,242,967
Non-current assets	444	426
Current liabilities	(651,160)	(849,320)
Non-current liabilities	(954,399)	(365,775)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	342,468	242,136
Current financial liabilities (excluding trade and other payables and provisions)	(13,841)	(14,561)
Non-current financial liabilities (excluding trade and other payables and provisions)	(954,399)	(365,775)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Chater Capital Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK\$342,468,000 (2015: HK\$242,136,000) and property held for sale under development of HK\$2,368,744,000 (2015: HK\$2,018,382,000). Current liabilities mainly comprise of advances from customers of HK\$505,674,000 (2015: HK\$594,390,000). Non-current liabilities represent bank loan of HK\$954,399,000 (2015: HK\$365,775,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	–	–
Loss for the year	<b>(39,823)</b>	(5,109)
Other comprehensive (expense) income for the year	<b>(51,054)</b>	1,278
Total comprehensive expense for the year	<b>(90,877)</b>	(3,831)
The above loss for the year include the following:		
Depreciation and amortisation	<b>249</b>	385
Interest income	<b>329</b>	71

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the joint venture	<b>1,137,422</b>	1,028,298
Proportion of the Group's ownership interest in the joint venture	<b>50%</b>	50%
Deemed capital contribution – financial guarantee contracts	<b>568,711</b>	514,149
Deemed capital contribution – interest-free loans	<b>891</b>	891
	<b>4,554</b>	31,076
Carrying amount of the Group's interest in the joint venture	<b>574,156</b>	546,116

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Vastness Investment Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	570,767	1,671,360
Non-current assets	134,240	15,113
Current liabilities	(192,121)	(1,013,067)
Non-current liabilities	(290)	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	18,926	1,923
Current financial liabilities (excluding trade and other payables and provisions)	–	(588,375)

Current assets mainly comprise of cash and cash equivalents of HK\$18,926,000 (2015: HK\$1,923,000) and property held for sale of HK\$438,912,000 (2015: HK\$1,292,332,000). Non-current assets mainly comprise of investment properties of HK\$112,000,000 (2015: nil). Current liabilities mainly comprise of bank loan of nil (2015: HK\$482,375,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	1,856,912	–
Profit (loss) and total comprehensive income (expense) for the year	439,191	(19,341)
Dividends received from the joint venture during the year	300,000	–
The above profit (loss) for the year include the following:		
Depreciation and amortisation	401	9,952
Interest income	–	2,970

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Vastness Investment Limited (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the joint venture	512,596	673,406
Proportion of the Group's ownership interest in the joint venture	50%	50%
	256,298	336,703
Deemed capital contribution – interest-free loans	–	12,830
Carrying amount of the Group's interest in the joint venture	256,298	349,533

#### Eagle Wonder Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	1,607,090	1,550,152
Current liabilities	(1,171,656)	(1,090,707)
Non-current liabilities	(617,829)	(582,386)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	3,116	11,205
Current financial liabilities (excluding trade and other payables and provisions)	(1,165,986)	(1,088,357)
Non-current financial liabilities (excluding trade and other payables and provisions)	(617,829)	(582,386)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued) Eagle Wonder Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK\$3,116,000 (2015: HK\$11,205,000) and property held for sale under development of HK\$1,603,972,000 (2015: HK\$1,538,945,000). Current liabilities mainly comprise of bank loan of HK\$754,100,000 (2015: HK\$700,100,000). Non-current liabilities represent shareholders' loan of HK\$617,829,000 (2015: HK\$582,386,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	–	–
Loss and total comprehensive expense for the year	<b>(59,454)</b>	(54,865)
The above loss for the year include the following:		
Interest expense	<b>59,339</b>	55,336

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

	2016 HK\$'000	2015 HK\$'000
Net liabilities of the joint venture	<b>(182,395)</b>	(122,941)
Proportion of the Group's ownership interest in the joint venture	<b>60%</b>	60%
	<b>(109,437)</b>	(73,765)
Deemed capital contribution – financial guarantee contracts	<b>2,760</b>	2,760
Share of net liabilities by amount due from the joint venture	<b>109,437</b>	73,765
Carrying amount of the Group's interest in the joint venture	<b>2,760</b>	2,760

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Hillcharm Limited

	2016 HK\$'000	2015 HK\$'000
Current assets	4,752	6,394
Non-current assets	760,000	669,792
Current liabilities	(397,252)	(394,393)
Non-current liabilities	(400,000)	(280,671)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	4,752	2,475
Current financial liabilities (excluding trade and other payables and provisions)	(396,451)	(389,350)
Non-current financial liabilities (excluding trade and other payables and provisions)	(400,000)	(280,671)

Non-current assets mainly comprise of cash and cash equivalents of HK\$4,752,000 (2015: HK\$2,475,000) and property held for sale of HK\$760,000,000 (2015: HK\$669,792,000). Current liabilities mainly comprise of amount due to shareholders of HK\$396,451,000 (2015: HK\$389,350,000). Non-current liabilities represent bank loan of HK\$400,000,000 (2015: HK\$280,671,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	4,501	1,919
(Loss) profit and total comprehensive (expense) income for the year	(33,623)	1,122
The above (loss) profit for the year include the following:		
Interest income	2	–
Income tax expense	510	226

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Hilcharm Limited (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net (liabilities) assets of the joint venture	(32,500)	1,122
Proportion of the Group's ownership interest in the joint venture	50%	50%
	(16,250)	561
Deemed capital contribution – financial guarantee contracts	1,700	1,700
Deemed capital contribution – interest-free loans	47,986	47,126
Share of net liabilities by amount due from the joint venture	16,250	–
Carrying amount of the Group's interest in the joint venture	49,686	49,387

During the year, the Group entered into agreement with independent third parties to set up Great Maker Limited, a joint venture company which principally engaged into certain property redevelopment projects.

#### Great Maker Limited

	HK\$'000
Current assets	3,098,095
Current liabilities	(1,577,620)
Non-current liabilities	(1,520,500)
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	421
Current financial liabilities (excluding trade and other payables and provisions)	(1,574,238)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,520,500)

Current assets mainly comprise of cash and cash equivalents of HK\$421,000 and property held for sale under development of HK\$3,097,615,000. Current liabilities mainly comprise of amount due to shareholders of HK\$1,574,238,000. Non-current liabilities represent bank loan of HK\$1,520,500,000. The property redevelopment projects were in early stage and no significant profit or loss was incurred during the year ended 31 March 2016.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued) Great Maker Limited (Continued)

	2016 HK\$'000
Revenue	–
Loss and total comprehensive expense for the year	(26)

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

	HK\$'000
Net liabilities of the joint venture	(25)
Proportion of the Group's ownership interest in the joint venture	30%
	(8)
Deemed capital contribution – financial guarantee contract	1,716
Deemed capital contribution – interest-free loans	114,326
Share of net liabilities by amount due from the joint venture	8
Carrying amount of the Group's interest in the joint venture	116,042

During the year, the Group entered into agreement with independent third parties to set up Best Catch Ventures Limited, a joint venture company which principally engaged into property investment.

### Best Catch Ventures Limited

	HK\$'000
Current assets	944,615
Current liabilities	(316,185)
Non-current liabilities	(650,000)
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	10,224
Current financial liabilities (excluding trade and other payables and provisions)	(300,422)
Non-current financial liabilities (excluding trade and other payables and provisions)	(650,000)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued) Best Catch Ventures Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK\$10,224,000 and property held for sale of HK\$918,000,000. Current liabilities mainly comprise of amount due to shareholders of HK\$300,422,000. Non-current liabilities represent bank loan of HK\$650,000,000.

	HK\$'000
Revenue	–
Loss and total comprehensive expense for the year	(21,570)
The above loss for the year include the following:	
Interest expense	269

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

	HK\$'000
Net liabilities of the joint venture	(21,570)
Proportion of the Group's ownership interest in the joint venture	40%
	(8,628)
Deemed capital contribution – financial guarantee contracts	501
Deemed capital contribution – interest-free loans	29,203
Share of net liabilities by amount due from the joint venture	8,628
Carrying amount of the Group's interest in the joint venture	29,704

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

During the year, the Group entered into agreement with independent third parties to set up Cleveland Global Limited, a joint venture company which principally engaged into property investment.

#### Cleveland Global Limited

	HK\$'000
Current assets	1,853,974
Current liabilities	(953,423)
Non-current liabilities	(912,500)
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	8,628
Current financial liabilities (excluding trade and other payables and provisions)	(951,300)
Non-current financial liabilities (excluding trade and other payables and provisions)	(912,500)

Current assets mainly comprise of cash and cash equivalents of HK\$8,628,000 and property held for sale of HK\$1,825,067,000. Current liabilities mainly comprise of amount due to shareholders of HK\$951,300,000. Non-current liabilities represent bank loan of HK\$912,500,000.

	HK\$'000
Revenue	1,539
Loss and total comprehensive expense for the year	(11,958)
The above loss for the year include the following:	
Interest expense	6,830

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Cleveland Global Limited (Continued)

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

	HK\$'000
Net liabilities of the joint venture	(11,949)
Proportion of the Group's ownership interest in the joint venture	65%
	(7,767)
Deemed capital contribution – financial guarantee contracts	1,682
Deemed capital contribution – interest-free loans	150,387
Share of net liabilities by amount due from the joint venture	7,767
Carrying amount of the Group's interest in the joint venture	152,069

### Aggregate information of joint ventures that are not individually material

	2016 HK\$'000	2015 HK\$'000
The Group's share of profit from continuing operations	556,960	65,562
The Group's share of post-tax profit from discontinued operations	–	–
The Group's share of other comprehensive expense	–	(4,184)
The Group's share of total comprehensive income	556,953	61,378
Dividends received from a joint venture during the year	361,085	50,000

Get Wisdom Limited (“Get Wisdom”), an entity incorporated in the BVI, was a joint venture of the Group, whose subsidiaries were engaged in property investment in the PRC. During the year, Get Wisdom together with the joint venture partner entered into a sale and purchase agreement with an independent third party to dispose its entire equity interests in the subsidiaries. The disposal of those subsidiaries was completed on 30 September 2015 and resulted in a gain on disposal of HK\$548,154,000 which was recognised in profit or loss during the current year and taken into account in the investments in joint ventures.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material joint ventures (Continued)

#### Unrecognised share of losses of joint ventures

	2016 HK\$'000	2015 HK\$'000
The unrecognised share of losses of joint ventures for the year	–	(2,097)

	2016 HK\$'000	2015 HK\$'000
Cumulative unrecognised share of losses of joint ventures	–	–

#### Significant restriction

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

## 20. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES

	2016 HK\$'000	2015 HK\$'000
Costs of unlisted investments in associates	135,003	10,247
Share of post-acquisition profits and other comprehensive income, net of dividend received	957	1,269
Deemed capital contribution – financial guarantee contracts	577	–
Deemed capital contribution – interest-free loans	1,318	6,051
	<b>137,855</b>	17,567
Amounts due from associates included in non-current assets ( <i>Note i</i> )	4,152	18,947
Amounts due to associates included in current liabilities ( <i>Notes ii</i> )	–	10,218

#### Notes:

- (i) The amounts are unsecured, non-interest bearing and repayable on demand. In the opinion of the directors of the Company, settlement is neither planned nor likely to occur in the foreseeable future. The directors of the Company considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current. The directors of the Company consider that the carrying amounts of these balances approximates to their fair values.
- (ii) The amounts are unsecured, non-interest bearing and repayable on demand.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

At 31 March 2016 and 2015, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held indirectly by the Group		Proportion of voting power held		Principal activities
					2016	2015	2016	2015	
Trend Rainbow Limited ("Trend Rainbow")	Incorporated	Hong Kong	Hong Kong	Ordinary	40%	40%	40%	40%	Property holding
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20%	20%	Property holding

### Summarised financial information of material associates

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

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

#### Trend Rainbow

	2016 HK\$'000	2015 HK\$'000
Current assets	1,040	135
Non-current assets	1,746	3,113
Current liabilities	(73)	(73)

Non-current assets mainly comprise of investment in an associate of HK\$1,746,000 (2015: HK\$3,113,000). Current liabilities mainly comprise of amounts due to shareholders of HK\$67,000 (2015: HK\$67,000).

	2016 HK\$'000	2015 HK\$'000
Revenue	2,532	3,657
Profit and total comprehensive income for the year	2,538	3,647
Dividends received from the associate during the year	1,200	4,080

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material associates (Continued)

#### Trend Rainbow (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the associate	2,713	3,175
Proportion of the Group's ownership interest in the associate	40%	40%
Carrying amount of the Group's interest in the associate	1,085	1,270

#### Wealth Explorer

	2016 HK\$'000	2015 HK\$'000
Current assets	1,336,863	–
Non-current assets	–	125,000
Current liabilities	(899)	(5)
Non-current liabilities	(658,704)	(124,992)

Current assets mainly comprise of properties held for sale of HK\$1,330,191,000 (2015: nil). Non-current assets mainly comprise of deposit paid for acquisition of subsidiary of nil (2015: HK\$125,000,000). Non-current liabilities mainly comprise of amount due to shareholders of HK\$27,214,000 (2015: HK\$124,992,000) and bank loan of HK\$631,490,000 (2015: nil).

	2016 HK\$'000	2015 HK\$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(630)	(5)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

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

### Summarised financial information of material associates (Continued)

#### Wealth Explorer (Continued)

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

	2016 HK\$'000	2015 HK\$'000
Net assets of the associate	677,260	3
Proportion of the Group's ownership interest in the associate	20%	20%
Deemed capital contribution – interest-free loans	135,452 1,318	1 6,051
Carrying amount of the Group's interest in the associate	136,770	6,052

#### Aggregate information of associate that is not individually material

	2016 HK\$'000	2015 HK\$'000
The Group's share of profit and total comprehensive income for the year	196	56,279

Expert Dragon Limited ("Expert Dragon"), an entity incorporated in the BVI, was an associate of the Group engaged in property holding in Hong Kong. During the year, Expert Dragon was deregistered.

#### Significant restriction

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 21. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Rental receivables are billed and payable in advance by tenants. In respect of sales of properties, the amounts are to be settled based on the terms of sales and purchase agreements of property. The aged analysis of the trade receivables, presented based on the debit note date for rental receivables and agreement date for receivables for sales of properties, both which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2016 HK\$'000	2015 HK\$'000
Trade receivables:		
0 – 30 days	6,713	910
31 – 90 days	2,281	5,095
Prepayments and deposits	8,994	6,005
Other receivables	48,339	22,879
	82,940	88,711
	<b>140,273</b>	117,595

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

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

## 22. PROPERTIES HELD FOR SALE

	2016 HK\$'000	2015 HK\$'000
The Group's carrying amounts of properties held for sale, stated at cost less impairment, comprise:		
– Completed properties	6,468,579	3,690,646
– Properties under development	2,381,644	1,865,947
	<b>8,850,223</b>	5,556,593

In the opinion of the directors of the Company, all properties held for sale are expected to be realised in the normal operating cycle of two to four years.

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 33.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 22. PROPERTIES HELD FOR SALE (Continued)

Valuation of the properties held for sale as at 31 March 2016 and 2015 has been carried out by an independent valuer by reference to open market value and the market evidence of transaction prices for similar properties in the same locations and conditions. Based on the assessment carried out by the directors of the Company, an impairment loss on properties held for sale (included in cost of sales) of HK\$125,729,000 (2015: HK\$36,341,000) is recognised in profit or loss.

## 23. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	2016 HK\$'000	2015 HK\$'000
Listed equity securities ( <i>Note i</i> )	32,487	43,199
Unlisted mutual funds ( <i>Note ii</i> )	13,418	11,700
	45,905	54,899
Listed debt securities ( <i>Note iii</i> )	1,767,759	1,176,479
	1,813,664	1,231,378
Total and reported as:		
Listed		
Hong Kong	537,284	472,869
Elsewhere	1,262,962	746,809
Unlisted	13,418	11,700
	1,813,664	1,231,378

Notes:

- (i) The fair value was based on the quoted prices of the respective securities in active markets for identical assets.
- (ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia.

The Group has the right to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. The fair value of the investment fund was determined based on redemption price provided by the investment fund managers, which was determined with reference to the value of the underlying assets of the funds.

- (iii) The listed debt securities at 31 March 2016 represent bonds with fixed interest of 4.38% to 12.25% (2015: 2.7% to 11.75%) per annum. The maturity dates of the listed debt securities range from 22 April 2016 to 29 March 2049 (2015: 1 April 2015 to 9 March 2020). Their fair values are determined based on quoted market bid prices available from the market.

Certain of the listed debt securities is pledged to secure the general banking facilities granted to the Group. Details are set out in note 33.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 24. CASH HELD BY SECURITIES BROKERS/BANK BALANCES AND CASH

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.025% to 0.16% (2015: 0.025% to 0.15%) per annum.

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

	2016 HK\$'000	2015 HK\$'000
United States dollars ("USD")	3,393	1,303

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.01% to 4.4% (2015: 0.01% to 4.3%) per annum.

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

	2016 HK\$'000	2015 HK\$'000
Renminbi ("RMB")	760	23,068
USD	72,469	103,805
Euro ("EUR")	1,769	1,646
	74,998	128,519

## 25. OTHER PAYABLES AND ACCRUALS

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

	2016 HK\$'000	2015 HK\$'000
Rental and related deposits received	97,233	52,433
Receipt in advance for sales of properties	-	11,137
Other tax payables	3,610	2,050
Other payables	7,087	6,761
Accrued construction costs	65,907	19,619
Accruals	62,761	28,089
	236,598	120,089

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 26.BANK BORROWINGS

	2016 HK\$'000	2015 HK\$'000
The Group's secured borrowings are repayable as follows:		
Within one year	346,551	418,996
More than one year, but not exceeding five years	5,214,015	1,433,652
More than five years	1,195,993	612,061
	<b>6,756,559</b>	2,464,709
The Group's secured borrowings that contain a repayment on demand clause in the loan agreements:		
Repayable within one year	–	6,431
Not repayable within one year	214,550	284,777
	<b>214,550</b>	291,208
	<b>6,971,109</b>	2,755,917
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	<b>(561,101)</b>	(710,204)
	<b>6,410,008</b>	2,045,713

The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and investments held for trading. The carrying amounts of the assets pledged are disclosed in note 33.

All amounts of the Group's bank borrowings are denominated in the functional currency of the relevant group entity.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK\$6,777,890,000 (2015: HK\$2,542,557,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 1.15% to 2.95% (2015: HIBOR plus 0.55% to 2.95%) per annum and borrowings amounting to HK\$193,219,000 (2015: HK\$213,360,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2016, the effective interest rates ranged from 1.24% to 7.8% (2015: 0.64% to 6.49%) per annum, which are also equal to contracted interest rates for bank borrowings.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 27.SHARE CAPITAL

	Number of shares	Amount HK\$'000
<b>Ordinary shares of HK0.8 cent each</b>		
Authorised:		
At 1 April 2014, 31 March 2015 and 2016	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2014	9,518,119,676	76,145
Placing of shares ( <i>Note i</i> )	1,300,000,000	10,400
Share repurchases ( <i>Note ii</i> )	(331,080,000)	(2,649)
At 31 March 2015	10,487,039,676	83,896
Share repurchases ( <i>Note iii</i> )	(449,950,000)	(3,600)
At 31 March 2016	10,037,089,676	80,296

*Notes:*

- (i) On 25 September 2014, the Company completed a placing of 1,300,000,000 shares at a subscription price of HK\$0.35 per placing share. Details of the placing are set out in the Company's announcement dated 16 September 2014.
- (ii) During the year ended 31 March 2015, the Company repurchased 331,080,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK\$94,332,000 was deducted from equity holder's equity. The details were as follows:

Month of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
April 2014	42,000,000	0.280	0.270	11,577
May 2014	207,050,000	0.280	0.275	57,018
July 2014	46,390,000	0.315	0.290	14,165
August 2014	35,640,000	0.330	0.320	11,572
	331,080,000			94,332

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 27.SHARE CAPITAL (Continued)

Notes: (Continued)

- (iii) During the year ended 31 March 2016, the Company repurchased 449,950,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK\$114,152,000 was deducted from equity holder's equity. The details are as follows:

Months of repurchase	Number of ordinary shares repurchased and cancelled	Price per share		Aggregate price paid HK\$'000
		Highest HK\$	Lowest HK\$	
December 2015	266,880,000	0.265	0.236	67,029
January 2016	183,070,000	0.265	0.249	47,123
	449,950,000			114,152

All the shares repurchased by the Company during the year ended 31 March 2016 and 2015 rank pari passu with the then existing ordinary shares in all respects.

## 28.GUARANTEED NOTES

On 9 January 2013, a wholly-owned subsidiary of the Company, Estate Sky Limited ("Estate Sky"), issued guaranteed notes, of which the Company is the guarantor. As at 31 March 2016, the aggregate principal amount was US\$133,350,000 (equivalent to approximately HK\$1,040,130,000) (2015: US\$150,000,000, equivalent to approximately HK\$1,170,000,000) which bears interest at 6.5% per annum, and payable semi-annually in arrears. The guaranteed notes will be repaid upon maturity on 16 January 2018. In addition, during the year ended 31 March 2016, the Group repurchased HK\$129,870,000 of such guaranteed notes through open market.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 29. DEFERRED TAXATION

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

	<b>Accelerated tax depreciation</b> HK\$'000	<b>Tax losses</b> HK\$'000	<b>Total</b> HK\$'000
At 1 April 2014	9,008	(1,265)	7,743
Charge (credit) to consolidated statement of profit or loss for the year	1,102	(315)	787
At 31 March 2015	10,110	(1,580)	8,530
Credit to consolidated statement of profit or loss for the year	(2,701)	(333)	(3,034)
At 31 March 2016	7,409	(1,913)	5,496

As at 31 March 2016, the Group had unused tax losses of approximately HK\$215,150,000 (2015: HK\$146,823,000) available for offset against future profits of which certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK\$11,595,000 (2015: HK\$9,576,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK\$203,555,000 (2015: HK\$137,247,000) due to unpredictability of future profits streams. Such tax losses can be carried forward indefinitely.

For the purpose of presentation in the consolidated statement of financial position, the deferred tax assets and liabilities have been offset.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 30.ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

### For the year ended 31 March 2016

#### (a) Acquisition of Able Wealth Enterprise Limited (“Able Wealth”) and Go Clear Investments Limited (“Go Clear”)

- (i) During the year ended 31 March 2016, the Group completed the acquisition of the entire interest of Able Wealth through a wholly owned subsidiary for a consideration of HK\$321,597,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (ii) During the year ended 31 March 2016, the Group completed the acquisition of the entire interest of Go Clear through a wholly owned subsidiary for a consideration of HK\$90,135,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction are as follow:

	Able Wealth HK\$'000	Go Clear HK\$'000	Total HK\$'000
Net assets acquired:			
Properties held for sales	322,650	90,000	412,650
Other receivables	17	135	152
Shareholder's loan	(267,757)	(16,399)	(284,156)
Other payables	(1,070)	–	(1,070)
	53,840	73,736	127,576
Assignment of shareholder's loan ( <i>Note</i> )	267,757	16,399	284,156
	321,597	90,135	411,732
Total consideration satisfied by:			
Cash paid	321,597	90,135	411,732
Net cash outflow arising on acquisition:			
Cash consideration paid	(321,597)	(90,135)	(411,732)

*Note:* As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$284,156,000 as consideration for the assignment of the shareholder's loan to Able Wealth and Go Clear.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 30. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

### For the year ended 31 March 2016 (Continued)

#### (b) Acquisition of additional interest of Surplus King Grand Investment Holding Limited (“Surplus King”)

During the year ended 31 March 2016, the Group completed the acquisition of an additional 50% equity interest of Surplus King through a wholly owned subsidiary for a consideration of HK\$1,463,644,000 from Cyrus Point Limited, the joint venture partner of the Company (the “Acquisition”). This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the Acquisition are as follow:

	HK\$'000
Properties held for sales	3,123,000
Other receivables	29,938
Bank balances and cash	68,688
Other payables	(61,382)
Bank borrowings	(1,696,600)
	1,463,644
Total consideration satisfied by:	
Cash paid	1,463,644
Net cash outflow arising on acquisition:	
Cash consideration paid	(1,463,644)
Bank balances and cash	68,688
	(1,394,956)

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 30.ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

### For the year ended 31 March 2016 (Continued)

#### (b) Acquisition of additional interest of Surplus King Grand Investment Holding Limited (“Surplus King”) (Continued)

	November 2015 HK\$'000
Analysis of fair value of Surplus King which control was gained:	
Cost of investment	420,813
Share of result of a joint venture	1,042,831
	1,463,644
Deemed disposal of interest in a joint venture:	
Carrying value of previously held interest	1,463,644
Net assets derecognised	(1,463,644)
	–

### For the year ended 31 March 2015

- (i) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Smart Event Trading Limited (“Smart Event”) through two wholly owned subsidiaries for a consideration of HK\$179,835,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (ii) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Excess Gain Company Limited (“Excess Gain”) through a wholly owned subsidiary for a consideration of HK\$328,334,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.
- (iii) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Hin Kuok Investment and Development Real Estate Limited (“Hin Kuok”) through two subsidiaries for a consideration of HK\$52,658,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 30. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

### For the year ended 31 March 2015 (Continued)

(iv) During the year ended 31 March 2015, the Group completed the acquisition of the entire interest of Wui Tak Investment Limited (“Wui Tak”) through two subsidiaries for a consideration of HK\$52,658,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination.

The net assets acquired in the transaction are as follow:

	Smart Event	Excess Gain	Hin Kuok	Wui Tak	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net assets acquired:					
Properties held for sales	197,744	330,000	112,500	112,500	752,744
Other receivables	–	910	–	–	910
Bank balances and cash	40,225	30	–	–	40,255
Shareholder’s loan	(73,579)	–	–	–	(73,579)
Other payables	(58,134)	(2,576)	(17,772)	(17,772)	(96,254)
Taxation payable	–	(30)	–	–	(30)
	106,256	328,334	94,728	94,728	624,046
Assignment of shareholder’s loan (Note a)	73,579	–	–	–	73,579
Deposits received for sales of properties to the third party (Note b)	–	–	(6,965)	(6,965)	(13,930)
Contributed by non-controlling interests	–	–	(35,105)	(35,105)	(70,210)
	179,835	328,334	52,658	52,658	613,485
Total consideration satisfied by:					
Cash paid	179,835	328,334	52,658	52,658	613,485
Net cash outflow arising on acquisition:					
Cash consideration paid	(179,835)	(328,334)	(52,658)	(52,658)	(613,485)
Bank balances and cash	40,225	30	–	–	40,255
	(139,610)	(328,304)	(52,658)	(52,658)	(573,230)

Notes:

- (a) As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$73,579,000 as consideration for the assignment of the shareholder’s loan to Smart Event.
- (b) As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK\$6,965,000 as consideration for the deposits received for sale of properties to third party.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 31. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES

### For the year ended 31 March 2016

During the year ended 31 March 2016, the Group disposed of, to an independent third party, the entire interest in Abner Holdings Limited, Abundant Idea Limited, ACE Emperor Limited, ACME Elite Limited and Afar Success Limited (the “disposed subsidiaries”) for a cash consideration of HK\$1,193,330,000. Since the disposed subsidiaries were principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the disposed subsidiaries in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the disposed subsidiaries on the date of disposal were as follows:

	HK\$'000
<hr/>	
Net assets disposed of:	
Properties held for sales	317,485
Other receivables	1,350
Bank balances and cash	4,309
Other payables	(5,699)
	<hr/>
	317,445
Transaction cost for disposal of subsidiaries	11,118
Gain on disposal	864,767
	<hr/>
Total consideration satisfied by:	
Cash received	1,193,330
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration received	1,193,330
Bank balances and cash	(4,309)
	<hr/>
	1,189,021
	<hr/>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 31. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES (Continued)

### For the year ended 31 March 2015

During the year ended 31 March 2015, the Group disposed of, to an independent third party, the entire interest in Affluent Wheel Limited (“Affluent Wheel”) for a cash consideration of HK\$221,000,000. Since Affluent Wheel was principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of Affluent Wheel in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the net assets attributable to Affluent Wheel on the date of disposal were as follows:

	HK\$'000
Net assets disposed of:	
Properties held for sales	63,941
Other payables	(1)
	63,940
Transaction cost for disposal of subsidiaries	3,280
Gain on disposal	153,780
Net cash inflow arising on disposal and total consideration satisfied by:	
Cash received	221,000

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 32. CONTINGENT LIABILITIES

	2016 HK\$'000	2015 HK\$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	3,628,959	2,503,188
An associate	262,919	–
	<b>3,891,878</b>	2,503,188
and utilised by:		
Joint ventures	2,638,712	1,929,676
An associate	126,298	–
	<b>2,765,010</b>	1,929,676

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

The directors of the Company assessed the risk of default of the joint ventures and the associates at the end of the reporting period and consider the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK\$7,010,000 (2015: HK\$6,689,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 33. PLEDGE OF ASSETS

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

	2016 HK\$'000	2015 HK\$'000
Property, plant and equipment	584,375	606,966
Properties held for sale	8,414,618	5,172,481
Investments held for trading	74,326	37,870
	<b>9,073,319</b>	5,817,317

## 34. OPERATING LEASE COMMITMENTS

### The Group as lessee

During the year, the Group incurred HK\$3,344,000 (2015: HK\$1,621,000) minimum lease payments in respect of office premises.

At 31 March 2016, the Group had outstanding commitments for the following future lease payments under non-cancellable operating leases:

	2016 HK\$'000	2015 HK\$'000
Within one year	4,889	1,193
In second to fifth years inclusive	–	1,193
	<b>4,889</b>	2,386

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 34. OPERATING LEASE COMMITMENTS (Continued)

### The Group as lessor

Property rental income earned during the year was HK\$193,425,000 (2015: HK\$167,809,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to six years (2015: two to five years).

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

	2016 HK\$'000	2015 HK\$'000
Within one year	131,308	136,044
In the second to fifth years inclusive	142,163	132,945
Over five years	1,541	–
	<b>275,012</b>	268,989

For certain properties, the Group has assigned to the banks all its right, title and benefit as lessor of relevant properties and amount receivable from lessees for certain banking facilities granted to the Group.

## 35. RETIREMENT BENEFIT SCHEMES

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

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

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated statement of profit or loss of HK\$3,312,000 (2015: HK\$3,334,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 36. RELATED PARTY DISCLOSURES

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

		2016 HK\$'000	2015 HK\$'000
Joint ventures	Asset management income	11,875	6,711
Joint venture	Interest income	35,603	33,202

(b) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the consolidated statement of financial position and on notes 19 and 20.

(c) The remuneration of executive directors and other members of key management during the year is as follows:

		2016 HK\$'000	2015 HK\$'000
Short-term benefits		66,053	34,005
Post-employment benefits		1,057	787
		<b>67,110</b>	<b>34,792</b>

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

## 37. SHARE OPTION SCHEMES

### 2012 Scheme

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

The total number of shares in respect of which options may be granted under the 2012 Scheme is not permitted to exceed 10% of the shares of the Company in issue at 16 August 2012 unless the Company obtains a fresh approval from its shareholders. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the number of shares in issue unless the Company obtains a fresh approval from its shareholders.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 37. SHARE OPTION SCHEMES (Continued)

### 2012 Scheme (Continued)

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

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

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

## 38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the bank borrowings disclosed in note 26, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendation of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	2016 HK\$'000	2015 HK\$'000
<b>Financial assets</b>		
<i>Financial assets at fair value through profit or loss</i>		
Investments held for trading	1,813,664	1,231,378
<i>Loans and receivables</i>		
Trade and other receivables	91,934	94,716
Amounts due from joint ventures	1,743,320	1,937,397
Amounts due from associates	4,152	18,947
Cash held by securities brokers	3,983	5,340
Bank balances and cash	3,525,228	1,274,443
	<b>5,368,617</b>	3,330,843
<i>Available-for-sale financial assets</i>		
Available-for-sale investments	59,630	64,579
<b>Financial liabilities</b>		
<i>At amortised cost</i>		
Other payables	97,233	52,334
Amounts due to joint ventures	20,130	169
Amounts due to associates	–	10,218
Amounts due to non-controlling shareholders of subsidiaries	100,832	91,178
Guaranteed notes	1,040,130	1,170,000
Bank borrowings	6,971,109	2,755,917
	<b>8,229,434</b>	4,079,816

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

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity and other price risk), credit risk and liquidity risk.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risks

##### (i) Foreign currency risk management

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to foreign currency risk in relation to RMB, USD and EUR arising from foreign currency bank balances and cash, and cash held by securities brokers as set out in note 24.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
RMB	760	23,068	–	–
USD	75,862	105,108	1,040,130	1,170,000
EUR	1,769	1,646	–	–

Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and US\$ will be immaterial as most US\$ denominated monetary assets are held by group entities having HK\$ as their functional currency, and the other financial assets denominated RMB and EUR are not material, and therefore no sensitivity analysis has been prepared.

The Group has not formulated a policy to hedge the foreign currency risk. No sensitivity analysis was prepared since the directors consider the amount involved not significant.

##### (ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to amounts due from (to) joint ventures, associates, investments held for trading and guaranteed notes issued by the Company as set out in notes 19, 20, 23 and 28 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, cash held by securities brokers, and bank borrowings as set out in notes 24 and 26 respectively. It is the Group's policy to keep its borrowings (other than guaranteed notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings and interest rate determined by the People's Bank of China arising from the Group's RMB denominated borrowings.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risks (Continued)

##### (ii) Interest rate risk management (Continued)

###### *Sensitivity analyses for cash flow interest rate risk*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate cash held by securities brokers, bank balances and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2015: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2015: 50 basis points) for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For cash held by securities brokers and bank balances, if interest rates had been 10 basis points (2015: 10 basis points) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would increase/decrease by HK\$2,947,000 (2015: HK\$1,069,000).

For bank borrowings, if interest rates had been 50 basis points (2015: 50 basis points) basis points higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2016 would decrease/increase by HK\$29,104,000 (2015: HK\$11,506,000).

In management's opinion, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

##### (iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in investments held for trading. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on listed equity securities, listed debt securities and unlisted mutual funds quoted in the open markets. The management considers that there is no significant equity and other price risks through available-for-sale investments. In addition, the Group has appointed a special team to monitor the price risks and will consider hedging the risk exposure should the need arise.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Market risks (Continued)

##### (iii) Equity and other price risks management (Continued)

###### *Sensitivity analyses*

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the end of reporting period. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risks as the year end exposure does not reflect the exposure during the year.

If the prices of the respective listed equity securities and unlisted mutual funds had been 5% (2015: 5%) higher/lower, post tax profit for the year ended 31 March 2016 would increase/decrease by HK\$1,917,000 (2015: increase/decrease by HK\$2,292,000) as a result of the changes in fair value of equity securities mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2015: 5%) higher/lower, post tax profit for the year ended 31 March 2016 would increase/decrease by HK\$73,804,000 (2015: increase/decrease by HK\$49,118,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has increased during the year mainly due to the increase in investments held for trading.

#### Credit risk management

As at 31 March 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 32.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt instrument at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks and financial institutions with good reputations.

The credit risk on investments in listed debt securities is limited because majority of the counterparties are corporations with good reputations.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Credit risk management (Continued)

The credit quality of the listed debt securities as set out in note 23, determined by external credit-ratings assigned by Moody's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2016 %	2015 %
Ba1	13.1	15.5
Ba2	20.0	21.1
Ba3	14.5	13.7
B1 to Caal	33.0	19.3
Unrated	19.4	30.4
	<b>100.0</b>	100.0

#### *Significant concentration of credit risk*

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

As at 31 March 2016, the Group has concentration of credit risk on bank balances as 69% (2015: 43%) of balances are placed in one (2015: one) independent bank. The management of the Group considers that the credit risk on the bank balance is limited as it is a reputable company whose shares are listed on the HKSE.

The Group also has concentration of credit risk as 91% (2015: 87%) of the amounts due from joint ventures are due from five (2015: five) joint ventures. The joint ventures are private companies and mainly located in Hong Kong. In order to minimise the credit risk, the management of the Group has monitored the repayment ability of the joint ventures continuously. The counterparties of the entire amounts due from joint ventures that are repayable on demand had no default record based on historical information.

The Group's geographical concentration of credit risk is mainly in Hong Kong, which accounted for approximately 90% of the Group's total recognised financial assets as at 31 March 2016 and 2015.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures the compliance with loan covenants.

#### Liquidity tables

For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise the rights.

The table includes both interest and principal cash flows. The amounts included below for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at the end of the reporting period.

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2016 HK\$'000
<b>31 March 2016</b>									
<i>Non-derivative financial liabilities</i>									
Other payables	-	97,233	-	-	-	-	-	97,233	97,233
Amount due to a joint venture	-	20,130	-	-	-	-	-	20,130	20,130
Amounts due to non-controlling shareholders of subsidiaries	-	100,832	-	-	-	-	-	100,832	100,832
Guaranteed notes	6.5	-	8,451	33,804	1,107,738	-	-	1,149,993	1,040,130
Bank borrowings	2.24	214,550	18,938	422,306	902,677	4,835,230	1,330,085	7,723,786	6,971,109
		432,745	27,389	456,110	2,010,415	4,835,230	1,330,085	9,091,974	8,229,434
Financial guarantee contracts (Note)	-	-	998,412	4,648	190,807	1,571,258	-	2,765,125	7,220



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK\$'000	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount at 31 March 2015 HK\$'000
<b>31 March 2015</b>									
<i>Non-derivative financial liabilities</i>									
Other payables	–	52,334	–	–	–	–	–	52,334	52,334
Amount due to a joint venture	–	169	–	–	–	–	–	169	169
Amounts due to associates	–	10,218	–	–	–	–	–	10,218	10,218
Amounts due to non-controlling shareholders of subsidiaries	–	91,178	–	–	–	–	–	91,178	91,178
Guaranteed notes	6.5	–	9,506	38,025	76,050	1,398,150	–	1,521,731	1,170,000
Bank borrowings	2.4	291,208	7,242	447,965	721,468	857,051	683,999	3,008,933	2,755,917
		445,107	16,748	485,990	797,518	2,255,201	683,999	4,684,563	4,079,816
Financial guarantee contracts (Note)	–	–	860,233	8,676	69,600	990,767	–	1,929,276	7,313

Note: The amount is categorised based on contractual term of repayment of the relevant underlying financial guarantee contracts guaranteed by the Group.

Bank loans with a repayment on demand clause are included in the “on demand” time band in the above maturity analysis. As at 31 March 2016, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$214,550,000 (2015: HK\$291,208,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months HK\$'000	3 months to 1 year HK\$'000	1 – 2 years HK\$'000	2 – 5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
31 March 2016	601	216,956	–	–	–	217,557	214,550
31 March 2015	855	9,854	13,258	254,548	44,303	322,818	291,208

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Liquidity risk management (Continued)

##### Liquidity tables (Continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for variable rate bank borrowings is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.3.2016 HK\$'000	31.3.2015 HK\$'000				
1) Held-for-trading non-derivative financial assets classified as investments held for trading in the statement of financial position	Listed equity securities in: – Hong Kong: 32,487	Listed equity securities in: – Hong Kong: 43,199	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: – Hong Kong: 504,797 – Elsewhere: 1,262,962	Listed debt securities in: – Hong Kong: 429,670 – Elsewhere: 746,809	Level 1	Quoted bid prices in an active market	N/A	N/A
	Unlisted mutual funds 13,418	Unlisted mutual funds 11,700	Level 2	Quoted prices for identical assets in market that are not active	N/A	N/A
2) Unlisted equity securities classified as available-for-sale investments in the consolidated statement of financial position	54,625	59,574	Level 2	Quoted prices for identical assets in market that are not active	N/A	N/A

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 39. FINANCIAL INSTRUMENTS (Continued)

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

#### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The directors consider that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

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

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2016 HK\$'000	2015 HK\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	460,069	466,694
Amounts due from subsidiaries	6,951,692	5,955,166
Investments in joint ventures	10,607	8,126
Amounts due from joint ventures	–	570,717
Club memberships	5,200	5,200
	<b>7,427,568</b>	7,005,903
<b>Current assets</b>		
Other receivables	2,429	6,280
Bank balances and cash	301,714	179,203
	<b>304,143</b>	185,483
<b>Current liabilities</b>		
Other payables and accruals	21,227	18,059
Bank borrowings – due within one year	30,000	–
	<b>51,227</b>	18,059
<b>Net Current assets</b>	<b>252,916</b>	167,424
	<b>7,680,484</b>	7,173,327
<b>Capital and reserves</b>		
Share capital	80,296	83,896
Reserves (Note)	7,337,688	7,089,431
Total Equity	<b>7,417,984</b>	7,173,327
<b>Non-current liabilities</b>		
Bank borrowings – due after one year	262,500	–
	<b>7,680,484</b>	7,173,327

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

### Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2014	1,619,636	371	338,410	3,968,043	5,926,460
Profit and other comprehensive income for the year	–	–	–	927,340	927,340
Placing of shares	432,499	–	–	–	432,499
Share repurchases	–	2,649	(91,683)	(2,649)	(91,683)
Expenses related to shares repurchased and cancelled	–	–	(453)	–	(453)
Dividend recognised as distribution	–	–	–	(104,732)	(104,732)
<b>At 31 March 2015</b>	<b>2,052,135</b>	<b>3,020</b>	<b>246,274</b>	<b>4,788,002</b>	<b>7,089,431</b>
Profit and other comprehensive income for the year	–	–	–	425,668	425,668
Share repurchases	–	3,600	(110,552)	(3,600)	(110,552)
Expenses related to shares repurchased and cancelled	–	–	(791)	–	(791)
Dividend recognised as distribution	–	–	–	(66,068)	(66,068)
<b>At 31 March 2016</b>	<b>2,052,135</b>	<b>6,620</b>	<b>134,931</b>	<b>5,144,002</b>	<b>7,337,688</b>

## 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2016 and 2015 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016 %	2015 %	2016 %	2015 %	
Able Market Limited	Hong Kong	HK\$1	–	–	100	100	Property development
Absolute Keen Limited	Hong Kong	HK\$1	–	–	100	100	Property development
Apex Harvest Limited	Hong Kong	HK\$100	–	–	92	92	Property development
Bravo Wave Limited (Note i)	BVI	US\$1	–	–	100	–	Property holding
Capital Delight Limited	Hong Kong	HK\$1	–	–	100	100	Property holding and leasing of property
Capital Strategic Property (Shanghai) Limited (Note ii)	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding and leasing of property

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016 %	2015 %	2016 %	2015 %	
Century Unicorn Limited	Hong Kong	HK\$1	-	-	100	100	Property holding and leasing of property
CH Property Services Limited	Hong Kong	HK\$1	-	-	100	100	Provision of property management service
Clear Luck Group Limited	BVI	US\$1	-	-	100	100	Property holding
Couture Homes Limited	BVI	US\$1	100	100	-	-	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK\$100	100	100	-	-	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK\$2	100	100	-	-	Provision of property management service
Digital Option Limited	BVI	US\$1	-	-	100	100	Property holding and leasing of property
Eagle Shore Limited	BVI	US\$1	-	-	100	100	Sales of securities and investment holding
Earn Centre Limited	Hong Kong	HK\$2	-	-	100	100	Property holding and leasing of property
Earthmark Limited (Note i)	BVI	US\$1	-	-	100	-	Loan financing
Estate Sky Limited	BVI	US\$1	100	100	-	-	Bond issuer
Ever Novel Limited	Hong Kong	HK\$1	-	-	100	100	Property holding
Excess Gain Company Limited	Hong Kong	HK\$1,000,000	-	-	100	100	Property holding and leasing of property
Fortress Jet Limited	Hong Kong	HK\$1	-	-	100	100	Property holding and leasing of property
Geotalent Limited	BVI	US\$1	-	-	100	100	Property holding and leasing of property

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016 %	2015 %	2016 %	2015 %	
Golden United Limited	Hong Kong	HK\$1	-	-	100	100	Property holding and leasing of property
Greater Bond Limited (Note i)	BVI	US\$1	-	-	100	-	Sale of securities and investment holding
Growth Safe Limited	Hong Kong	HK\$1	-	-	100	100	Property holding and leasing of property
Highland Management Services Limited	Hong Kong	HK\$1	-	-	92	92	Management services
High Supreme Limited	BVI	US\$1	-	-	100	100	Property holding and leasing of property
Hoyden Holdings Limited	BVI	US\$1	-	-	100	100	Property development
ICC Financial Limited	Hong Kong	HK\$1	-	-	100	100	Investment holding
Mark Well Investment Limited	Hong Kong	HK\$100	100	100	-	-	Sale of securities and investment holding
Million Base Properties Limited	Hong Kong	HK\$2	-	-	100	100	Property holding and leasing of property
Million Basis Property Limited	BVI	US\$1	-	-	100	100	Property holding and leasing of property
Modern Value Limited	BVI	US\$1	-	-	100	100	Property holding and leasing of property
Smart Charm Holdings Limited	Hong Kong	HK\$1	-	-	100	100	Hotel operation
Smart Future Holdings Limited	Hong Kong	HK\$1	-	-	100	100	Property holding and leasing of property
Smart Kept Limited	BVI	US\$1	-	-	100	100	Property holding and leasing of property

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

## 41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2016 %	2015 %	2016 %	2015 %	
Smart Tide Limited	Hong Kong	HK\$1	-	-	100	100	Property holding
Surplus King Centre Limited (Note iii)	Hong Kong	HK\$2	-	-	100	50	Property holding and leasing of property
Spring Wonder Limited	Hong Kong	HK\$100	-	-	92	100	Property development
Trinity Value Limited	Hong Kong	HK\$1	-	-	100	100	Property holding and leasing of property
Well Clever International Limited	BVI	US\$1	-	-	100	100	Sale of securities and investment holding

*Notes:*

- (i) These companies were incorporated during the year ended 31 March 2016.
- (ii) Capital Strategic Property (Shanghai) Limited is a wholly foreign owned enterprise established in the PRC.
- (iii) This company has become an indirect wholly-owned subsidiary of the Group during the year ended 31 March 2016 upon the acquisition of remaining interest.

None of the subsidiaries had issued any debt securities or any other securities (other than ordinary/registered share capital) during the year and at the end of the year except for Estate Sky Limited which has issued HK\$1,170 million of guaranteed notes, in which the Group has HK\$1,170 million interest.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities of business	Principal place	Number of subsidiaries	
		2016	2015
Corporate services	HK/Macau	8	7
Investment holding	BVI/HK	202	152
Inactive	BVI/HK	14	18
Securities investment	BVI/HK	9	9
		<b>233</b>	186

# Financial Summary

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2016 is set out below:

## (A) RESULTS

	Year ended 31 March				
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Revenue	3,217,891	1,162,379	2,578,071	745,611	<b>2,201,494</b>
Profit before taxation	1,886,813	985,540	871,302	281,361	<b>1,711,216</b>
Income tax expense					
– Current tax and deferred tax	(118,511)	(60,519)	(52,040)	(16,308)	<b>(53,948)</b>
Profit for the year	1,768,302	925,021	819,262	265,053	<b>1,657,268</b>
Attributable to:					
Owners of the Company	1,754,106	902,671	815,489	262,936	<b>1,645,022</b>
Non-controlling interests	14,196	22,350	3,773	2,117	<b>12,246</b>
	1,768,302	925,021	819,262	265,053	<b>1,657,268</b>

## (B) ASSETS AND LIABILITIES

	At 31 March				
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Total assets	9,049,643	11,489,660	11,847,028	12,561,741	<b>18,241,511</b>
Total liabilities	3,077,272	4,404,558	4,069,375	4,294,955	<b>8,560,159</b>
	5,972,371	7,085,102	7,777,653	8,266,786	<b>9,681,352</b>
Equity attributable to					
Owners of the Company	5,958,888	7,064,254	7,773,512	8,264,720	<b>9,667,111</b>
Non-controlling interests	13,483	20,848	4,141	2,066	<b>14,241</b>
	5,972,371	7,085,102	7,777,653	8,266,786	<b>9,681,352</b>



# Schedule of Properties Held by the Group

As at 31 March 2016

## MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2016 are as follows:

### PROPERTIES HELD FOR SALE

Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK\$'000)
(i) Hong Kong					
G/F., Unit 1506-1507, & 52 Carparks, sky-sign on the roof top in AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	20,189	171,300
Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	39,057	217,100
No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	19,707	152,400
Office Units 1006, 3102, 31/F., & 4 Carparks, 4/F., Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	8,930	188,100
No. 47 Barker Road, The Peak, Hong Kong	Residential	100%	7,766	4,230	336,500
Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial/ Residential	100%	3,347	40,152	379,200
No.14 Pennington Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	2,754	126,900
Shop 4, G/F., together with the Yard appurtenant thereto, Keswick Court, No.3 Keswick Street, Causeway Bay, Hong Kong	Commercial	100%	N/A	640	34,600
Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	113,900
3-4 Glenealy, Central Hong Kong	Residential	100%	5,753	N/A	776,100

# Schedule of Properties Held by the Group

As at 31 March 2016

## MAJOR PROPERTIES (Continued) PROPERTIES HELD FOR SALE (Continued)

Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK\$'000)
(i) Hong Kong (Continued)					
Shatin Town Lot No. 562, Area 56A, Kan To, Sha Tin, N.T.	Residential	92%	N/A	50,003	887,000
12/F, Le Diamant, No. 703 & 705 Nathan Road, Kowloon	Commercial	100%	N/A	1,835	26,300
Fan Kam Road Sheung Shui, New Territories	Residential	92%	68,986	N/A	312,200
Tuen Mun Town Lot No. 513, Yan Ching Street, Area 10 Tuen Mun, N.T.	Residential	100%	12,637	N/A	466,700
Ground Floor and Yard, Nos. 35 – 49 Hong Keung Street, San Po Kong, Kowloon	Commercial	100%	N/A	5,823	144,000
No. 348 Nathan Road Kowloon, No. 348 Nathan Road, Jordan, Kowloon	Commercial	100%	N/A	219,949	2,743,900
The whole of 14/F of Block C, Carpark No. 60 on 1/F of Block B, Sea View Estate, No. 8 Watson Road, Hong Kong	Commercial	100%	N/A	12,815	95,000
(ii) The PRC					
In Point, Nos. 168/169 Wujiang Road and No. 1 Lane 333 Shimenyi Road, Jing'an District, Shanghai, PRC	Commercial	100%	149,017	122,441	618,800
(iii) Macau					
Em Macau, Rua do Campo No 258, Broadway Center 1 Andar C-E, G-J, L-S, AB-AD, 2 Andar D-J, L-V, X, Z -AD, and various carparking spaces	Commercial	100%	N/A	9,347	202,500

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