CHUANG'S CHINA INVESTMENTS LIMITED

ANNUAL REPORT 2017

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Highlights of the Year

Financial

We delivered solid financial results for the year 31st March, 2017.

- Profit attributable to equity holders of the Company escalated by 16-times and reached HK$1,452.0 million
- Net asset value attributable to equity holders of the Company substantially enhanced to HK$4,071.1 million
- Net cash balances of over HK$443.6 million, as a result of strong cash, bank balances and investments held for trading amounted to HK$1,849.8 million while bank borrowings were HK$1,406.2 million

Business

This was a momentous year of transformation for the Group. We have completed a number of strategical moves that not only realign the Group's business directions but also substantially enhanced the Group's financial capabilities. The Board is delighted to report on these spectacular achievement in the year under review as follows:

Disposal of development project in Dongguan

To start-off, the Group captured the rising market trend in mid-2016 to dispose of its property development interests at approximately RMB1.3 billion (equivalent to approximately HK$1.5 billion) in cash. The disposal comprised over 323,000 *sq. m.* of developable GFA together with unsold inventory and carparking spaces in Chuang's New City in Dongguan. After completion of the disposal in October 2016, the Group retained the administration building with GFA of 4,166 *sq. m.* and 12 completed residential flats in Dongguan for internal use.

From the disposal, the Group earned a lucrative net profit after taxation of approximately HK$1.2 billion in this financial year, which represented a four-fold return on this investment. The disposal not only served to unlock its stored value in return for cash, but has also validated that substantial value is embedded in the Group's property development assets as a result of their low book cost.

Expansion to investment properties in London

For the next decisive move, the Group pursued overseas expansion. In November 2016, the Group acquired an office property, 10 Fenchurch Street, in the prime location of City of London, United Kingdom at a net consideration of approximately GBP79 million (equivalent to approximately HK$764 million), which represented about GBP1,017 (equivalent to approximately HK$9,845) per *sq. ft.*. London, being one of the world's leading financial marketplaces, is well sought-after by global investors for its market liquidity and transparency.

The acquisition of this prime office property provides the Group with steady rental stream and corresponding increase in capital value over time. A negative goodwill of HK$38.9 million was recorded in the year under review.

Realizing share investment in Shenzhen Harmony

Then in January 2017, the Group disposed of its investment in 50 million shares in 深圳市同心投資基金股份公司 (Shenzhen Harmony Investment Funds Company Limited*) ("Shenzhen Harmony"), at a cash consideration of RMB64.5 million (equivalent to approximately HK$74.2 million). A gain of HK$16.7 million was realized from the disposal, representing a 30% return on investment. After the disposal, the Group retained 10 million shares in Shenzhen Harmony at a book cost of RMB10 million, for the purpose of earning dividend income.

Diversification to cemetery business in the PRC

Further strategic expansion that the Group completed was the acquisition of an effective 85.5% interests in the Fortune Wealth at RMB398 million (equivalent to approximately HK$449 million). The consideration was satisfied partially in cash and partially in exchange for the Group's investment properties in Chengdu, Guangzhou as well as up to 40 villas in Changsha. This arrangement has the benefit of reducing the Group's cash outlay for the acquisition and also realizing the appreciated value of the Group's property assets as profits.

The acquisition was completed in March 2017. A gain on disposal of the Group's Chengdu and Guangzhou investment properties of HK$26.4 million, as well as a negative goodwill of HK$210.5 million was realized and recorded in the year under review.

Shareholders' Value

- Earnings per share improved to 61.57 HK cents
- Net asset value per share rose to HK$1.72
- Total dividend per share (including special dividend) increased by about 83% to 5.5 HK cents
- Repurchase of 64,570,000 issued shares (about 2.7%) were conducted on-market, enhancement in shareholders' value is achieved

Looking Forward

At the heart of "One belt, One road" lies the creation of an economic land belt that includes countries on the original Silk Road through Central Asia, West Asia, the Middle East and Europe, as well as a maritime road that links port facilities in the PRC with the African coast into the Mediterranean.

The Group is keen to pursue the state policy of "One belt, One road" initiatives as it will bring about vast opportunities from the creation of economic belt involving many countries from Asia to Europe.

As the saying goes, "Spectacular Achievement is Always Preceded by Unspectacular Preparation". Looking forward, the Group will proactively identify and pursue projects in the PRC as well as expanding abroad so as to reap the benefits driven by the "One belt, One road" initiatives.

Results Review

Revenues and net gain of the Group for the year ended 31st March, 2017 slightly increased by 4.5% to HK$491.3 million (2016: HK$470.0 million), comprising the following factors:

- sales of development properties decreased by 7.3% to approximately HK$408.3 million (2016: HK$440.5 million) and were mainly derived from contracted sales from Block 29–31 of Imperial Garden in Dongguan, the People's Republic of China (the "PRC");
- rental and management fee income increased by about 61.3% to HK$30.8 million (2016: HK$19.1 million), contributed by the additional rental income generated from the newly acquired property in the United Kingdom (the "UK");
- securities investment and trading income increased to about HK$51.3 million (2016: HK$9.4 million), as a result of increase in holding of high yield bonds with face value of US$70.6 million, and their market value was approximately HK$604.9 million; and
- income from sales and trading business remained at the same level of about HK$0.9 million (2016: HK$1 million).

During the year under review, gross profit increased by 12.7% to HK$215.7 million (2016: HK$191.4 million). Overall gross profit margin raised from 41% to 44% as a result of improved profit margin from rental and management fee income and higher gross margin from securities investment and trading. The gross profit margin for each revenue segment is as follows:

	3/2017	3/2016
Sales of development properties in the PRC	34%	39%
Rental and management fee income	80%	51%
Securities investment and trading income	100%	100%

Other income and net gain rose to HK$217.2 million (2016: HK$78.0 million), which included the negative goodwill net of expenses on acquisition of cemetery business subsidiaries as announced in January 2017; and the gain of HK$16.7 million on disposal of share investment in Shenzhen Harmony as announced in January 2017. A breakdown of other income and net gain is shown in note 7 to the consolidated financial statements of this report. Gain on disposal of subsidiaries of HK$1,340.7 million (2016: nil) was an one-off gain from disposal of subsidiaries in Dongguan as announced in August 2016.

The Group recorded a gain on change in fair value of investment properties of HK$38.8 million (2016: HK$72.1 million), which was principally related to those investment properties in Chengdu, Dongguan and Guangzhou that were disposed of during the year under review. Furthermore, share of result of a joint venture of HK$26.0 million (2016: HK$64.3 million) was related to the share of change in fair value of the investment properties of the joint venture in Xiamen.

On the costs side, selling and marketing expenses decreased by 31.4% to HK$19.9 million (2016: HK$29.0 million) as a result of reduced property development projects for sale in the PRC. Administrative and other operating expenses increased by HK$18.1 million to HK$160.1 million (2016: HK$142.0 million) due to the growth in business activities during the year as well as general rise in operating costs.

Finance costs of HK$15.5 million maintained at similar level with last corresponding year (2016: HK$15.7 million). Share of loss of associated companies was HK$2.9 million (2016: HK$1.8 million). Furthermore, taxation amounted to HK$191.7 million (2016: HK$129.1 million), but which included the PRC income tax of HK$109.5 million relating to the disposal of the subsidiaries in Dongguan.

Taking into account of the above, profit attributable to equity holders of the Company for the year ended 31st March, 2017 increased by 16 times to HK$1,452.0 million (2016: HK$85.0 million). Earnings per share was 61.57 HK cents (2016: 4.91 HK cents).

Dividends

In view of improved financial results, the Board resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company the payment of a final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share and a special dividend of 2.0 HK cents (2016: Nil) per share for the year ended 31st March, 2017. The final dividend and the special dividend, if approved, will be paid on or before 18th October, 2017 to the shareholders whose names appear on the Company's register of members on 20th September, 2017.

An interim dividend of 1.5 HK cents (2016: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 5.5 HK cents (2016: 3.0 HK cents) per share. Total dividend payments for the year will be HK$129.8 million (2016: HK$64.8 million).

Business Review

A. Investment Properties

The Group holds a portfolio of investment properties in the PRC and the UK for steady recurring rental income. A summary is as follows:

Xiamen Mingjia (廈門佲家)

Xiamen, Fujian

(59.5% owned)

The Xiamen Mingjia (廈門佲家) comprises a 6-storey hotel building with 100 guest-rooms (gross area of 9,780 *sq. m.*) and 30 villas (aggregate gross floor area ("GFA") of about 9,376 *sq. m.*). As at 31st March, 2017, the properties were recorded in the financial statements at valuation of RMB414 million (comprising RMB169 million for the hotel and RMB245 million for the 30 villas). The valuation attributable to the Company was about RMB246 million (equivalent to approximately HK$278 million), whereas the total estimated investment costs of the Company are about HK$185 million in this project.

In January 2017, Xiamen Mingjia entered into a 10-year lease with 廈門鷺江賓館 (Xiamen Lujiang Harbourview Hotel*), for the lease of the hotel building at an initial rental of RMB9 million per annum, representing rental yield of about 5.3% based on the valuation. As the tenant is a subsidiary of the Group's joint venture partner, the tenancy arrangement constituted a continuing connected transaction, details of which was contained in the announcement of the Company dated 19th January, 2017.

Marketing on leasing of the 30 villas is in satisfactory progress. Up to date, 4 villas have been leased to independent third parties, each for a term of 10 years, at aggregate rental of RMB3 million per annum. On the basis that the 30 villas are fully leased out, gross annual rental income will amount to about RMB18 million, representing a rental yield of over 7.3% based on the valuation.

Chuang's Mid-town

Anshan, Liaoning

(100% owned)

Chuang's Mid-town at Tie Dong Qu (鐵東區) is a modern, well-designed architectural project situated at the core city centre of Anshan, consists of a 6-level commercial podium providing an aggregate GFA of about 29,600 *sq. m.*. Above the podium stands a twin tower (Block AB and C) with 27 and 33-storey respectively, offering total GFA of about 62,700 *sq. m.*.

Superstructure works of the commercial podium and the twin tower have been completed. Internal and external finishing works are in satisfactory progress. It is expected that occupancy permit will be obtained in the second half of 2017.

Chuang's Mid-town combines retail, residential, service apartments, entertainment and business with great accessibility. The Group will appoint an international real estate agency as leasing agent to carry out marketing campaign on this project.

The Group's total investments in this project upon completion will be approximately HK$433 million. The estimated market value of Chuang's Mid-town is approximately RMB639 million (equivalent to approximately HK$721 million) on completed basis, comprising RMB235 million for the commercial podium and RMB404 million for Block AB and C. On an estimated rental income of about RMB25 million per annum, Chuang's Mid-town will generate a rental yield of 4%. As at 31st March, 2017, the commercial podium was stated as "investment properties" in the Group's financial statements whereas Block AB and C were stated as "properties for sale".


Chuang's
Mid-town
莊士・中心城
Chuang's Plaza
莊士廣場
人民路
青年街
千山中路
新華街
景子街
虹橋
寰球大酒店
鞍山
火車站
金融大廈
鐵東二道街（步行街）
鞍鋼會展
中心
鞍山市政協
勝利廣場
鞍山客運站
（長途車站）
建國南路
鐵西五道街
鞍山市
民生小學
英國TESCO項目
二一九路
勝利南路
鞍山市
第一中學
中華南路
鞍山市
中心醫院
園林路
新華銀河
電影城
紫荊花酒店
新興市場
（新址）
鞍山田園酒店

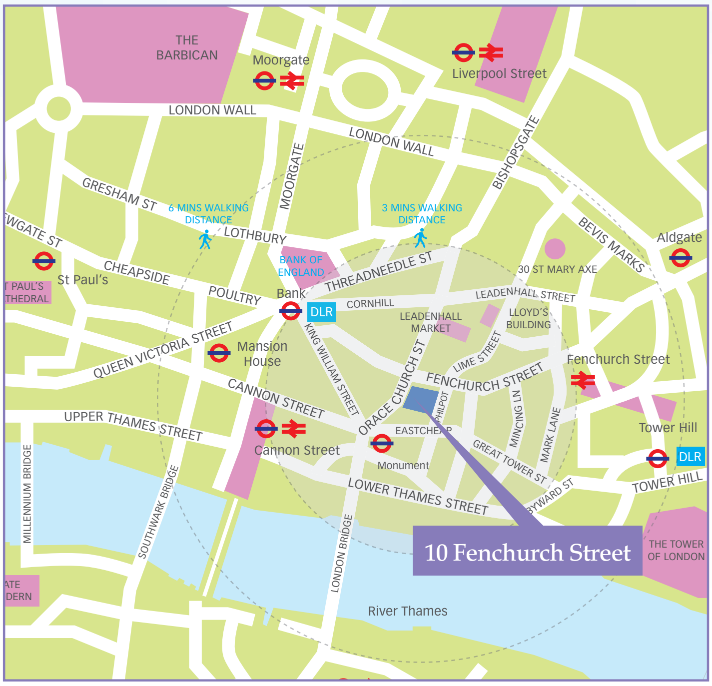
Office Property in Fenchurch Street

London, UK

(100% owned)

10 Fenchurch Street is a freehold property in the City of London, the UK. It is an 11-storey commercial building providing 77,652 *sq. ft.* of office and retail usage. As at 31st March, 2017, the Group's total investments cost of this property is stated at the property valuation of approximately GBP83 million (equivalent to approximately HK$805 million).

The property is fully leased out to multi tenants and is earning annual rental income of approximately GBP3.9 million (equivalent to approximately HK$37.8 million), representing a rental yield of approximately 4.7% based on valuation. The rental income will be further enhanced after the rent review on existing tenancies in the next few months.



B. Property Development

Following the disposal of the development project in Dongguan, the Group retains the following property development in the PRC and in Hong Kong:

Chuang's Le Papillon

Guangzhou, Guangdong

(100% owned)

Chuang's Le Papillon is an integrated residential and commercial community and its development is implemented by phases. Phase I and II (Block A to P) have a total GFA of approximately 260,800 *sq. m.*. It comprises 34 high-rise residential towers with a total of 2,077 flats and 22 villas, commercial properties, club houses and 1,497 carparking spaces.

Phase III

Currently, there are 14 units of unsold properties of about RMB60.6 million (equivalent to approximately HK$68.9 million) and unsold carparks of about RMB129.9 million (equivalent to approximately HK$147.7 million). The Group intends to lease the 22 villas (Block P) with GFA of approximately 6,987 *sq. m.* to benefit from asset appreciation in future.

For the remaining development (Phase III), the Group owns a land of over 92,000 *sq. m.* and its GFA was about 166,000 *sq. m.*. Land quota for development of about 54,300 *sq. m.* has been obtained, and that for another 60,000 *sq. m.* will be approved by the PRC authorities in a few months. The Group will closely follow-up with the relevant PRC authorities for the land quota of the remaining 51,700 *sq. m.* and will also explore means to raise the plot ratio of the site. To capitalize on market opportunities on the rising land costs in Guangzhou, the Group will also explore other options (including disposal) to accelerate capital return on investment in this project.

Changan

Dongguan, Guangdong

(100% owned)

The Group owns a site area of about 20,000 *sq. m.* in city centre of Changan (長安), Dongguan, on which an industrial building with GFA of about 39,081 *sq. m.* was erected. Driven by the urbanization in Changan and its proximity to Shenzhen, Changan is well located to attract property buyers from Shenzhen. Recently, the town planning of the Group's site has been rezoned to "residential usage" by the local PRC authorities. With the rezoning, the Group's site in Changan will be a prime land bank for future development. The Group will liaise with the local authorities regarding the requisite procedures and strategize on the optimal timing for the usage conversion application.

The industrial property on the site is currently leased to an independent third party until 2023. As at 31st March, 2017, the industrial property was recorded in the financial statements at valuation of RMB104 million. The gross rental income amounted to about RMB6.4 million per annum, representing a rental yield of about 6%.

Chuang's Plaza

Anshan, Liaoning

(100% owned)

Adjacent to Chuang's Mid-town, the Group holds the second site located in the prime city centre of Tie Dong Qu (鐵東區). With a developable GFA of 390,000 *sq. m.*, the site will provide a mega integrated development including office towers, retail, food and beverage and entertainment facilities together with residential blocks. Master planning is in progress and the Group will adopt a longer term planning for this project.

Yip Wong Road,

Tuen Mun, New Territories, Hong Kong

(100% owned)

The site has an area of about 26,135 *sq. ft.* and has developable GFA of 116,897 *sq. ft.* for residential purpose and 25,102 *sq. ft.* for commercial purpose with 47 carparking spaces. The site is located along the riverside recreation park, overlooking Tuen Mun River. Along the promenade right in front of the site, it is within leisure walking distance to the nearby landmark commercial mall.

Building plans of the development project have been approved. Excavation and lateral support works have commenced. It is expected that foundation works will be completed in the third quarter of 2017. Soft marketing will be launched in coming months and pre-sales are planned to commence in the first quarter of 2018.

Other Property Projects in the PRC

- During the year under review, the non-wholly-owned subsidiaries of the Group that hold the property project in Changsha completed a rights issue to raise working capital. The Group supported the rights issue and as a result, the Group's effective interests increased from 54% to 69%. As at 31st March, 2017, the Group's total investment costs amounted to about HK$82.5 million, including shareholder's loan of about HK$55 million.

  As the business license of the PRC project subsidiary has expired since 2012, the normal operation of sale of properties was halted. The Group has made keen efforts to reactivate the business license but the minority shareholders of this project do not agree to renew the business license. The Group will consider all rightful actions (including lawsuit against the minority shareholders) in order to resolve the matter. Meanwhile, with the grant of court orders, public auctions were conducted during the year under review to orderly dispose of the unsold properties so as to repay the shareholder's loan owed to the Group. After the public auctions, as at 31st March, 2017, the unsold total GFA of this project was about 22,700 *sq. m.* (residential GFA of 11,100 *sq. m.* and commercial GFA of 11,600 *sq. m.*). It is expected that further public auctions will be held in 2017 to facilitate the repayment of shareholder's loan.

- The Group holds a 51% development interest in a project in Wuhou District, Chengdu. As at 31st March, 2017, the Group's total investment costs in this project was about RMB146.8 million (equivalent to approximately HK$165.9 million). The Group has launched legal proceedings in May 2016 in order to recoup the investment in this project. The aggregate amounts demanded by the Group is approximately RMB435 million (equivalent to approximately HK$491.6 million). Further announcement(s) about the legal proceeding will be made by the Company as and when appropriate.

Fortune Wealth

Sihui, Guangdong

(85.5% owned)

The Fortune Wealth Memorial Park operates a cemetery in Sihui with a site area of approximately 518 mu agreed by the local government authorities. At present, land use rights certificates of approximately 146.8 mu of land have been obtained. The local government has recently confirmed that land quota for about 23.4 mu is allocated to Fortune Wealth and the relevant procedures for the grant of land will be carried out in the coming few months. In addition, Fortune Wealth will liaise with the local authorities for land resumption in respect of the remaining 347.8 mu. For the area encompassing the land resumption, about 150 mu will be designated for road access and greenbelts. As for the balance of 197.8 mu, Fortune Wealth shall intensively follow-up with the local authorities to allocate land quota for the grant of land use rights.

During the initial phase, Fortune Wealth has completed the development of 100 mu with an administrative building, 12 graveyards with 5,485 grave plots and a mausoleum with 550 niches. For the next phase of development, the Group will plan to construct the road access to the new site, and at the same time review the master layout plan for the 46.8 mu together with the forthcoming 23.4 mu.

On the sale aspects, Fortune Wealth has full license for sale not only in the PRC, but also includes overseas Chinese as well as residents of Hong Kong, Macau and Taiwan. As at 31st March, 2017, about 3,911 grave plots and 539 niches were available for sale. Fortune Wealth will review its sales and marketing strategy and will take more proactive steps in its brand building and customer services.

Business Review

C. Securities Investments

1. Investments in CNT Group Limited ("CNT")

During the year under review, the Group increased its shareholding interests in CNT, a company listed on The Stock Exchange of Hong Kong Limited, through on-market purchases. As at the date hereof, the Group owns about 19.2% shareholding interests in CNT. CNT and its subsidiaries are principally engaged, inter alia, in the manufacture and sale of paint products under its own brand names with focus on the PRC market and the property business.

With reference to the closing share price of CNT as at 31st March, 2017 of HK$0.6 (2016: HK$0.295), the book value of the Group in this investment increased to over HK$215 million (2016: HK$96.0 million). The gain in book value is accounted for as "Reserve" in the financial statements. During the year under review, dividend income from CNT was about HK$3.2 million.

On 22nd June, 2017, the Company announced that a wholly-owned subsidiary of the Group has filed a petition against CNT and Prime Surplus Limited. Further announcement(s) about the petition will be made by the Company as and when appropriate.

2. Investments in high yield bonds

The Group holds the following portfolio of high yield bonds, as at 31st March, 2017 with an annualized average yield of 6%:

Stock code	Bond issuer	Face value of bonds held *US$'000*	Market value as at 31st March, 2017 *HK$'000*	Percentage of market value to the Group's net assets as at 31st March, 2017	Fair value gain for the year ended 31st March, 2017 *HK$'000*	Interest income for the year ended 31st March, 2017 *HK$'000*
3333	China Evergrande Group			5.3%	10,524	12,572
	(a) 8.75%	1,600	13,400			
	(b) 12%	22,950	202,265			
2007	Country Garden Holdings Company Limited			4.5%	7,330	4,353
	(a) 7.5%	8,000	67,170			
	(b) 5.625%	14,000	114,646			
813	Shimao Property Holdings Limited (8.375%)	19,000	166,899	4.1%	1,645	10,546
1813	KWG Property Holding Limited (6%)	5,000	40,568	1.0%	1,714	–
1038	Cheung Kong Infrastructure Holdings Limited	–	disposed	–	–	1,686
2777	Caifu Holdings Limited, a wholly-owned subsidiary of Guangzhou R&F Properties Company Limited	–	disposed	–	–	1,511
	Others	–	disposed	–	–	31
		70,550	**604,948**	**14.9%**	**21,213**	**30,699**

Brief description of principal business of the respective bond issuers are as follows:

Name of company	Principal business
China Evergrande Group	Property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business
Country Garden Holdings Company Limited	Property development, construction, fitting and decoration, property investment, property management and hotel operation
Shimao Property Holdings Limited	Property development, property investment and hotel operation
KWG Property Holding Limited	Property development, property investment, hotel operation and property management
Cheung Kong Infrastructure Holdings Limited	Development, investment and operation of infrastructure businesses
Guangzhou R&F Properties Company Limited	Development and sale of properties, property investment, hotel operations and other property development related services

Fair value gain was recorded by the Group principally as a result of the higher market value of the bonds as at 31st March, 2017, as well as accrued interests up to that date. In general, bond prices and interest rates will carry an inverse relationship, i.e. if interest rates rise, the price of bonds tends to fall. Also, for the financial year ending 31st March, 2018, one of the bonds held by the Group will be callable by bond issuer at a price below the market value as at 31st March, 2017. If all the above happen, the high interest income will be offset by the effects of increase in interest rates and early redemption. The Group intends to continue investing in high yield bonds, which is a great tool to generate steady income stream, and will monitor the performance of the portfolio from time to time.

Financial Review

Funds raising

At the beginning of the year under review, the Company completed a one-for-two rights issue, receiving full support from our shareholders. The estimated net proceeds of the rights issue after deducting estimated expenses was approximately HK$222.5 million. Proceeds from the rights issue were used during the year under review as to over HK$170 million for the Group's business expansion and the balance as working capital.

Net asset value

As at 31st March, 2017, the net asset value attributable to equity holders of the Company increased to HK$4,071.1 million. During the year, the Company made on-market repurchases of 64,570,000 shares at HK$34.6 million. Taking this into account, net asset value per share amounted to HK$1.72, which is calculated based on the historical cost of the Group's land bank, before taking into account the appreciated value.

Financial resources

The Group maintained strong financial position. As at 31st March, 2017, the Group's cash, bank balances and investments held for trading amounted to HK$1,849.8 million (2016: HK$831.9 million). As at the same date, bank borrowings of the Group amounted to HK$1,406.2 million (2016: HK$708.7 million). As the Group maintained net cash of over HK$443.6 million (2016: HK$123.2 million), calculation to debt ratio is non-applicable. Approximately 90.3% of the Group's cash, bank balances and investments held for trading were in Hong Kong dollar and United States dollar, 9.4% were in Renminbi and the balance of 0.3% were in other currencies. Approximately 59.6% of the Group's bank borrowings were in Hong Kong dollar, 35.9% were in British Pound Sterling with the remaining 4.5% were in Renminbi.

Based on the agreed scheduled repayment dates in the loan agreements and ignoring the effect of any repayment on demand clause, approximately 12.1% of the Group's bank borrowings were repayable within the first year, 8.5% were repayable within the second year and the balance of 79.4% were repayable within the third to fifth years.

Foreign exchange risk

As disclosed in the "Business Review" section of this report, besides Hong Kong, the Group also conducts its businesses in the PRC and the United Kingdom, with the income and the major cost items in those places being denominated in their local foreign currencies. Therefore, it is expected that any fluctuation of these foreign currencies' exchange rates would not have material effect on the operations of the Group. However, as the Group's consolidated financial statements are presented in Hong Kong dollar, the Group's financial position is subject to exchange exposure to these foreign currencies. The Group would closely monitor this risk exposure from time to time.

Prospects

The PRC's economic growth is expected to stabilize further and solid demand for commodity housing in first tier cities and core second tier cities will continue to be robust. For expansion of land bank, the Group will identify revitalization and urban redevelopment of industrial properties in first tier cities.

In the financial year ending 31st March, 2018, the Group's revenues will be mainly derived from rental income and management fees, sales of goods and merchandises and securities investment and trading. Apart from that, the Group will adhere to its strategy of focusing on property development in first tier cities as well as to further diversify to other businesses with steady income. Geographically, the Group will seek for opportunities not only in Hong Kong and the PRC but will also expand to other developed countries. The Group will continue to seek investment opportunities, further expand the Group's sources of revenue, enhance the Group's profitability, and maximize return for its shareholders.

Staff

The Group puts emphasis on training and cultivating elite talent. We are committed to providing a dynamic and enthusiastic working atmosphere and increase hiring talents of all fields. As at 31st March, 2017, the Group employed 214 staff. The Group provides its staff with other benefits including discretionary bonus, contributory provident fund, share options and medical insurance. Staff training is also provided as and when required.

Appreciation

On behalf of the Board, I would like to thank my fellow Directors and our dedicated staff for their hard work and contribution during the year.

Abraham Shek Lai Him
Chairman

Hong Kong, 27th June, 2017

* *English translation only*

Corporate

Information

Honorary Chairman	Alan Chuang Shaw Swee
Directors	Abraham Shek Lai Him, G.B.S., J.P.* *(Chairman)* Ann Li Mee Sum *(Deputy Chairman)* Albert Chuang Ka Pun *(Managing Director)* Chong Ka Fung *(Deputy Managing Director)* Sunny Pang Chun Kit David Chu Yu Lin, S.B.S., J.P.* Andrew Fan Chun Wah, J.P.* * *Independent Non-Executive Directors*
Audit Committee/ Nomination Committee/ Remuneration Committee	Abraham Shek Lai Him, G.B.S., J.P.# David Chu Yu Lin, S.B.S., J.P. Andrew Fan Chun Wah, J.P.
Corporate Governance Committee	Ann Li Mee Sum# Albert Chuang Ka Pun Chong Ka Fung
Company Secretary	Lee Wai Ching
Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
Registrars	**Bermuda:** MUFG Fund Services (Bermuda) Limited The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda **Hong Kong:** Tricor Progressive Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

Chairman of the relevant committee

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
HSBC Bank (China) Company Limited
Hang Seng Bank Limited
Hang Seng Bank (China) Limited
Bank of China (Hong Kong) Limited

Registered Office

Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

Principal Office in Hong Kong

25th Floor, Alexandra House,
18 Chater Road, Central, Hong Kong
Telephone: (852) 2522 2013
Facsimile: (852) 2810 6213
Email address: chuangs@chuangs.com.hk
Website: *www.chuangs-china.com*

Other Offices in the People's Republic of China (the "PRC")

Beijing Office
Chuang's (Beijing) Investment Services Limited
Unit 608B, 6th Floor, China Resources Building,
No. 8 Jianguomenbei Avenue,
Beijing, the PRC

Guangzhou Office
Guangzhou Panyu Chuang's Real Estate Development Company Limited
Liangang Road, Guangzhou,
Guangdong, the PRC

Dongguan Office
Dongguan Chuang's Investment Limited
1st Floor, Chuang's New City Administration Building
No. 8 Chuang's Road, Dongguan
Guangdong, the PRC

Anshan Office
Anshan Chuang's Property Development Company Limited
Anshan Chuang's Real Estate Development Company Limited
No. 738 Jian Guo Road,
Tie Dong Qu, Anshan,
Liaoning, the PRC

Other Offices in the PRC (continued)

Chengdu Office
Chengdu Chuang's Investment Services Limited
Room 10A, 10th Floor,
Tower 2, Block 13, Bi Yun Tian,
No. 1 Bi Yun Road,
Wu Hou Qu, Chengdu,
Sichuan, the PRC

Xiamen Office
Xiamen Mingjia Binhai Resort Company Limited
No. 382 Long Hu Shan Road,
Siming District, Xiamen,
Fujian, the PRC

Sihui Office
Fortune Wealth Memorial Park (Si Hui) Limited
Jiang Gu, Sihui,
Guangdong, the PRC

Sales Offices in the PRC

Chuang's Le Papillon Sales Office
Liangang Road, Guangzhou,
Guangdong, the PRC

Chuang's Mid-town Sales Office
No. 738 Jian Guo Road,
Tie Dong Qu, Anshan,
Liaoning, the PRC

Fortune Wealth Sales Office
Jiang Gu, Sihui,
Guangdong, the PRC

Stock Code

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Biographical

Details of Honorary Chairman, Directors and Senior Management

Honorary Chairman

Mr. Alan Chuang Shaw Swee (aged 65), the honorary chairman of the Company, is the chairman of Chuang's Consortium International Limited ("Chuang's Consortium", the controlling shareholder of the Company) and the honorary chairman of Midas International Holdings Limited ("Midas"), both are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has extensive experience in business development and investment in Hong Kong, the People's Republic of China (the "PRC") and Southeast Asia. With his substantial connections, he has actively involved in the development and management of investments in Hong Kong, the PRC and Southeast Asia. He was an Adviser of Hong Kong Affairs and a member of the Selection Committee for the Government of the Hong Kong Special Administrative Region. He is a member of the National Committee of The Chinese People's Political Consultative Conference, a standing committee member of All-China Federation of Returned Overseas Chinese, the President of the Association for the Promotion of Global Chinese Traders Fraternity Ltd., the Honorary member of Guangzhou Panyu Overseas Exchanges Association, the Vice President of China Federation of Overseas Chinese Entrepreneurs and the Committee for the Promotion of Fujian-Taiwan Economic Cooperation, the Honorary President of Hunan Overseas Friendship Association and Fujian International Culture & Economy Exchange Foundation, an economic adviser to Chengdu, Sichuan, an overseas consultant to Sichuan Provincial Overseas Exchanges Association, an Honorary Citizen of Xiamen City, Guangzhou City and Chia-Yi, Taiwan and an executive director of the Board of Trustees of Jimei University, Xiamen City. He is also the Vice President of the Hong Kong Factory Owners Association, the Honorary President of the Hong Kong Federation of Overseas Chinese Association, the Honorary President of the Chinese General Chamber of Commerce, a director of The Real Estate Developers Association of Hong Kong, the Senate of the Democratic Alliance for the Betterment and Progress of Hong Kong, the Life Honorary President of the General Association of Xiamen (H.K.) Ltd., the Permanent President of Hong Kong Huian Natives Association, the Life Honorary President of Chuang & Yen Clansmen's General Association and a director of the Friends of Hong Kong Association Ltd..

Directors

Mr. Abraham Shek Lai Him G.B.S., J.P., (aged 72), was appointed as the chairman and an independent non-executive director of the Company in April 2008. He is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court of The Hong Kong University of Science & Technology, the Court and the Council of The University of Hong Kong, a non-executive director of the Mandatory Provident Fund Schemes Authority of Hong Kong and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption. He holds a Bachelor degree of Arts. He is also an independent non-executive director of Chuang's Consortium, Midas, Paliburg Holdings Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, Country Garden Holdings Company Limited, Hop Hing Group Holdings Limited, MTR Corporation Limited, SJM Holdings Limited, ITC Properties Group Limited, China Resources Cement Holdings Limited, Lai Fung Holdings Limited, Cosmopolitan International Holdings Limited and Goldin Financial Holdings Limited, all are listed on the Stock Exchange. Mr. Shek is also an independent non-executive director of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust, and Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust, both trusts are listed on the Stock Exchange.

Miss Ann Li Mee Sum (aged 56), the deputy chairman, has over 31 years of experience in finance, investment banking and business management. She holds a Master degree in Business Administration and is a fellow member of the Chartered Institute of Management Accountants. She joined the Group in 1999.

Mr. Albert Chuang Ka Pun (aged 37), the managing director, has over 13 years of experience in property business and general management. He is also a joint managing director of Chuang's Consortium. He holds a Bachelor degree of Arts with major in Economics. He is a committee member (the Hong Kong Special Administrative Region) of the Tianjin Municipal Committee of the Chinese People's Political Consultative Conference and the Twelfth All-China Youth Federation. Mr. Chuang is the son of Mr. Alan Chuang Shaw Swee. He is also the brother of Mr. Chong Ka Fung. He joined the Group in 2008.

Mr. Chong Ka Fung (aged 32), the deputy managing director, has over 7 years of experience in architecture, interior design and general management. He is also a joint managing director of Chuang's Consortium. He holds a Bachelor degree of Fine Arts in Architecture Design covering architecture; interior; and urban planning. He is a director of The Chinese General Chamber of Commerce and the Hong Kong Chang Sha Chamber of Commerce, the vice chairman of Youth Committee of the Hong Kong Huian Natives Association, a committee member of the Hunan Youth Federation, and a member of The Y. Elites Association Limited, the China Green Building (Hong Kong) Council and the Hong Kong–Shanghai Youth Exchange Promotion Association. Mr. Chong is the son of Mr. Alan Chuang Shaw Swee. He is also the brother of Mr. Albert Chuang Ka Pun. He joined the Group in 2012.

Directors (continued)

Mr. Sunny Pang Chun Kit (aged 59), an executive director, has over 39 years of experience in construction and real estate development business. He holds a Master of Science degree in Construction and Project Management and is a member of the Chartered Institute of Building and the Architects and Surveyors Institute, United Kingdom and an associate member of the Hong Kong Institution of Engineers. He joined the Group in 1992.

Mr. David Chu Yu Lin S.B.S., J.P., (aged 73), was appointed as an independent non-executive director in 1997. Mr. Chu has extensive experience in finance, banking and property investment. He holds a Bachelor of Science degree and a Master of Science degree, both from Northeastern University, and a Master of Business Administration degree from Harvard University. Mr. Chu was conferred with an Honorary Doctorate Degree in Public Service by the Northeastern University. He is also an independent non-executive director of Chuang's Consortium, AVIC International Holding (HK) Limited and Zhuhai Holdings Investment Group Limited, all are listed on the Stock Exchange. Mr. Chu was elected as a deputy of the Hong Kong Special Administrative Region to the 10th National Congress of the PRC.

Mr. Andrew Fan Chun Wah J.P., (aged 38), was appointed as an independent non-executive director in 2013. He is a practising certified public accountant in Hong Kong with over 11 years of experience. He holds a Bachelor degree of Business Administration (accounting and finance) and a Bachelor degree in Laws. Mr. Fan is a member of the Association of Chartered Certified Accountants in the United Kingdom and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Fan is an independent non-executive director of Sinomax Group Limited, Fulum Group Holdings Limited, Culturecom Holdings Limited and Nameson Holdings Limited, all are listed on the Stock Exchange. He is also a committee member of the tenth and eleventh Chinese People's Political Consultative Conference of the Zhejiang Province, the fourth and fifth Chinese People's Political Consultative Conference of Shenzhen and the vice chairman of Zhejiang Province United Youth Association.

Senior Management

Mr. Huang Shi Zhao (aged 61), the general manager of the Group's operation in Guangdong, the PRC. He has over 43 years of experience in legal field, electrical engineering, property development, construction project, administration and management. He is a university graduate in PRC laws and is a National Constructor (Class II) in the PRC. He is the president of Dongguan City Association of Enterprises with Foreign Investment and the executive vice president of The Association of Foreign Investment Enterprises of Shatian, Dongguan. He joined the Group in 1993.

Mr. Chen Feng (aged 35), the general manager of the Group's development project in Panyu, the PRC. He has over 10 years of experience in construction project management. He holds a Master degree in construction management. He joined the Group in 2007.

Mr. Guo Caihong (aged 47), the general manager of the Group's development project in Anshan, the PRC. He has 25 years of experience in project planning, design and management. He joined the Group in 1992.

Mr. Zhuang Xue Nong (aged 43), the general manager of the Group's cemetery project in Guangdong, the PRC. He has over 22 years of experience in real estate and project management, construction, administration, marketing and finance. He holds a postgraduate certificate in Economic Management. He joined the Group in 2003.

Senior Management (continued)

Mr. Peter Lo Wing Cheung (aged 46), the senior sales and marketing manager, is responsible for sales and marketing of the Group. He has over 22 years of experience in sales and marketing of properties in Hong Kong and in the PRC. He holds a honor diploma in Marketing and is a member of Hong Kong Institute of Marketing. He joined the Group in 2008.

Miss Yung Miu Chuen (aged 36), the senior accounting manager, has over 12 years of experience in accounting and auditing. She holds a Bachelor degree in accountancy. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. She joined the Group in 2012.

Ms. Lee Wai Ching (aged 56), the company secretary, has over 33 years of experience in corporate services and office administration. She holds a Master degree in Business Administration and a Master degree in Laws. She is a fellow of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She joined the Group in 1998.

Corporate

Governance Report

Introduction

The Company is committed to achieving a high standard of corporate governance that properly protects and promotes the interests of its shareholders.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Report on corporate governance practices

(A) The Board

The board of Directors (the "Board") is responsible for overseeing the business and strategies of the Company and its subsidiaries (collectively as the "Group") with the objective of enhancing value for its shareholders.

A Board diversity policy (the "Board Diversity Policy") has been approved by the Board with effect from 1st September, 2013. A summary of the Board Diversity Policy is extracted below:

The Company continuously seeks to enhance the effectiveness of its Board and to maintain high standards of corporate governance and recognizes and embraces the benefits of diversity in the boardroom. The Company sees diversity as a wide concept and believes that a diversity of perspectives can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, and professional experience and skills. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time.

The Company endeavours to ensure that its Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy for sustainable and balanced development.

Board appointments shall be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will best enable the Company to serve its shareholders and other stakeholders as a whole.

Report on corporate governance practices (continued)

(A) The Board (continued)

(i) Board composition

The Board comprises 7 Directors as at the date of this report. The Board members are as follows:

Name	Position
Mr. Abraham Shek Lai Him (“Mr. Abraham Shek”)	Chairman and Independent Non-Executive Director
Miss Ann Li Mee Sum (“Miss Ann Li”)	Deputy Chairman
Mr. Albert Chuang Ka Pun* (“Mr. Albert Chuang”)	Managing Director
Mr. Chong Ka Fung* (“Mr. Edwin Chong”)	Deputy Managing Director
Mr. Sunny Pang Chun Kit (“Mr. Sunny Pang”)	Executive Director
Mr. David Chu Yu Lin (“Mr. David Chu”)	Independent Non-Executive Director
Mr. Andrew Fan Chun Wah (“Mr. Andrew Fan”)	Independent Non-Executive Director

* *Mr. Albert Chuang is the brother of Mr. Edwin Chong.*

The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business of the Group. The Board has on a regular basis reviewed the composition of the Board and the skills and experience required for both the Executive and Independent Non-Executive Directors of the Board, in the context of the business and strategies of the Company. Each of the Directors’ respective biographical details are set out in the section headed “Biographical Details of Honorary Chairman, Directors and Senior Management” of this annual report.

(ii) Appointment, re-election and removal of Directors

There are formal, considered and transparent procedures for the appointment and removal of Directors. All Directors newly appointed to fill a casual vacancy are subject to election at the first general meeting after their appointment. Every Director is subject to retirement by rotation at least once every three years. All Independent Non-Executive Directors are appointed for a term of three years, subject to retirement by rotation as aforesaid.

Report on corporate governance practices (continued)

(A) The Board (continued)

(iii) Nomination Committee

A Nomination Committee was established by the Company with clear terms of reference to review the composition of the Board. The Nomination Committee of the Company shall review the Board Diversity Policy annually and recommend any proposed changes to the Board for approval. The Nomination Committee currently comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee met once during the year to review the structure, size and composition of the Board and to assess the independence of each Independent Non-Executive Director.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	1/1

* *Chairman of the Nomination Committee*

(iv) Board meetings

The Board held six meetings during the year. Arrangements were in place to ensure that sufficient notice and adequate information were given to each Director prior to the Board meetings. The Chairman, together with the Deputy Chairman and the Managing Director, established the agenda for each Board meeting. Other Directors were invited to include items in the agenda. Minutes of Board meetings were kept in sufficient details to reflect the decisions made in the relevant meetings.

The attendance record of each Director in Board meetings is as follows:

Name	Position	No. of meetings attended/held
Mr. Abraham Shek	Chairman and Independent Non-Executive Director	6/6
Miss Ann Li	Deputy Chairman	6/6
Mr. Albert Chuang	Managing Director	5/6
Mr. Edwin Chong	Deputy Managing Director	6/6
Mr. Sunny Pang	Executive Director	6/6
Mr. David Chu	Independent Non-Executive Director	6/6
Mr. Andrew Fan	Independent Non-Executive Director	6/6

(A) The Board (continued)

(v) Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer are separated. Currently, Mr. Abraham Shek is the Chairman and Mr. Albert Chuang, the Managing Director, is the Chief Executive Officer.

(vi) Responsibilities of Directors

Each Director of the Company is required to keep abreast of his/her responsibilities as a Director of the Company and each Director is provided in a timely manner with appropriate information of the Group to enable him/her to make an informed decision and to discharge his/her duties and responsibilities as a Director of the Company. On appointment, new Directors will be given a comprehensive induction to the Group's business.

(vii) Directors' dealings in securities

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors of the Company, the Company received confirmations from all Directors that they have complied with the required standard as set out in the Model Code.

(viii) Independence of Independent Non-Executive Directors

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

Report on corporate governance practices (continued)

(A) The Board (continued)

(ix) Directors' training

According to the code provision A.6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding training, placing an appropriate emphasis on the roles, functions and duties of the Directors of the Company.

During the year, the Company had arranged seminar and provided reading materials to the Directors that are relevant to their duties and responsibilities. A summary of the training record of each Director received by the Company is as follows:

Name	Reading regulatory updates relating to the director's duties and responsibilities or information relevant to the Group or its business	Reading newspapers, journals and updates relating to the economy, environment and social issues or the director's duties and responsibilities	Attending in-house seminar(s) or seminar(s) organized by external professional institution(s) or attending conference(s) relevant to the director's duties and responsibilities
Mr. Abraham Shek	✓	✓	✓
Miss Ann Li	✓	✓	✓
Mr. Albert Chuang	✓	✓	✓
Mr. Edwin Chong	✓	✓	✓
Mr. Sunny Pang	✓	✓	✓
Mr. David Chu	✓	✓	✓
Mr. Andrew Fan	✓	✓	✓

Report on corporate governance practices (continued)

(B) Remuneration of Directors and senior management

(i) Remuneration policy of Executive Directors and senior management

The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The Group will set levels of remuneration to ensure comparability and competitiveness with companies competing within a similar talent pool.

(ii) Fees paid to Independent Non-Executive Directors

The Chairman, being an Independent Non-Executive Director, entitles to an annual fee of HK$300,000. Each of the other Independent Non-Executive Directors of the Company entitles to an annual fee of HK$120,000. In determining such fee, the Board has taken into account the current market conditions. Such fee is also subject to shareholders' approval in annual general meetings.

(iii) Remuneration Committee

A Remuneration Committee was established by the Company with clear terms of reference and is responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the Company's establishment of a formal and transparent procedure for developing remuneration policy.

The Remuneration Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee met once during the year to review the remuneration policy of the Group and the management's remuneration proposals with reference to the Board's corporate goals and objectives. The committee performs an advisory role to the Board with the Board retaining the final authority to approve the remuneration packages of Directors and senior management and the model (c)(ii) as stipulated in code provision B.1.2 of the CG Code was adopted.

The attendance record of each committee member is as follows:

Name	No. of meeting attended/held
Mr. Abraham Shek*	1/1
Mr. David Chu	1/1
Mr. Andrew Fan	1/1

* *Chairman of the Remuneration Committee*

Report on corporate governance practices (continued)

(C) Accountability and audit

(i) Financial reporting

The Board acknowledges that it is its responsibility to prepare the consolidated financial statements and to present a balanced, clear and comprehensive assessment of the performance, position and prospects of the Group in the interim and annual reports of the Group.

The reporting responsibility of the Company's auditor on the consolidated financial statements of the Group is set out in the "Independent Auditor's Report" on pages 80 to 87 of this annual report.

(ii) Risk management and internal control

(a) Responsibilities of the Board and management

The Board acknowledges that it is responsible for maintaining an appropriate and effective risk management and internal control systems in the Group and reviewing the systems effectiveness to safeguard the Group's assets and shareholders' interests. These risk management and internal control systems can only reasonably, but do not absolutely ensure the non-occurrence of material misstatement, significant loss, error or fraud and they are designed to manage, rather than eliminate the risk of failure in the Group's operational systems to achieve its business objectives.

Management of the Company is responsible for designing, implementing and monitoring the risk management and internal control systems; and providing confirmation to the Audit Committee on the systems effectiveness through the completion of controls self-assessment on key business processes in the Group.

(b) Risk Management

To provide sound and effective risk management, the Board has established an enterprise risk management framework which includes the following key features:

- Risk Governance Structure

  The Group's risk governance structure comprises of day-to-day operational management and control, risk and compliance oversight, and independent assurance. The Group has developed a risk management policy which outlines the principles and procedures for the Group to manage its risks and also clearly defines roles and responsibilities of each of the multiple layers of the structure, including the Board, the Audit Committee, department heads, staff at operational levels and the internal audit, in order to achieve the Group's strategic and operational goals and objectives.

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(ii) Risk management and internal control (continued)

(b) Risk Management (continued)

○ Risk Management Process

A robust risk management process is developed to identify, evaluate and manage significant risks. The risk management process includes the following elements:

- Risk identification – Identify the risks faced by the Group.

- Risk assessment and prioritization – Analyze the identified risks based on two dimensions: potential impact and likelihood of occurrence; prioritize key risks and confirm top risks.

- Risk treatment – Select an appropriate risk treatment and develop the relevant risk management strategies for identified key risks.

- Control activities – Controls must be designed, evaluated and implemented on the identified risks.

- Risk monitoring – Perform ongoing and periodic monitoring of risks to ensure the risk management strategies are operating effectively.

- Risk reporting – Consolidate the results from the risk assessment; establish detailed action plan; and report to management and the Audit Committee in a timely manner.

The Group maintains a risk register, which includes information of key enterprise-level risks, their potential consequences, likelihood, impact and overall risk rating. Risk owners will execute risk mitigation actions and respond to their assigned risks in the risk register based on the Board's risk tolerance. On an annual basis, the risks in the risk register are re-evaluated, with consideration of potential new or emerging risks. Also, depending on changes in circumstances and the external environment, risk tolerances and risk responses are adjusted accordingly.

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(ii) Risk management and internal control (continued)

(c) Internal Control

The Group has implemented an internal control system in accordance with an integrated internal control framework established by the COSO (Committee of Sponsoring Organizations of the Treadway Commission), which comprises five main features and principal components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring activities.

The Group has an internal audit function and has engaged a professional internal control consultant to perform independent reviews of key business processes in the Group under a co-sourcing arrangement. The Internal Audit Department used a risk-based approach to derive an internal audit plan and it is approved by the Audit Committee on an annual basis to assess the adequacy, effectiveness, efficiency and reliability of internal control procedures over financial, operational and compliance activities of the Group. The results of the independent reviews together with the recommended remedial actions, in the form of internal audit reports, are submitted to the Audit Committee and management on a regular basis. Follow-up reviews are performed to ensure that all identified issues have been resolved satisfactorily.

The Head of the Internal Audit Department reports directly to the Audit Committee. During the year, the Internal Audit Department conducted reviews and reported the status of implementation of follow-up actions on control deficiencies. Relevant recommendations reported by the Internal Audit Department will be implemented by management to enhance the Group's internal control policies, procedures and practices, and to resolve material internal control deficiencies in a timely manner.

The Group has also developed an Inside Information Disclosure Policy and internal controls for the handling and dissemination of inside information to ensure consistent and timely disclosure, and fulfilment of the Group's disclosure obligations. The Group has also established and implemented procedures to guide its staff on how to report, escalate and handle inside information, and strictly prohibit them from any unauthorized use of inside information.

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(ii) Risk management and internal control (continued)

(d) Review of Systems Effectiveness

Through the Audit Committee, the Board had conducted an annual review of the effectiveness and adequacy of the risk management and internal control systems by reviewing the work performed by the Internal Audit Department and the controls self-assessment on key business processes performed by management for the year ended 31st March, 2017. The review covered all material controls, including financial, operational and compliance controls, and risk management functions. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. The changes in the nature and extent of significant risks faced by the Group and response plans have been evaluated. The Board considered that the risk management and internal control systems are functioning effectively and adequately.

During the review, the Board also assessed and was satisfied with the adequacy of the resources, staff qualification and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions. Qualified personnel throughout the Group maintains and monitors these internal control procedures on an ongoing basis.

The Board is satisfied that the Group has fully complied with the code provisions C.2 on risk management and internal control set out in the CG Code as set forth in the Appendix 14 of the Listing Rules for the year ended 31st March, 2017.

Report on corporate governance practices (continued)

(C) Accountability and audit (continued)

(iii) Audit Committee

An Audit Committee was established by the Company with clear terms of reference to review and supervise the financial reporting process, and the risk management and internal control of the Group. The Audit Committee comprises three Independent Non-Executive Directors, Mr. Abraham Shek, Mr. David Chu and Mr. Andrew Fan. The committee held four meetings during the year to discuss the relationship with the external auditor, to review the consolidated interim financial information for the six months ended 30th September, 2016 and the consolidated annual financial statements for the year ended 31st March, 2017 of the Group, and to evaluate the risk management and internal control systems of the Group.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Mr. Abraham Shek*	4/4
Mr. David Chu	4/4
Mr. Andrew Fan	4/4

* *Chairman of the Audit Committee*

(iv) Auditor's remuneration

During the year, the remuneration paid or payable to the principal auditor, PricewaterhouseCoopers, is set out as follows:

Services rendered	HK$'000
Audit and audit related services	1,460
Non-audit services	4,930
	6,390

(D) Delegation by the Board

(i) Board Committees

The Company has established four committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee (the "CG Committee"). These committees were formed with specific clear terms of reference which deal clearly with the committees' authorities and duties.

(ii) Management function

The Board has determined which matters are to be retained by the full Board sanction and which matters are to be delegated to the executive management. The executive management has been given clear terms of reference, in particular, circumstances where the executive management should report to and obtain prior approval from the Board. All delegations to executive management are reviewed periodically to ensure that they remain appropriate.

(E) Corporate Governance

The Board delegated the corporate governance functions to the CG Committee which was established with clear terms of reference and is responsible for developing and reviewing the Company's policies and practices on corporate governance. The CG Committee is also delegated the responsibility to review any potential inside information of the Group and to make recommendations to the Board for any disclosure requirement or actions required.

The CG Committee comprises three Executive Directors, Miss Ann Li, Mr. Albert Chuang and Mr. Edwin Chong. The committee met twice during the year to review the corporate governance matters of the Company to ensure that the Company has complied with the principles and applicable code provisions of the CG Code.

The attendance record of each committee member is as follows:

Name	No. of meetings attended/held
Miss Ann Li *	2/2
Mr. Albert Chuang	2/2
Mr. Edwin Chong	2/2

* *Chairman of the CG Committee*

Report on corporate governance practices (continued)

(F) Communication with shareholders

The Company has established a shareholders communication policy with the objectives of enabling its shareholders to exercise their rights in an informed manner and to allow the shareholders and the investment communities to engage actively with the Company. The Board has the responsibility to review the policy regularly to ensure its effectiveness. A summary of the policy is set out below:

(i) General meeting

The Board regards annual general meeting as the principal opportunity to meet the shareholders of the Company. With the exception of one or more directors who had not attended the 2016 annual general meeting of the Company (the "2016 AGM") or the special general meetings of the Company ("16/17 SGM") due to other commitments, all other Directors attended the 2016 AGM and the 16/17 SGM to answer questions raised by the shareholders.

The attendance records of each of the current Directors in the 2016 AGM and the 16/17 SGM are as follows:

		Attendance		
		2016 AGM	16/17 SGM	
Name	Position	31st August, 2016	13th October, 2016	24th March, 2017
Mr. Abraham Shek	Chairman and Independent Non-Executive Director	Yes	No	No
Miss Ann Li	Deputy Chairman	Yes	Yes	Yes
Mr. Albert Chuang	Managing Director	Yes	Yes	Yes
Mr. Edwin Chong	Deputy Managing Director	Yes	Yes	No
Mr. Sunny Pang	Executive Director	Yes	Yes	Yes
Mr. David Chu	Independent Non-Executive Director	No	No	Yes
Mr. Andrew Fan	Independent Non-Executive Director	Yes	Yes	Yes

(ii) Significant issues

The Company has ensured that any significant issue to be dealt with in general meetings had been proposed as a separate resolution.

(F) Communication with shareholders (continued)

(iii) Voting by poll

Pursuant to Rule 13.39(4) of the Listing Rules, votes of shareholders in all general meetings of the Company have been taken by poll and results of the poll have been announced in accordance with the procedures prescribed under Rule 13.39(5) of the Listing Rules.

(iv) Corporate documents available in websites of the Company and the Stock Exchange

The Company has placed on the websites of the Company and the Stock Exchange the announcements, circulars, annual/interim reports, notices of general meetings and other information of the Company as required by the Listing Rules.

(v) Shareholders' enquiries

Shareholders of the Company may direct their questions about their shareholdings to the Company's share registrar and all other questions to the Board.

(G) Shareholders' rights

(i) Convening a special general meeting

Pursuant to Bye-law no. 57 of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth 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 secretary of the Company, to require a special general meeting ("SGM") to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two 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. The written requisition must state the purposes of the general meeting and is signed by the shareholder(s) concerned and may consist of several documents in like form, each signed by one or more of those shareholders.

If the requisition is in order, the secretary of the Company will ask the Board to convene a SGM by serving sufficient notice in accordance with the statutory requirements to all the shareholders. On the contrary, if the requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a SGM will not be convened as requested.

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

(ii) Enquiries to the Board

Shareholders of the Company will have the opportunity to ask questions to the Board in general meetings. Shareholders of the Company may also make enquires to the Board at their discretion. Such enquiries shall be made in writing directed to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:

- By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
- By email to : china-board@chuangs.com.hk
- By facsimile to : (852) 2810 6213

The Board will respond promptly to proper enquiries raised by the shareholders.

(iii) Putting forward proposals at shareholders' meetings

(a) Shareholders may put forward proposals relating to the election of Directors in general meetings as follows:

◦ Pursuant to Bye-law no. 88 of the Company, a shareholder or shareholders (not being the person to be proposed) who holds or collectively hold not less than 5% in the nominal value of the issued shares of any class of the Company may propose a person for election as a Director at any general meeting of the Company by giving the secretary of the Company a notice in writing:

- of his/their intention to propose such person for election; and
- signed by the person to be proposed of his willingness to be elected.

(G) Shareholders' rights (continued)

(iii) Putting forward proposals at shareholders' meetings (continued)

(a) (continued)

- Any notice given for such proposal must include such person's information as may from time to time be required to be disclosed under Rule 13.51(2) of the Listing Rules in the event that such person is elected as a Director or any other applicable laws, rules and regulations which the Company may be subject to. Currently, the following information are required:

  - Full name and age;
  - Positions held with the Company and other members of the Group (if any);
  - Experience including (i) other directorships held in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas, and (ii) other major appointments and professional qualifications;
  - Length or proposed length of service with the Company;
  - Relationships with any Directors, senior management or substantial or controlling shareholders of the Company;
  - His interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
  - Amount of the Director's or supervisor's emoluments and the basis of determining the Director's or supervisor's emoluments and how much of these emoluments are covered by a service contract; and
  - A declaration by the nominated person stating that he is not and has not been subject to any of the events provided for under Rule 13.51(2)(h) to (w) of the Listing Rules, or if any one or more of these provisions are applicable to him, full details thereof.

- Any notice given for this purpose shall be directed to "The secretary, Chuang's China Investments Limited" by one of the following means:

  - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
  - By email to : chuangs@chuangs.com.hk
  - By facsimile to : (852) 2810 6213

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

(iii) Putting forward proposals at shareholders' meetings (continued)

(a) (continued)

- Any such shareholder(s) shall be one(s) that is/are entitled to attend and vote at the meeting for which such notice is given.

- The minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgement of such notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. If the notice is received less than fifteen (15) business days prior to that general meeting, the Company will need to consider adjournment of the general meeting in order to (i) assess the suitability of the proposed candidate; and (ii) publish an announcement or circulate a supplementary circular in relation to the proposal to the shareholders at least fourteen (14) clear days and not less than ten (10) business days prior to the general meeting.

(b) Except for proposals relating to the election of Directors which should follow the procedures mentioned in (a) above, shareholders may put forward proposals at general meetings by following the requirements and procedures as set out in sections 79 and 80 of the Companies Act 1981 of Bermuda (the "Act"). Specifically, such shareholders should:

- Collectively hold not less than one-twentieth of the total voting rights of all shareholders of the Company having at the date of the requisition the right to vote at the meeting to which the requisition relates, or constitute not less than 100 shareholders.

- Submit a written request stating the resolution intended to be moved at the annual general meeting ("AGM"), or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or business to be dealt with at that general meeting.

- The written request/statement must be signed by such shareholders, or two more copies which between them contain the signatures of all such shareholders, and deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office in Hong Kong at 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, for the attention of the secretary of the Company:

    - In the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

    - In the case of any other requisition, not less than one week before the meeting, provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by section 80 of the Act shall be deemed to have been properly deposited for the purposes thereof.

Report on corporate governance practices (continued)

(G) Shareholders' rights (continued)

(iii) Putting forward proposals at shareholders' meetings (continued)

(b) (continued)

- If the written request is in order, the secretary will ask the Board (i) to include the resolution in the agenda for the AGM; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the AGM; or the statement will not be circulated for the general meeting.

- Any questions relating to putting forward proposals at shareholders' meetings should be directed in writing to "The Board of Directors, Chuang's China Investments Limited" by one of the following means:

  - By mail to : 25th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong
  - By email to : china-board@chuangs.com.hk
  - By facsimile to : (852) 2810 6213

Report on corporate governance practices (continued)

(H) Amendments to constitutional documents of the Company

No amendments had been made to the constitutional documents of the Company during the year ended 31st March, 2017.

Conclusion

Except as mentioned above, the Company has complied with the code provisions of the CG Code for the year ended 31st March, 2017.

On behalf of the Board of
Chuang's China Investments Limited

Albert Chuang Ka Pun
Managing Director

Hong Kong, 27th June, 2017

Environmental,

Social and Governance Report

The Company and its subsidiaries (collectively as the "Group") is committed to the long-term sustainability of its businesses, which is the key of the Group's development and growth strategy. The Group is committed to developing initiatives that will merit value and positive impact for the betterment of its stakeholders and of the communities within which it operates and serves.

About this Report

This is the first Environmental, Social and Governance ("ESG") report of the Group issued in accordance with the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group is principally engaged in property development, investment and trading, hotel operation and management, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, including watch components and art pieces, and securities investment and trading. This report mainly covers the property development and investment sector of the Group as it has the most significant impact to the investors and other stakeholders. The report details the ESG achievements and challenges as well as initiatives undertaken for the financial year ended 31st March, 2017.

Within the businesses activities, the Group focuses on the environmental and social sustainability aspects which the Group believes having an impact on it and its stakeholders. The views of a number of the Group's major stakeholder groups were sought to gain an understanding of the sustainability performance and challenges which they believe facing the business and communities the Group served. And this has enabled the Group to better focus the Group's strategy to enhance its sustainability and develop action plans for the future. This report will focus on those ESG aspects that are most material to the Group, but the Group will continue to monitor and report other aspects of ESG.

(A) Environmental Protection

The Group strives to create excellence in its business. It believes a key success factor in driving sustainable business may be achieved through effective and efficient utilization of the Group's resources within its day to day operations.

The Group develops and manages a substantial portfolio of properties throughout Hong Kong, the People's Republic of China and other countries where it strives to create awareness of the potential environmental impacts of its operations. The Group aims to integrate this policy across its management structures, organizational culture, and business operations.

The Group has established environmental protection policies that include both emission reduction and energy saving policies in order to minimize the impacts on the environment. The Group's environmental protection commitment is demonstrated through the compliance with the environmental protection regulations set out by the respective environmental protection bureaus of different countries. To ensure the Group adheres to all relevant regulations, it has a procedure in place so that any update in environmental protection regulations are promptly reviewed.

(A) Environmental Protection (continued)

(i) Climate Change and Energy Management

Climate change and resource scarcity are two key environmental concerns for the Group as these issues are critical to both its business and to society as a whole. The Group is committed to promoting an environmentally-friendly environment and has strict policies and procedures in place to achieve this. This includes:

- Developing and promoting a culture of an environmentally responsible company;
- Ensuring that environmental protection objectives and targets are achieved by providing adequate and appropriate resources; and
- Educating, training and encouraging team members to participate in environmental protection initiatives to cultivate a spirit of corporate social responsibility.

The Group has embedded these into its day to day business activities. For example, as part of the procurement process, the Group prioritizes the selection of greener or environmentally-friendly materials and products. Some of the factors considered include:

- Use high recycled content and reusability of the materials and products;
- Business conduct which fosters the sustainable use of the earth's resources by minimizing waste and mitigating any adverse environmental impacts; and
- Use of "greener" alternatives and adoption of, or investment in, energy efficient practices and technologies.

For its property development projects, during every stage of the project planning, design and construction, the Group strives to observe the industry best practice in the construction of the green buildings. The Group applies different sustainability considerations to different projects according to their locations, cost consideration and customers' requirements. Moreover, during the planning and design stage, the Group would take into account the site surroundings and integrate its buildings seamlessly into the neighborhood and environment.

(A) Environmental Protection (continued)

(i) Climate Change and Energy Management (continued)

As part of its design and construction process, the Group has taken into account energy consumption and greenhouse gas emission impact and has included the following energy saving measures in its projects:

- Seasonal wind direction is considered and applied in residential architecture design to improve natural ventilation.

- Tinted glass curtain walls are double glazed and made with low emissive glass to increase visibility and natural lighting which could save energy.

- Natural, energy efficient and automatic control light systems are installed in its buildings to reduce energy needed for lighting and to reduce overall running cost.

- The low-temperature radiant floor heating systems are adopted in its projects which provide uniform cooling and heating, and are a cost effective way for its buildings to achieve a higher level of energy performance.

(ii) Resources Management

To assist in the creation of a green living environment, energy efficient and eco-friendly measures are being introduced to the properties of the Group. Such measures include the using of energy-saving lightings and minimizing use of paper.

To address the conservation of resources into its construction concept, environmental building blocks made from construction waste have been used for the protection layer of its building wall. This reduces the amount of concrete used resulting in better heat retention.

To encourage and drive an environmentally-friendly culture, the Group has also implemented a number of "green office practices" such as paper printing conservation by monitoring the total amount of printed paper of every employee, use of recycled paper and use of electronic memo across offices. The Group also minimizes energy consumption by controlling room temperature at around 25.5 degree Celsius as suggested by the Hong Kong Environmental Protection Department, to ensure the lights, computers and copying machines are switched off whenever they are not required after works.

Annually, during Chinese New Year, used red packets are collected and delivered to the "Greeners Action" organization for recycling purposes. To motivate employees, rewards and incentives were awarded to the most outstanding contributors.

(B) Workplace Practices

The Group is an equal opportunity employer, offering equal employment and advancement opportunities to all candidates and employees as well as implementing fair and consistent human resources policies and programs.

The Group believes that its human resource is the most valuable asset it has because it recognizes that it is its people that delivers business growth and success. The Group is committed to retaining and empowering talent through various measures. The Group believes that continued workforce satisfaction is critical in order to achieve sustained outstanding business outcomes. As a measure of this, the Group is passionately committed to provide a safe and healthy working environment for all employees and site staff.

As a driving force behind the key human resource initiatives for all employees, the Group has developed:

- Human Resources Policies;
- Employee Health and Safety Standards;
- Employee Training and Development Program; and
- Ethics and Anti-Corruption Policies.

(B) Workplace Practices (continued)

(i) Human Resources Policies

As part of its core strategy to create an open and harmonious workplace, the Group seeks to provide its employees with the most competitive compensation and benefits. These include:

- Entitlement to compassionate leave;
- Financial allowance for external training, as well as entitlement to training leave for eligible employees to pursue their learning and development;
- Ability for employees to leave their workplace early to attend to personal matters;
- Early retirement schemes for eligible employees; and
- Other privileges, including discounts on hotel accommodation, birthday leave.

To maintain a strong and diverse workforce, the Group continues to nurture its employees through its retention policy:

- Excellent culture: The Group advocates an open and trusting working relationship amongst its employees. In this year, the Group held an event and rewarded the "most helpful employee" to show appreciation and encourage the culture of collaboration.
- Competitive package: The Group offers full-time employees compensation such as a discretionary bonus, contributory provident fund, share options and medical insurance.

(B) Workplace Practices (continued)

(i) Human Resources Policies (continued)

- Emotional care: The Group understands the importance of family values and culture and encourages celebration of international and national holidays and events such as Chinese New Year, Mid-Autumn Festival and Christmas, and complement these festivities with gift packages to the staff, lunch gatherings and early leave.

- Employee referral program: The Group uses various recruitment channels to attract and retain talent. It launched employee referral program to encourage its employees to refer talent to the Group to maintain its culture and would provide employee referral rewards to the successful cases.

Furthermore, the Group emphasizes in building employee engagement, striving to enrich both their work and personal lives. Various kinds of activities were regularly organized for employees for enjoyment and relaxation and promoting teambuilding and bonding. The Group dismisses employees and compensates them in accordance with the relevant laws and regulations.

(ii) Employee Health and Safety Standards

The Group is committed to provide a safe and secure workplace for employees, contractors and site staff across its entire operations. With its core business in property development, safety at construction sites is of utmost importance.

To achieve this, the Group has adopted a number of health and safety initiatives and requirements, including:

- Fulfillment of all relevant and applicable legal obligations;

- Systematic framework for identifying and reviewing safety responsibilities;

- Management of the health and safety risks arising from work activities;

- Communication of relevant policies and procedures to employees and other stakeholders as appropriate;

(B) Workplace Practices (continued)

(ii) Employee Health and Safety Standards (continued)

- Adequate and sufficient personal protective equipment and tools required for the job;
- Adequate training and motivation of team members to observe health and safety preventive measures at workplace;
- Communication of applicable health and safety requirements to employees and contractors;
- Complementary fruits to all employees in the summer season and other months to show care to its employees;
- Health related books as gifts to employees to encourage office exercise; and
- Continuous improvement of corporate policies, procedures, programs and work performance.

(iii) Employee Training and Development Program

The Group believes that the development of employees and enhancement of their skills and knowledge will contribute significantly to the growth and success of the business. As such, the Group is committed in developing and implementing a number of comprehensive training programs for its people. These programs seek to advance the employees' professional development based on identified areas of growth, while ensuring that the credibility of the Group's workforce meets current business needs. The Group's commitment to this is demonstrated through the following programs:

- On boarding program — This program seeks to enable employees, especially new hires to learn and understand about the mission, vision, values, service culture and such of the Group;
- Compliance programs — This program is designed for all staff, such as anti-corruption training in order to avoid bribery, extortion and fraud activities;
- Operations and job skills programs — The aim of this program is to develop employees to obtain the essential skills and competencies required for their jobs; and

(B) Workplace Practices (continued)

(iii) Employee Training and Development Program (continued)

- Manager and leadership programs — This includes the accelerated development program and leader program, which assists employees in creating personal management plans to progress their careers and achieve higher levels of responsibility. For the directors of the Group, they are offered in various programs for continuous development to constantly enhance their skills and knowledge in leading the Group. With an emphasis on developing the directors' understanding of their roles, functions and duties, their contribution to the Group can be assured to be informed and relevant.

Through these programs, the Group ensures that all employees receive full support in their development and progress in the Group. These initiatives differentiate the Group from other competitive businesses to attract, retain, and prepare the workforce for greater personal and organizational success while achieving employee satisfaction and gratification.

(iv) Ethics and Anti-Corruption Policies

Further to the abovementioned initiatives and programs, the Group implements policies in full compliance with local laws and regulations on professional and ethical business practices. No material non-compliance was identified in the financial year.

The Group embraces and enforces rules, regulations and procedures in accordance with the Group's code of business conduct to ensure that the business is conducted in full compliance with all applicable laws and regulations. In recognition of the importance of this, strict standards and policies related to anti-corruption are in place. These standards and practice expectations are imposed on all employees, independent contracted third-parties, as well as the Group's business partners. Trainings on relevant laws and regulations are also provided to directors and senior management in an ongoing basis.

The Group has maintained a whistle-blowing system to allow whistleblowers to disclose information in relation to any misconduct, malpractice or irregularity through a confidential reporting channel. All reported cases would be investigated in a fair and proper manner by the Audit Committee of the Group. The Audit Committee classifies the reported cases according to their nature and reports the cases directly to the board of Directors of the Group. The investigation reports of the reported cases are sent to the Audit Committee of the Group on a regular basis for review.

(B) Workplace Practices (continued)

(iv) Ethics and Anti-Corruption Policies (continued)

The Group pays high attention to privacy, protecting the data of its customers, staffs and those potential recruits. All job applicants had agreed to the personal information collection statement, while the data the Group collected from all employees would not be released to any third party without the prior consent from the employees. All customers' and employees' data is protected by the Personal Data Privacy Ordinance in Hong Kong, whereas in the other countries the Group followed all relevant local and national regulations.

(C) Operational Practices

The Group continuously strives to achieve and employ sustainable business practices in its operations, products and services across the organization. It strongly believes that it is its responsibility to maintain sound operational practices which provide customers with products and services that are safe and are of high quality.

Documented policies and procedures are in place which clearly define duties, control measures, and requirements for various levels and functions within the Group's operations for quality and safety management. Specifically, this consists of policies and initiatives relating to:

- Supply Chain Management; and
- Product Responsibility.

(i) Supply Chain Management

The Group has a diverse range of supply chain relationships. The Group recognizes the critical role supply chain management plays in running an efficient business operation and to provide quality services in accordance with the highest ethical, social and environmental standards. The Group is committed to be a responsible corporation to include a good management of its suppliers so as to maintain the high standard of products delivered to its customers.

(C) Operational Practices (continued)

(i) Supply Chain Management (continued)

The Group is committed to developing initiatives to manage environmental and social risks of the supply chain. This includes the implementation of strict standards and policies to select and provide services, adhering to and exceeding where practicable, all relevant legal obligations and codes of practice ensuring that, where possible:

- Minimal to naught adverse impact on the environment; and
- Prevention of pollution, reduction of waste production and efficient utilization of resources.

Embedded within its supplier selection process, the Group considers the following key aspects:

- The environmental values and commitments of suppliers;
- The environmental certification and memberships of suppliers;
- Supplier's compliance with international environmental laws and regulations; and
- Supplier's commitment to meeting the Group's environmental specifications.

The Group remains in close contact with its suppliers, monitoring their performance to ensure alignment with its commitments.

(ii) Product Responsibility

As part of the Group's operational practices, we employ firm-wide quality assurance procedures to protect the health and safety of its employees, contractors and customers while providing high quality products and services. These are strictly imposed across all business operations, employees and third parties under the Group. For example, to ensure high quality, all new employees must undergo:

- Induction training which instils the mission and vision of the Group;
- Training in relation to proper product knowledge and customer service standards;
- Buddy training in order to identify areas for improvement of the new team member; and
- Refresher and additional training to overcome areas of improvement.

(D) Community Investments

The Group advocates the philosophy of "what is taken from the community is to be used for the good of the community". It continuously aims to incorporate this idea as part of its business strategy in helping to meet the needs of society.

(i) Community Contributions

The Group brought back to the society through making donations in cash to different non-profit making organizations. During the financial year ended 31st March, 2017, the Group had contributed charitable donations and sponsorships amounting to approximately HK$12,302,000. This amount was used to sponsor organizations and institutions that provide help to the needs.

(ii) Staff participation in charity events

Staff members are encouraged to play an active role in charity projects, organized either by the Group or other organizations. The Group is dedicated to fostering volunteerism as part of its corporate culture of giving back to the community. During the financial year ended 31st March, 2017, the Group supported the "Love Teeth Day" and the "Dress Casual Day" organized by The Community Chest of Hong Kong as Group events and help to raise fund to support the needs.

Report of

the Directors

The board of Directors (the "Board") presents the report of the Directors together with the audited consolidated financial statements of the Company and its subsidiaries (collectively as the "Group") for the year ended 31st March, 2017.

Business review

The review of the business of the Group during the year including discussion of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred during and subsequent to the year ended 31st March, 2017, and an indication of likely future developments in the Group's business are provided in the Management Discussion and Analysis as set out on pages 2 to 25 of this report. Financial risks of the Group are shown in note 3 to the consolidated financial statements. The key financial and business performance indicators of the Group included revenues and net gain, gross profit, profit attributable to equity holders of the Company, shareholders' funds, net debt to equity ratio and segment information. Details of these indicators are provided in the Management Discussion and Analysis and Summary of Financial Information as set out on pages 2 to 25 and page 176 of this report respectively, and note 6 to the consolidated financial statements.

In addition, discussions on the Group's environmental policies and performance and the key relationships with its employees, customers, suppliers and others that have significant impact on the Group are provided in the Environmental, Social and Governance Report as set out on pages 56 to 67 of this report.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out in note 43 to the consolidated financial statements.

Analysis of the performance of the Group for the year by business lines and geographical segments is set out in note 6 to the consolidated financial statements.

Results and appropriations

The consolidated results of the Group for the year are set out in the consolidated income statement on page 88.

In view of improved financial results, the Board resolved to recommend for the shareholders' approval at the forthcoming annual general meeting of the Company (the "AGM") the payment of a final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share and a special dividend of 2.0 HK cents (2016: Nil) per share for the year ended 31st March, 2017. The final dividend and the special dividend, if approved, will be paid on or before 18th October, 2017 to the shareholders whose names appear on the Company's register of members on 20th September, 2017.

An interim dividend of 1.5 HK cents (2016: 1.0 HK cent) per share has been paid in respect of the current financial year. Total dividends for the year will amount to 5.5 HK cents (2016: 3.0 HK cents) per share. Total dividend payments for the year will be HK$129.8 million (2016: HK$64.8 million).

Donations

During the year, the Group made charitable donations and sponsorships amounting to approximately HK$12,302,000.

Pre-emptive rights

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 33 and note 42(a) to the consolidated financial statements respectively. Total distributable reserves of the Company amounted to approximately HK$1,659,756,000 as at 31st March, 2017.

Particulars of principal properties

Particulars of principal properties held by the Group as at 31st March, 2017 are set out on pages 174 to 175.

Summary of financial information

A summary of financial information of the Group for the last five financial years is set out on page 176.

Directors

The Directors of the Company during the year and up to the date of this report are as follows:

Mr. Abraham Shek Lai Him ("Mr. Abraham Shek")
Miss Ann Li Mee Sum
Mr. Albert Chuang Ka Pun ("Mr. Albert Chuang")
Mr. Chong Ka Fung ("Mr. Edwin Chong")
Mr. Sunny Pang Chun Kit ("Mr. Sunny Pang")
Mr. David Chu Yu Lin
Mr. Andrew Fan Chun Wah
Mr. Peter Lo Wing Cheung (resigned on 30th March, 2017)

In accordance with the Company's Bye-law nos. 86(2) and 86(3), and Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), Mr. Sunny Pang and Mr. Abraham Shek will retire from the Board at the AGM and, being eligible, will offer themselves for re-election at the AGM.

Biographical details of Directors and senior management

Biographical details of the Directors and senior management as at the date of this report are set out on pages 30 to 35 of this report.

Directors' rights to acquire shares or debentures

Other than the rights issue of the Company as announced on 17th March, 2016 and stated in note 32 to the consolidated financial statements (the "Rights Issue"), the share option scheme adopted by the Company as disclosed in the section headed "Share option scheme" below, the share option schemes adopted by Chuang's Consortium International Limited ("CCIL") and Midas International Holdings Limited ("Midas"), at no time during the year was the Company, any of its holding companies, its subsidiaries and fellow subsidiaries or its other associated corporations 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, its specified undertaking or any of its associated corporations.

Directors' interests and short positions in shares, underlying shares and debentures

As at 31st March, 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors and chief executive of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

	Interests in the Company		
Name of Director	**Number of shares**	**Capacity**	**Percentage of shareholding**
Mr. Sunny Pang	930,000	Beneficial owner	0.04

	Interests in CCIL		
Name of Director	**Number of shares**	**Capacity**	**Percentage of shareholding**
Mr. Albert Chuang	1,299,678	Beneficial owner	0.08

	Interests in Midas		
Name of Director	**Number of shares**	**Capacity**	**Percentage of shareholding**
Mr. Abraham Shek	30,000	Beneficial owner	0.0009

Save as disclosed, during the year under review, none of the Directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company, its specified undertaking or any of its associated corporations.

Directors' interests and short positions in shares, underlying shares and debentures (continued)

Other than as disclosed herein, as at 31st March, 2017, none of the Directors and chief executive of the Company had any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to the provisions of 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 which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Directors' service contracts

None of the Directors has any service contract with the Company or any of its subsidiaries not terminable by the employing company within one year without payment of compensation (other than statutory compensation).

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Group's business

Save as disclosed, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, any of its holding companies or its subsidiaries and fellow subsidiaries was a party and in which a Director of the Company and the Director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that both Mr. Albert Chuang and Mr. Edwin Chong hold directorships in CCIL and hold equity interests and directorships in certain private companies. The principal activities of CCIL include property development in Hong Kong, property investment in the People's Republic of China (the "PRC") and securities investment and trading, whereas the principal activities of the private companies include securities investment and trading. As the properties owned by CCIL are of different types and/or in different locations from those of the Group, and the compositions of the respective boards of directors of CCIL and the private companies are different from that of the Group, the Group operates its businesses independently of, and at arm's length from, the businesses of CCIL and the private companies.

Management contracts

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

Substantial shareholders

So far as is known to any Directors or chief executive of the Company and save as disclosed in the section headed "Directors' interests and short positions in shares, underlying shares and debentures" above, as at 31st March, 2017, the interests and short positions of person in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein were as follows:

Name of Shareholder	Number of shares of the Company	Capacity	Percentage of shareholding
Profit Stability Investments Limited ("PSI")	1,361,804,923	Beneficial Owner	57.53%
CCIL	1,361,804,923	*Note 1*	57.53%
Evergain Holdings Limited ("Evergain")	1,361,804,923	*Note 1*	57.53%
Mr. Alan Chuang Shaw Swee ("Mr. Alan Chuang")	1,361,804,923	*Note 1*	57.53%
Mrs. Chong Ho Pik Yu	1,361,804,923	*Note 2*	57.53%

Note 1: Interests in 1,361,804,923 shares owned by PSI. PSI is a wholly-owned subsidiary of CCIL. Mr. Alan Chuang is entitled to exercise or control the exercise of one third or more of the voting power in general meetings of CCIL through Evergain, a company beneficially owned by Mr. Alan Chuang. Mr. Albert Chuang and Mr. Edwin Chong are directors of CCIL and Evergain, and Mr. Albert Chuang is also a director of PSI.

Note 2: Such interests arose by attribution through her spouse, Mr. Alan Chuang.

Save as disclosed above, as at 31st March, 2017, there was no other person who was recorded in the register of the Company as having interests and short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which was required, pursuant to Section 336 of Part XV of the SFO, to be entered in the register referred to therein.

Controlling shareholder's interests in contracts

Save as the irrevocable undertaking dated 17th March, 2016 from PSI (a wholly-owned subsidiary of CCIL) to the Company in relation to the Rights Issue, and the transaction as disclosed in the section headed "Connected transaction" below, there was no other contract of significance between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries at the balance sheet date or at any time during the year and up to the date of this report.

Purchase, sale or redemption of the Company's listed securities

During the year ended 31st March, 2017 and up to the date of this report, the Company repurchased a total of 74,560,000 shares on the Stock Exchange at an aggregate cash consideration of approximately HK$39,922,150 (excluding expenses). All the repurchased shares were then cancelled and the number of issued shares of the Company was reduced accordingly. Particulars of the repurchases are as follows:

Period of repurchase	Total number of shares repurchased	Price per share paid Highest	Price per share paid Lowest	Aggregate consideration
		HK$	HK$	HK$
September 2016	59,220,000	0.55	0.51	31,883,000
October 2016	200,000	0.51	0.50	101,900
December 2016	5,150,000	0.495	0.495	2,549,250
April 2017	9,990,000	0.55	0.53	5,388,000
Total	74,560,000			39,922,150

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31st March, 2017 and up to the date of this report.

Major suppliers and customers

The aggregate purchases attributable to the largest supplier and five largest suppliers of the Group accounted for approximately 22% and 50% of the total purchases of the Group for the year respectively.

The aggregate revenues attributable to the five largest customers of the Group accounted for less than 30% of the total revenues of the Group for the year.

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the five largest suppliers of the Group.

Relationships with suppliers and customers

The Group establishes long-term cooperation relationships with reputable suppliers within the industries. The Group implements a series of procurement management systems and control procedures so as to select suppliers in a prudent manner.

The Group keeps good relationship and maintains effective communication mechanisms with its customers. This is to ensure that the Group is well aware of all customers' requirements or feedbacks on a timely basis and provides high quality services to its customers.

Compliance with the relevant laws and regulations

During the year under review, the Group had complied with all the relevant laws and regulations that have significant impacts on the businesses and operations of the Group. As far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

Retirement schemes

Details of retirement schemes of the Group are set out in note 10 to the consolidated financial statements.

Permitted indemnity provision

Under Bye-law no. 166(1) of the Company's Bye-law, the Directors for the time being acting in relation to any of the affairs of the Company, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any of said persons. During the year under review, the Company had taken out and maintained an insurance in respect of the Directors' liabilities.

Share option scheme

Pursuant to the ordinary resolution passed in the annual general meeting of the Company held on 31st August, 2012, a share option scheme (the "Scheme") has been adopted.

Summary of the Scheme is set out as follows:

1.	Purpose:	To give incentive to Directors, employees or business consultants of the Group and any other party as approved under the Scheme
2.	Participants:	Including, inter alia, Directors, employees or business consultants of the Group
3.	Total number of shares available for issue under the Scheme and percentage of the issued share capital that it represents as at the date of the annual report:	152,332,870 shares are available for issue under the Scheme, representing approximately 6.46% of the issued share capital as at the date of this report
4.	Maximum entitlement of each participant:	1% of the maximum aggregate number of shares that may be issued within 12 months pursuant to the Scheme
5.	Period within which the shares must be taken up under an option:	Not applicable. No share option has been granted since the date of adoption of the Scheme on 31st August, 2012
6.	Amount payable on acceptance of an option and the period within which payments shall be made:	HK$1.00 payable to the Company upon acceptance of the option which should be taken up within 28 days from the date of offer for option ("Offer Date") (which must be a trading day)
7.	The basis of determining the exercise price:	No less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the Offer Date (which must be a trading day); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five (5) trading days immediately preceding the Offer Date (which must be a trading day); and (iii) the nominal value of a share
8.	The remaining life of the Scheme:	Valid until 30th August, 2022 unless otherwise terminated under the terms of the Scheme

Update on information of Directors pursuant to Rule 13.51B(1) of the Listing Rules

Save as disclosed in other sections of this annual report, other changes in the information of Directors during the year and up to the date of this report which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

The annual remuneration of the following Directors has been revised since 1st April, 2017:

Name of Director	Revised annual remuneration# HK$'000
Miss Ann Li Mee Sum	2,574
Mr. Albert Chuang	2,118
Mr. Sunny Pang	2,149

The annual remuneration includes salary, retirement scheme contribution, other benefits and director's fee, which is determined by reference to the duties and experience as well as the prevailing market conditions.

Connected transaction

The following is the connected transaction of the Group conducted during the year and up to the date of this report and the Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

On 21st January, 2017, the Company entered into a sale and purchase agreement with Midas (a listed subsidiary of CCIL) to acquire its equity interests in the companies that hold and operate a cemetery located in Sihui, the PRC, at a consideration of RMB398 million (equivalent to approximately HK$449 million). The transaction was completed on 31st March, 2017. Details of the transaction were set out in the announcement of the Company dated 22nd January, 2017 and the circular of the Company dated 8th March, 2017, respectively.

Continuing connected transaction

On 19th January, 2017, a joint venture of the Group ("Xiamen JV") as landlord entered into a tenancy agreement with Lujiang Hotel, a non-wholly-owned subsidiary of the joint venture partner of Xiamen JV, as tenant for the lease of a hotel for a term of ten years from 24th March, 2017 to 23rd March, 2027 with rental at RMB9 million per annum for years 1 to 5 and RMB10 million per annum for years 6 to 10. Details of the continuing connected transaction were announced by the Company on 19th January, 2017.

The Independent Non-Executive Directors have reviewed and confirmed that the continuing connected transaction has been entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the disclosed continuing connected transaction, confirming that (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transaction has not been approved by the Board; (ii) nothing has come to their attention that causes the auditor to believe that the transaction was not entered into, in all material respects, in accordance with the relevant agreement governing such transaction; and (iii) with respect to the aggregate amount of the disclosed continuing connected transaction, nothing has come to their attention that causes the auditor to believe that the amount has exceeded the annual cap as disclosed in the announcement dated 19th January, 2017. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of the Company's securities as required under the Listing Rules throughout the year ended 31st March, 2017 and up to the date of this report.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of
Chuang's China Investments Limited

Albert Chuang Ka Pun
Managing Director

Hong Kong, 27th June, 2017

Financial

Information

羅兵咸永道

To the Shareholders of
Chuang's China Investments Limited
(Incorporated in Bermuda with limited liability)

Opinion

What we have audited
The consolidated financial statements of Chuang's China Investments Limited (the "Company") and its subsidiaries (the "Group") set out on pages 88 to 173, which comprise:

- the consolidated balance sheet as at 31st March, 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March, 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence
We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Valuation of investment properties;
- Recoverability of properties for/under development and properties for sale; and
- Recoverability of cemetery assets.

Key Audit Matters (continued)

Key Audit Matter

Valuation of investment properties

Refer to Notes 4(a), 17 and 22 to the consolidated financial statements

The Group had investment properties held by subsidiaries and a joint venture as at 31st March, 2017 of which a revaluation gain/loss was recognized and presented as "change in fair value of investment properties" and part of "share of result of a joint venture" respectively in the consolidated income statement. The Group's investment property portfolio comprises of commercial properties in the People's Republic of China and the United Kingdom.

Management had engaged independent valuers to determine the valuation of the Group's investment properties held by the Group's subsidiaries and a joint venture as at 31st March, 2017. There were significant judgments and estimates involved in the valuation which mainly included:

- Completed investment properties: The valuation was arrived at using the income capitalization method by considering the capitalized income derived from existing tenancies and the reversionary potential, including capitalization rates and prevailing market rents, of the properties, and wherever appropriate, the direct comparison method by reference to market evidence of recent market transaction prices of comparable properties.

- Investment properties under development: The valuation was arrived at using the residual method by making reference to estimated selling prices as available in the relevant market. The estimated costs to complete the development and estimated developer's profit as at the date of valuation were also taken into account.

Due to the existence of significant judgments and estimates in the assumptions involved in the valuation of investment properties held by the Group's subsidiaries and a joint venture, we considered this a key audit matter.

How our audit addressed the Key Audit Matter

Our procedures in relation to the key assumptions used in management's valuation of investment properties held by the Group's subsidiaries and a joint venture included:

- Evaluating the independent valuers' competence, capabilities and objectivity.

- Obtaining the valuation reports and meeting with the independent valuers to discuss the valuation methodologies applied.

For completed investment properties,

- Checking the accuracy of the input data used in the valuation of properties, on a sample basis, including rental rates from existing tenancies and occupancy rates, by agreeing them to management's records, historical actual information or other supporting documentation including key terms of lease agreements and rental income schedules.

- Assessing the appropriateness of the key assumptions used in the valuation of properties by comparing published market yields for capitalization rates, prevailing market rents of leasing transactions of comparable properties and recent market transaction prices of properties with comparable conditions and locations, where appropriate.

For investment properties under development,

- Assessing the reasonableness of key assumptions used in the valuation of properties by comparing:

  — estimated selling prices to recent market transaction prices of properties with comparable nature and locations;

  — estimated developer's profit to published market data of properties with comparable conditions and locations; and

  — estimated costs to complete to the latest approved budgets for total construction costs, and testing, on a sample basis, the construction costs to supporting documentation such as quantity surveyor reports and signed contracts.

We found the key assumptions used in management's valuation of investment properties were supported by the available evidence.

Key Audit Matters (continued)

Key Audit Matter

Recoverability of properties for/under development and properties for sale

Refer to Notes 4(f), 19 and 25 to the consolidated financial statements

The Group had HK$142 million and HK$1,341 million of properties for/under development and properties for sale respectively as at 31st March, 2017.

Management assessed the recoverability of properties for/under development and properties for sale based on an estimation of the net realizable value of the underlying properties. This involved estimation of anticipated costs to completion based on existing plans (for properties for/under development) and expected future sales prices based on prevailing market conditions such as current market prices of properties with comparable conditions and locations.

If the actual net realizable values of the underlying stock of properties are significantly different from those values estimated as a result of changes in market condition and/or significant variation in the budgeted development costs, material reversal of or provision for impairment losses may result.

Due to the existence of significant estimation uncertainty and management judgment involved in the assessment of the recoverability of the properties for/under development and properties for sale, we considered this a key audit matter.

How our audit addressed the Key Audit Matter

Our procedures in relation to management's assessment of recoverability of properties for/under development and properties for sale included:

- Testing the key controls around the property construction cycle with a particular focus on, but not limited to, controls over cost budgeting and periodic review, sources of impairment assessment data and calculation of provision for impairment loss.

- Assessing the reasonableness of key assumptions and estimates in management's assessment, on a sample of properties selected, including:

  — expected future sales prices which we compared to contracted sales prices of the underlying properties or current market prices of properties with comparable conditions and locations, where applicable;

  — anticipated costs to completion which we compared to latest approved budgets for total construction costs and checked to supporting documentation such as quantity surveyor reports and signed contracts.

We found that management's assessment of recoverability of properties for/under development and properties for sale is supported by the available evidence.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of cemetery assets *Refer to Notes 4(f) and 20 to the consolidated financial statements* The Group had HK$526 million and HK$513 million of cemetery assets classified as non-current assets and current assets respectively which were acquired by the Group as at 31st March, 2017. Management assessed the recoverability of cemetery assets based on an estimation of the net realizable value by engaging an independent valuer to determine the valuation of the cemetery assets as at 31st March, 2017. This involved estimation of expected future sales prices based on prevailing market conditions such as current market prices of cemetery assets with comparable conditions and locations and estimation of anticipated costs to completion. If the actual net realizable values of the underlying stock of cemetery assets are significantly different from those values estimated as a result of changes in market condition and/or significant variation in the budgeted development costs, material reversal of or provision for impairment losses may result. Due to the existence of significant estimation uncertainty and management judgment involved in the assessment of the recoverability and value of the cemetery assets, we considered this a key audit matter.	Our procedures in relation to management's assessment of the recoverability and value of the cemetery assets included: • Testing the key controls around the construction cycle of cemetery assets with a particular focus on, but not limited to, controls over sources of impairment assessment data and calculation of provision for impairment loss. • Evaluating the independent valuer's competence, capabilities and objectivity. • Obtaining the valuation report and meeting with the independent valuer to discuss the valuation methodologies applied. • Assessing the reasonableness of key assumptions used in the valuation including: — expected future sales prices which we compared to contracted sales prices/latest valuation of the underlying assets or current market prices of assets with comparable conditions and locations, where applicable; — anticipated costs to completion which we compared to latest approved budgets for total construction costs and checked to supporting documentation such as quantity surveyor reports and signed contracts. We found that management's assessment of recoverability and value of the cemetery assets is supported by the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Cho Kin Lun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27th June, 2017

(If there is any inconsistency between the English and Chinese versions of this independent auditor's report, the English version shall prevail.)

Consolidated Income Statement

For the year ended 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Revenues and net gain	5	**491,338**	470,018
Revenues		**470,691**	462,592
Net gain of financial assets at fair value through profit or loss		**20,647**	7,426
Cost of sales		**(275,680)**	(278,659)
Gross profit		**215,658**	191,359
Other income and net gain	7	**217,230**	77,956
Gain on disposal of subsidiaries	8	**1,340,681**	–
Selling and marketing expenses		**(19,884)**	(28,990)
Administrative and other operating expenses		**(160,089)**	(141,972)
Change in fair value of investment properties	17	**38,833**	72,062
Operating profit	9	**1,632,429**	170,415
Finance costs	11	**(15,511)**	(15,712)
Share of results of associated companies	21	**(2,903)**	(1,818)
Share of result of a joint venture	22	**25,970**	64,320
Profit before taxation		**1,639,985**	217,205
Taxation	13	**(191,676)**	(129,126)
Profit for the year		**1,448,309**	88,079
Attributable to:			
Equity holders		**1,451,977**	85,006
Non-controlling interests		**(3,668)**	3,073
		1,448,309	88,079
		HK cents	HK cents
Earnings per share (basic and diluted)	15	**61.57**	4.91

The notes on pages 94 to 173 are an integral part of the consolidated financial statements.

	2017	2016
	HK$'000	HK$'000
Profit for the year	**1,448,309**	88,079
Other comprehensive income:		
Items that may be reclassified subsequently to profit and loss:		
Net exchange differences	**(71,594)**	(65,724)
Share of exchange reserve of a joint venture	**(6,562)**	–
Realization of exchange reserves upon disposal/liquidation of subsidiaries	**(3,668)**	–
Change in fair value of available-for-sale financial assets	**96,535**	(60,190)
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	**(418)**	–
Other comprehensive income/(loss) for the year	**14,293**	(125,914)
Total comprehensive income/(loss) for the year	**1,462,602**	(37,835)
Total comprehensive income/(loss) attributable to:		
Equity holders	**1,467,813**	(36,796)
Non-controlling interests	**(5,211)**	(1,039)
	1,462,602	(37,835)

The notes on pages 94 to 173 are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 31st March, 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	16	**66,656**	69,981
Investment properties	17	**1,122,668**	539,103
Land use rights	18	**3,266**	1,562
Properties for/under development	19	**141,759**	145,769
Cemetery assets	20	**525,648**	–
Associated companies	21	**21,950**	21,721
Joint venture	22	**329,953**	282,554
Available-for-sale financial assets	23	**226,394**	167,924
Loans and receivables	24	**11,336**	12,051
		2,449,630	1,240,665
Current assets			
Properties for sale	25	**1,340,982**	1,779,398
Cemetery assets	20	**512,883**	–
Inventories	26	**50,756**	47,586
Debtors and prepayments	27	**256,675**	276,478
Financial assets at fair value through profit or loss	28	**604,948**	226,253
Pledged bank balances	29	**–**	40,173
Cash and bank balances	29	**1,244,846**	565,494
		4,011,090	2,935,382
Current liabilities			
Creditors and accruals	30	**150,917**	144,413
Sales deposits received	31	**2,851**	363,709
Short-term bank borrowing	34	**121,000**	–
Current portion of long-term bank borrowings	34	**297,500**	406,671
Taxation payable		**224,796**	276,131
		797,064	1,190,924
Net current assets		**3,214,026**	1,744,458
Total assets less current liabilities		**5,663,656**	2,985,123

	Note	2017 HK$'000	2016 HK$'000
Equity			
Share capital	32	**118,357**	81,057
Reserves	33	**3,952,722**	2,428,425
Shareholders' funds		**4,071,079**	2,509,482
Non-controlling interests		**105,110**	(614)
Total equity		**4,176,189**	2,508,868
Non-current liabilities			
Long-term bank borrowings	34	**987,736**	302,002
Deferred taxation liabilities	35	**302,647**	161,729
Amount due to a fellow subsidiary	36	**112,880**	–
Loans and payables with non-controlling interests	37	**25,662**	12,524
Other non-current liabilities		**58,542**	–
		1,487,467	476,255
		5,663,656	2,985,123

Ann Li Mee Sum
Director

Albert Chuang Ka Pun
Director

The notes on pages 94 to 173 are an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31st March, 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Cash flows from operating activities			
Cash (used in)/from operations	40(a)	**(663,214)**	40,152
Interest paid		**(26,727)**	(25,604)
Tax paid		**(124,904)**	(172,922)
Net cash used in operating activities		**(814,845)**	(158,374)
Cash flows from investing activities			
Interest income received		**5,855**	9,910
Dividend income received from available-for-sale financial assets		**3,243**	8,640
Purchase of property, plant and equipment		**(1,400)**	(1,213)
Additions to investment properties		**(25,168)**	(176,840)
Acquisition of a property business	40(b)(iii)	**(763,347)**	–
Purchase of available-for-sale financial assets		**(23,232)**	–
Acquisition of subsidiaries, net of cash and bank balances acquired/disposed of	40(b)(ii)	**(192,598)**	–
Proceeds from disposal of property, plant and equipment		**201**	1,987
Net proceeds from disposal of available-for-sales financial assets		**75,308**	–
Proceeds from disposal of subsidiaries, net of cash and bank balances disposed of	40(b)(i)	**1,603,176**	–
Acquisition of an associated company		**–**	(1)
Increase in loan to an associated company		**(3,132)**	(15,962)
Increase in investment in a joint venture		**(27,991)**	–
Decrease in pledged bank balances		**40,173**	96
Net cash from/(used in) investing activities		**691,088**	(173,383)
Cash flows from financing activities			
New bank borrowings		**893,722**	202,192
Repayment of bank borrowings		**(189,429)**	(106,042)
Dividends paid to shareholders		**(84,141)**	(58,422)
Net proceeds from issue of shares		**222,539**	–
Repurchase of shares		**(34,718)**	–
Loans from non-controlling interests		**13,162**	2,266
Net cash from financing activities		**821,135**	39,994
Net increase/(decrease) in cash and cash equivalents		**697,378**	(291,763)
Cash and cash equivalents at the beginning of the year		**565,494**	871,107
Exchange difference on cash and cash equivalents		**(18,026)**	(13,850)
Cash and cash equivalents at the end of the year	29	**1,244,846**	565,494

The notes on pages 94 to 173 are an integral part of the consolidated financial statements.

	Attributable to equity holders of the Company					
	Share capital HK$'000	Other reserves HK$'000	Retained profits HK$'000	Shareholders' funds HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st April, 2015	80,385	2,309,343	214,972	2,604,700	55,242	2,659,942
Profit for the year	–	–	85,006	85,006	3,073	88,079
Other comprehensive income:						
Net exchange differences	–	(61,612)	–	(61,612)	(4,112)	(65,724)
Change in fair value of available-for-sale financial assets	–	(60,190)	–	(60,190)	–	(60,190)
Total comprehensive (loss)/income for the year	–	(121,802)	85,006	(36,796)	(1,039)	(37,835)
Transfer to statutory reserve	–	37,920	(37,920)	–	–	–
Reclassification *(note 22)*	–	–	–	–	(54,817)	(54,817)
Transactions with owners:						
2015 final scrip dividend paid	672	5,348	(48,231)	(42,211)	–	(42,211)
2016 interim dividend paid	–	–	(16,211)	(16,211)	–	(16,211)
At 31st March, 2016	81,057	2,230,809	197,616	2,509,482	(614)	2,508,868
Profit/(loss) for the year	–	–	1,451,977	1,451,977	(3,668)	1,448,309
Other comprehensive income:						
Net exchange differences	–	(71,035)	–	(71,035)	(559)	(71,594)
Share of exchange reserve of a joint venture	–	(5,578)	–	(5,578)	(984)	(6,562)
Realization of exchange reserves upon disposal/liquidation of subsidiaries	–	(3,668)	–	(3,668)	–	(3,668)
Change in fair value of available-for-sale financial assets	–	96,535	–	96,535	–	96,535
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	(418)	–	(418)	–	(418)
Total comprehensive income/(loss) for the year	–	15,836	1,451,977	1,467,813	(5,211)	1,462,602
Transactions with owners:						
2016 final dividend paid	–	–	(48,634)	(48,634)	–	(48,634)
2017 interim dividend paid	–	–	(35,507)	(35,507)	–	(35,507)
Issue of shares	40,529	182,010	–	222,539	–	222,539
Repurchase of shares	(3,229)	(31,489)	–	(34,718)	–	(34,718)
Increase of interests in subsidiaries	–	–	(9,896)	(9,896)	9,896	–
Acquisition of subsidiaries	–	–	–	–	101,039	101,039
At 31st March, 2017	**118,357**	**2,397,166**	**1,555,556**	**4,071,079**	**105,110**	**4,176,189**

The notes on pages 94 to 173 are an integral part of the consolidated financial statements.

1. General information

Chuang's China Investments Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 25th Floor, Alexandra House, 18 Chater Road, Central.

As at 31st March, 2017, the Company was a 57.5% owned subsidiary of Profit Stability Investments Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Chuang's Consortium International Limited ("CCIL"), a limited liability company incorporated in Bermuda and listed on the Main Board of the Stock Exchange. The board of Directors (the "Board") regards CCIL as the ultimate holding company.

The principal activities of the Company and its subsidiaries (collectively as the "Group") are property development, investment and trading, hotel operation and management, development and operation of cemetery, manufacturing, sales and trading of goods and merchandises, including watch components and art pieces, and securities investment and trading.

2. Summary of significant accounting policies

The significant accounting policies adopted for these preparation of these consolidated financial statements are set out below, which have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets and financial assets at fair values through profit or loss at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Effect of adopting new standard and amendments to standards

For the financial year ended 31st March, 2017, the Group adopted the following new standard and amendments to standards that are effective for the accounting periods beginning on or after 1st April, 2016 and relevant to the operations of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements — Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Property, Plant and Equipment and Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendment)	Separate Financial Statements: Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities — Applying the Consolidation Exception
HKFRS 11 (Amendment)	Joint Arrangements — Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012–2014 Cycle

The Group has assessed the impact of the adoption of these new standard and amendments to standards and considered that there was no significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and presentation of the consolidated financial statements.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards and amendments to standards that are not yet effective

The following new standards and amendments to standards have been published which are relevant to the Group's operations and are mandatory for the Group's accounting periods beginning on or after 1st April, 2017, but have not yet been early adopted by the Group:

HKAS 7 (Amendment)	Cash Flow Statements — Disclosure Initiative (effective from 1st January, 2017)
HKAS 12 (Amendment)	Income Taxes — Recognition of Deferred Tax Assets for Unrealized Losses (effective from 1st January, 2017)
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions (effective from 1st January, 2018)
HKFRS 9	Financial Instruments (effective from 1st January, 2018)
HKFRS 15	Revenue from Contracts with Customers (effective from 1st January, 2018)
HKFRS 15 (Amendment)	Clarifications to HKFRS 15 (effective from 1st January, 2018)
HKFRS 16	Leases (effective from 1st January, 2019)
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014–2016 Cycle (effective from 1st January, 2017 or 1st January, 2018, as appropriate)

Key developments of these new standards and amendments to standards which may have an impact to the Group's accounting policies and presentation of the consolidated financial statements are described below:

HKFRS 15 will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. HKFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. Management is currently assessing the effects of adoption of HKFRS 15 on the Group's consolidated financial statements and anticipated that the timing of the recognition of revenue on certain property sales may be affected. At this stage, the Group is not yet able to estimate the impact of the adoption of HKFRS 15 on the Group's consolidated financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

The Group will adopt the above new standards and amendments to standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

2. Summary of significant accounting policies (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st March and include the share of post-acquisition results and reserves of its associated companies and joint ventures attributable to the Group.

Results attributable to subsidiaries, associated companies and joint ventures acquired or disposed of during the financial period are included in the consolidated income statement from the date of acquisition or up to the date of disposal as applicable.

The gain or loss on disposal of subsidiaries, associated companies or joint ventures is calculated by reference to the share of net assets at the date of disposal including the attributable amount of goodwill not yet written off.

(c) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

(i) Business Combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

2. Summary of significant accounting policies (continued)

(c) Subsidiaries (continued)

(i) Business Combinations (continued)

If the business combination is achieved in stages, the acquisition-date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognized in the consolidated income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in the consolidated income statement or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference (negative goodwill) is recognized directly in the consolidated income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in the consolidated income statement. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement.

2. Summary of significant accounting policies (continued)

(c) Subsidiaries (continued)

(iii) Separate financial statements

In the balance sheet of the Company, investments in subsidiaries are carried at cost less impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(d) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. Summary of significant accounting policies (continued)

(e) Associated companies

An associated company is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights.

Investments in associated companies are accounted for under the equity method of accounting. Under the equity method, the investments are initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associated companies include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associated company, any difference between the cost of the associated company and the Group's share of the net fair value of the associated company's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the consolidated income statement where appropriate.

The share of post-acquisition profits or losses of associated companies attributable to the Group is recognized in the consolidated income statement, and the share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the share of losses of the Group in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in associated company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated company and its carrying value and recognizes the amount adjacent to "share of results of associated companies" in the consolidated income statement.

Unrealized gains on transactions between the Group and its associated companies are eliminated to the extent of the interest in the associated companies held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising from investments in associated companies are recognized in the consolidated income statement.

2. Summary of significant accounting policies (continued)

(f) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structures of the joint arrangements. The Group has assessed the nature of its joint arrangements and applied HKFRS 11 in preparing the consolidated financial statements.

Joint operation

A joint arrangement which does not involve the establishment of a separate entity but involves the joint control and ownership by the Group and other parties of assets contributed to, or acquired for the purpose of, the joint arrangement is accounted for as a joint operation. The Group's share of joint operation and any liabilities incurred jointly with other joint operation partners are recognized and classified according to the nature of the relevant items. Income from the sale or use of the Group's share of the output of joint operation is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, while the Group's share of expenses in respect of joint operation is recognized as incurred.

Joint venture

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligation or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint venture are eliminated to the extent of the interest in the joint venture held by the Group. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint venture have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2. Summary of significant accounting policies (continued)

(g) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets of the acquired subsidiaries, associated companies or joint ventures attributable to the Group at the effective date of acquisition, and in respect of an increase in holding in a subsidiary, it is regarded as a transaction with non-controlling interest. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets while goodwill on acquisitions of associated companies or joint ventures is included in investments in associated companies or joint ventures respectively. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated income statement.

Goodwill is tested for impairment at least annually and whenever there is an indication for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose has been identified according to operating segment.

Impairment testing of the investments in subsidiaries, associated companies and joint ventures is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiaries, associated companies and joint ventures in the period the dividend is declared or if the carrying amounts of the investments in the separate financial statements exceed the carrying amounts in the consolidated financial statements of the investee's net assets including goodwill.

(h) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

2. Summary of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives at the following annual rates:

Buildings	2% to 5%
Plant and machinery	10% to 20%
Furniture and fixtures	10% to 20%
Other assets	10% to 30%

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. Where the estimated recoverable amounts have declined below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Gain or loss on disposal is determined as the difference between the net sales proceeds and the carrying amount of the relevant assets, and is recognized in the consolidated income statement.

(i) Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Investment properties also include properties that are being constructed or developed for future use as investment properties.

Investment properties comprise land held under operating leases and buildings held under finance leases. Land held under operating leases is classified and accounted for as investment properties when the rest of the definition of investment properties is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalized as part of its cost. Borrowing costs are capitalized while acquisition or construction is actively underway and will be ceased once the asset is substantially completed, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at fair value. Fair value is based on valuations carried out by professional valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis of the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

2. Summary of significant accounting policies (continued)

(i) Investment properties (continued)

Fair value measurement on property under construction is only applied if the fair value is considered to be reliably measurable.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar constructions
- Status of construction permits

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognized as liabilities, including finance lease liabilities in respect of leasehold lands classified as investment property; others, including contingent rent payments, are not recognized in the consolidated financial statements.

Subsequent expenditure is capitalized to the carrying amount of the property only when it is probable that future economic benefits associated with the property will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

Changes in fair values of investment properties are recognized in the consolidated income statement. Investment property is derecognized either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Investment properties under construction have been valued at the balance sheet date. All fair value gains or losses, including those unrecognized fair value gains and losses (if the losses have not already been recognized through impairment), are recognized in the consolidated income statement as fair value gains or losses.

2. Summary of significant accounting policies (continued)

(i) Investment properties (continued)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property's deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

If an owner-occupied property becomes an investment property because its use has changed, any difference resulting from the carrying amount and the fair value of this property at the date of transfer is recognized in other comprehensive income as revaluation reserve of property, plant and equipment. However, if the fair value gives rise to a reversal of a previous impairment, this amount is recognized in the consolidated income statement. This revaluation reserve shall remain and be transferred to retained profits upon disposal of this property.

If a property for/under development becomes an investment property when there is a change in use, any difference resulting from the fair value of the property at that date and its previous carrying amount is recognized in the consolidated income statement.

The investment properties are classified under non-current assets except for those properties which are expected to be disposed of within one year and are classified under current assets.

(j) Land use rights

Land use rights represent non-refundable rental payments for lease of land. The up-front prepayments made for land use rights are amortized on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the consolidated income statement. The amortization of the land use rights is capitalized under the relevant assets when the properties on the lands are under construction. In all other cases, the amortization is recognized in the consolidated income statement. No amortization is provided for the land use rights recorded under properties for sale.

(k) Cemetery assets

Cost of cemetery assets comprises land use rights and costs of development expenditures incurred for the grave plots and niches for cremation urns. Cemetery assets are classified as current assets unless the construction period of the relevant grave plots or niches for cremation urns is expected to complete beyond the normal operating cycle.

Grave plots and niches for cremation urns are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for cemetery assets less all estimated costs of completion and costs necessary to make the sale.

2. Summary of significant accounting policies (continued)

(l) Properties for/under development

Properties for/under development are stated at cost less impairment losses. Costs include land costs, amortization of land use rights, development and construction expenditures incurred and any borrowing costs capitalized and other direct costs attributable to the development.

Properties for/under development are classified as properties for sale under current assets unless the construction period of the relevant development project is expected to complete beyond the normal operating cycle.

(m) Properties for sale

Properties for sale which include properties under development (note 2(l)), completed properties and land use rights for sale are classified under current assets and comprise land costs, development and construction expenditures, any borrowing costs capitalized and other direct costs attributable to the development, less provision for foreseeable losses. Completed properties for sale are carried at the lower of cost and net realizable value. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(n) Financial assets

The Group classifies its financial assets in the categories of financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition according to the purpose for which the financial assets are acquired.

Financial assets at fair value through profit or loss are classified as current assets if they are either held for trading or are expected to be realized within twelve months from the balance sheet date. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated income statement, and subsequently carried at fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are carried at amortized cost using effective interest method.

2. Summary of significant accounting policies (continued)

(n) Financial assets (continued)

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months from the balance sheet date. Available-for-sale financial assets are initially recognized at fair value plus transaction cost, and subsequently carried at fair value.

Regular purchases and sales of investments are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are included in the consolidated income statement in the financial period in which they arise. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets are recognized in other comprehensive income. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are recognized in the consolidated income statement as gains or losses.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated income statement, is removed from equity and recognized in the consolidated income statement. Impairment losses recognized in the consolidated income statement on available-for-sale financial assets are not reversed through the consolidated income statement.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company and counterparty.

(o) Inventories

Inventories, which mainly comprise watch components, merchandise and art pieces, are stated at the lower of cost and net realizable value. Cost is calculated on the first-in first-out basis, weighted average basis or specific identification basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2. Summary of significant accounting policies (continued)

(p) Trade and other debtors

Trade and other debtors are amounts due from customers for properties and goods and merchandises sold or services performed in the ordinary course of business. If collection of trade and other debtors is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other debtors are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payments are considered as indicators that the receivable is impaired. The amount of the provision is recognized in the consolidated income statement.

(q) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the fair value of an asset less costs to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

(r) Creditors and accruals

Creditors and accruals are obligations to pay for goods or merchandises or services that have been acquired in the ordinary course of business from suppliers. Creditors and accruals are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors and accruals are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(s) Provisions

Provisions are recognized when there is a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

2. Summary of significant accounting policies (continued)

(s) Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(t) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

(u) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial liability, including fees and commissions to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortized cost; any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2. Summary of significant accounting policies (continued)

(v) Current and deferred taxation

The tax expenses for the year comprise current and deferred taxes. Tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group, its associated companies and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred taxation liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred taxation is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred taxation assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred taxation liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets are recognized on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Summary of significant accounting policies (continued)

(w) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the consolidated income statement on a straight-line basis over the period of lease.

(x) Revenue and income recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of sales taxes, returns, rebates and discounts, allowances for credit and other revenue reducing factors. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) Sales of properties are recognized when the significant risks and rewards of the properties have been passed to the purchasers, which is when the construction of the relevant properties has been completed, notification of delivery of properties has been issued to the purchasers and the collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the transfer of the significant risks and rewards of the properties are included as sales deposits received under current liabilities.

(ii) Rental income, net of incentives given to lessees, is recognized on a straight-line basis over the period of the respective leases.

(iii) Sales of cemetery assets are recognized when significant risks and rewards of the cemetery assets have been passed to the customers, which are when the construction of the relevant cemetery assets has been completed and the collectability of related receivables pursuant to the sales agreements is reasonably assured.

(iv) Sales of goods and merchandises and scraped materials are recognized on the transfer of risks and rewards of ownership, which generally coincide with the time when goods and merchandises and scraped materials are delivered to the customers and legal title has been passed.

(v) Gain or loss from securities trading is recognized on the transaction date when the relevant sale and purchase contracts are entered into.

2. Summary of significant accounting policies (continued)

(x) Revenue and income recognition (continued)

(vi) Service and management fees are recognized when the services are rendered.

(vii) Interest income is recognized on a time proportion basis, using the effective interest method, taking into account the principal amounts outstanding and the interest rates applicable.

(viii) Dividend income is recognized when the right to receive payment is established.

(y) Borrowing costs

Interest and related costs on borrowings attributable to the construction or acquisition of an asset that necessarily takes a substantial period of time to complete and prepare for its intended use or sale are capitalized as part of the cost of their assets. All other borrowing costs are charged to the consolidated income statement in the financial period in which they are incurred.

(z) Employee benefits

Contributions to defined contribution retirement schemes such as the Mandatory Provident Fund Scheme in Hong Kong and the respective government employee retirement benefit schemes in the People's Republic of China (the "PRC") and other countries are charged to the consolidated income statement in the financial period to which the contributions relate. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employee entitlements to annual leaves are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick and maternity leaves are not recognized until the time of leaves.

Provisions for bonus entitlements are recognized when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Such bonuses are payable within twelve months from the balance sheet date.

(aa) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions with maturity within three months from the date of placement.

2. Summary of significant accounting policies (continued)

(ab) Translation of foreign currencies

Transactions included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the functional and presentation currency of the Company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates ruling at the balance sheet date are recognized in the consolidated income statement.

The results and financial position of all the entities in the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the rate of exchange ruling at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions; and

(iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (that is, 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), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in the consolidated income statement.

2. Summary of significant accounting policies (continued)

(ac) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors and senior management.

(ad) Dividend distribution

Dividend distribution to the shareholders of the Company is recognized as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the Company's shareholders or Directors as applicable.

(ae) Financial guarantee liabilities

Financial guarantee liabilities are recognized in respect of the financial guarantee provided by the Group to banks for mortgage loans made by the banks to certain purchasers of the Group's properties in the PRC.

Financial guarantee liabilities are recognized initially at fair value plus transaction costs that are directly attributable to the financial guarantee liabilities. After initial recognition, such guarantees are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognized less cumulative amortization.

Financial guarantee liabilities are derecognized from the consolidated balance sheet when, and only when, the obligation specified in the guarantees is discharged or cancelled or expired.

3. Financial risk management

(a) Financial risk factors

The activities of the Group expose it to a variety of financial risks including credit risk, liquidity risk, cash flow and fair value interest rate risk, foreign exchange risk and price risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the finance department under policies approved by the Board. The Board provides principles for overall risk management, as well as written policies covering specific areas.

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(i) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial assets (other than available-for-sale financial assets and financial assets at fair value through profit or loss) after deducting any impairment provision in the consolidated balance sheet. The Group's exposure to credit risk arising from debtors and prepayments is set out in note 27.

Credit risk of the Group is primarily attributable to deposits with banks and financial institutions and non-current loans and receivables, as well as credit exposures to customers and other debtors. The Group has credit policies in place and exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions by monitoring credit ratings and only places deposits with banks and financial institutions with no history of defaults. As at 31st March, 2017, the monies placed with Hong Kong and the PRC banks and financial institutions amounted to approximately HK$1,071 million (2016: HK$269 million) and HK$172 million (2016: HK$334 million) respectively.

In respect of credit exposures to customers, the Group normally receives deposits or progress payments from customers prior to the completion of sales of properties or goods or merchandises transactions. Customers are assessed and rated individually based on the credit quality by taking into account their financial position, credit history and other factors. Rentals in respect of investment properties are payable in advance by tenants in accordance with the lease agreements. The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases. Loans and receivables are generally supported by the respective underlying assets.

In addition, the Group has other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Group reviews regularly the recoverable amount of each individual debtor to ensure that adequate impairment provision are made for irrecoverable amounts. The Group has no significant concentrations of credit risk as the receivables consist of a large number of customers.

In respect of the other debtors, amounts due from associated companies and joint venture and loans and receivables, the Group monitors the recovery of the balances closely and ensures that adequate impairment provision has been made for the estimated irrecoverable amounts.

The Group has provided guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Since the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the banks, the management considers that the Group's credit risk is minimal (see also note 39).

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group has put in place a policy of obtaining long-term banking facilities to match its long-term investments in Hong Kong, the PRC and other countries. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the ordinary course of business. In addition, as at 31st March, 2017, the Group has standby banking facilities to provide contingent liquidity support which amounted to approximately HK$613 million (2016: HK$647 million). Details of the bank borrowings are disclosed in note 34.

The table below analyzes the Group's financial liabilities that will be settled in relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The amounts disclosed in the table are the contractual undiscounted cash flows including interest payment.

	Within the first year HK$'000	Within the second year HK$'000	Within the third to fifth years HK$'000	After the fifth year HK$'000	Total HK$'000
2017					
Creditors and accruals	**150,917**	**–**	**–**	**–**	**150,917**
Bank borrowings	**449,236**	**107,692**	**938,418**	**–**	**1,495,346**
Amount due to a fellow subsidiary *(note 36)*	**2,256**	**2,256**	**115,136**	**–**	**119,648**
Loans and payables with non-controlling interests	**–**	**–**	**–**	**25,662**	**25,662**
Other non-current liabilities	**–**	**–**	**–**	**58,542**	**58,542**
	602,409	**109,948**	**1,053,554**	**84,204**	**1,850,115**
Financial guarantees *(note 39)*	**–**	**–**	**–**	**421,079**	**421,079**
2016					
Creditors and accruals	144,413	–	–	–	144,413
Bank borrowings	423,633	27,242	297,062	–	747,937
Loans and payables with non-controlling interests	–	–	–	12,524	12,524
	568,046	27,242	297,062	12,524	904,874
Financial guarantees *(note 39)*	–	–	–	1,079,858	1,079,858

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Cash flow and fair value interest rate risk

Interest rate risk is the risk that the position of the Group may be adversely affected by the changes in market interest rate. The policy of the Group involves close monitoring of interest rate movements and replacing and entering into new banking facilities when favourable pricing opportunities arise.

The interest rate risk of the Group arises from interest-bearing loans and receivables, bank deposits, bank borrowings, bond investments in the financial assets at fair value through profit or loss and amount due to a fellow subsidiary. Loans and receivables, bank deposits and bank borrowings issued at variable rates expose the Group to cash flow interest rate risk. Bond investments and amount due to a fellow subsidiary at fixed rates expose the Group to fair value interest rate risk. The Group currently does not have any interest rate hedging policy in relation to interest rate risk. The Board monitors the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

As at 31st March, 2017, if interest rates had been 0.5% (2016: 0.5%) higher/lower with all other variables held constant, the pre-tax result of the Group would have increased/decreased by approximately HK$1,291,000 (2016: HK$3,131,000).

(iv) Foreign exchange risk

Foreign exchange risk arises on monetary assets and liabilities being denominated in a currency that is not the functional currency; differences resulting from the translation of financial statements into the presentation currency of the Group are not taken into consideration.

The Group mainly operates in Hong Kong, the PRC and the United Kingdom. The Group has no significant foreign exchange risk due to limited foreign currency transactions other than the functional currencies of the respective entities.

(v) Price risk

The Group is exposed to securities price risk because investments held by the Group are classified as available-for-sale financial assets and financial assets at fair value through profit or loss. Unrealized gains and losses arising from the change in the fair value of available-for-sale financial assets and financial assets at fair value through profit or loss are recognized in other comprehensive income and the consolidated income statement respectively. When available-for-sale financial assets are impaired, the accumulated fair value adjustments are recognized in the consolidated income statement as losses. To manage its price risk arising from investments in securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

3. Financial risk management (continued)

(a) Financial risk factors (continued)

(v) Price risk (continued)

The table below summarizes the impact of increase/decrease of the market price of the Group's publicly-traded investments by 5% (2016: 5%) with all other variables held constant:

	Impact on pre-tax result		**Impact on investment revaluation reserve**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
5% change in market price	**30,247**	11,313	**10,756**	4,799

(b) Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings (including short-term and long-term bank borrowings as shown in the consolidated balance sheet) less cash and bank balances (including pledged bank balances) and financial assets at fair value through profit or loss. Total capital represents shareholders' funds as shown in the consolidated balance sheet. As at 31st March, 2017, the gearing ratio is not applicable since the Group has net cash (2016: N/A).

3. Financial risk management (continued)

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current price within the bid-ask spread which is the most representation of the fair value in the given circumstances.

The fair values of long-term bank borrowings and amount due to a fellow subsidiary are estimated using the expected future payments discounted at market interest rates. The carrying values of the long-term bank borrowings approximate their fair values since they are floating interest rate borrowings.

The carrying values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, including debtors and prepayments, cash and bank balances, creditors and accruals and current bank borrowings approximate their fair values.

The Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level in the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

3. Financial risk management (continued)

(c) Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31st March, 2017 and 2016. The investment properties are measured at fair value and disclosed in note 17.

	Level 1 HK$'000	Level 3 HK$'000	Total HK$'000
2017			
Assets			
Available-for-sale financial assets			
– Listed securities	**215,114**	**–**	**215,114**
– Unlisted investments	**–**	**11,280**	**11,280**
	215,114	**11,280**	**226,394**
Financial assets at fair value through profit or loss			
– Listed bond investments	**604,948**	**–**	**604,948**
Total assets	**820,062**	**11,280**	**831,342**
2016			
Assets			
Available-for-sale financial assets			
– Listed securities	95,978	–	95,978
– Unlisted investments	–	71,946	71,946
	95,978	71,946	167,924
Financial assets at fair value through profit or loss			
– Listed bond investments	226,253	–	226,253
Total assets	322,231	71,946	394,177

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for these financial assets held by the Group, which are listed securities and bond investments, is the current price within the bid-ask spread in stock market and bond market. These instruments are included in level 1 which comprise primarily investments classified as available-for-sale financial assets (listed securities) and financial assets at fair value through profit or loss (listed bond investments).

3. Financial risk management (continued)

(c) Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3 which comprises primarily investments classified as available-for-sale financial assets (unlisted investments).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments

- Other techniques, such as discounted cash flow analysis and option pricing models, are used to determine fair value for the remaining financial instruments

There was no transfer of financial assets among fair value hierarchy classifications for the years ended 31st March, 2017 and 2016.

The following table presents the changes in level 3 instruments of the Group for the years ended 31st March, 2017 and 2016.

	Assets
	Available-for-sale financial assets HK$'000
At 1st April, 2015	74,946
Changes in exchange rates	(3,000)
At 31st March, 2016	71,946
Disposals	(57,555)
Changes in exchange rates	(3,111)
At 31st March, 2017	**11,280**

3. Financial risk management (continued)

(d) Financial instruments by category

2017

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Assets as per the consolidated balance sheet				
Loan receivable from an associated company	19,094	–	–	19,094
Amount due from a joint venture	50,568	–	–	50,568
Available-for-sale financial assets	–	–	226,394	226,394
Loans and receivables	11,336	–	–	11,336
Debtors and prepayments excluding prepayments	252,244	–	–	252,244
Financial assets at fair value through profit or loss	–	604,948	–	604,948
Cash and bank balances	1,244,846	–	–	1,244,846
Total	1,578,088	604,948	226,394	2,409,430

	Financial liabilities at amortized cost HK$'000
Liabilities as per the consolidated balance sheet	
Creditors and accruals excluding accrued expenses	129,084
Bank borrowings	1,406,236
Amount due to a fellow subsidiary	112,880
Loans and payables with non-controlling interests	25,662
Other non-current liabilities	58,542
Total	1,732,404

3. Financial risk management (continued)

(d) Financial instruments by category (continued)

2016

	Loans and receivables HK$'000	Financial assets at fair value through profit or loss HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Assets as per the consolidated balance sheet				
Loan receivable from an associated company	15,962	–	–	15,962
Amount due from a joint venture	46,441	–	–	46,441
Available-for-sale financial assets	–	–	167,924	167,924
Loans and receivables	12,051	–	–	12,051
Debtors and prepayments excluding prepayments	275,772	–	–	275,772
Financial assets at fair value through profit or loss	–	226,253	–	226,253
Pledged bank balances	40,173	–	–	40,173
Cash and bank balances	565,494	–	–	565,494
Total	955,893	226,253	167,924	1,350,070

	Financial liabilities at amortized cost HK$'000
Liabilities as per the consolidated balance sheet	
Creditors and accruals excluding accrued expenses	129,426
Bank borrowings	708,673
Loans and payables with non-controlling interests	12,524
Total	850,623

4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the consolidated financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant effect on the carrying values of assets and liabilities are discussed below:

(a) Estimate of fair value of investment properties

The valuation of investment properties is mainly performed in accordance with "The HKIS Valuation Standards 2012 Edition" published by the Hong Kong Institute of Surveyors and other international valuation standards. Details of the judgment and assumptions have been disclosed in note 17.

(b) Classification of investment properties

In making the judgment to determine whether a property qualifies as investment property, the Group considers whether the property (land or building) is held to earn rental or for capital appreciation rather than for use in the production of supply of goods and services or sale and the Group has the financing capability to hold the property for long-term strategic investment. The Group considers each property separately in making its judgment.

(c) Classification of investment in associated company

An entity which an investor has significant influence and that is neither a subsidiary nor an interest in a joint arrangement is classified as an associated company. 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. Management judgment is required in determining whether significant influence exists. Management considers all facts and circumstances before arriving at the appropriate conclusion. Changing the classification selected by management could significantly affect the accounting treatment and measurement of the investee and as a result affect the Group's results of operations and financial position.

(d) Classification of investment in joint venture

Joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Management judgment is required in determining whether joint control exists. Management considers all facts and circumstances before arriving at the appropriate conclusion. Changing the classification selected by management could significantly affect the accounting treatment and measurement of the investee and as a result affect the Group's results of operations and financial position.

4. Critical accounting estimates and judgments (continued)

(e) Impairment of property, plant and equipment

The Group assesses the carrying values of property, plant and equipment with their recoverable amounts, which are the higher of the net realizable value and the value-in-use. In determining the value-in-use, the management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life at the appropriate discount rate based on cash flow projections. Provision for impairment is made when events or changes in circumstances indicate that the carrying values may not be realized. The assessment requires the use of judgment and estimates.

(f) Impairment of properties for/under development, properties for sale and cemetery assets

The Group assesses the carrying values of properties for/under development, properties for sale and cemetery assets according to their estimated recoverable amounts or net realizable values based on assessment of the realizability of these properties/assets, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision for impairment is made when events or changes in circumstances indicate that the carrying values may not be realized. The assessment requires the use of judgment and estimates.

(g) Impairment of receivables

The Group assesses the carrying values of receivables based on the evaluation of collectabilities and aging analysis of receivables, and management's judgment regarding the creditworthiness and the past collection history of each customer. Provision for doubtful debts is made by reference to the estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these receivables will impact the amount of impairment required.

(h) Income taxes, land use taxes, land appreciation taxes and deferred taxes

The Group is subject to income taxes, land use taxes, land appreciation taxes and deferred taxes mainly in Hong Kong, the PRC and the United Kingdom. Significant judgment is required in determining the provision for taxation for each entity of the Group. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these estimates is different from the amounts that are initially recorded, such differences will impact the current and deferred taxation in the financial period in which such determination is made.

The Group has rebutted the presumption that the carrying amount of the investment properties located in the PRC measured at fair value will be recovered entirely through sale. The investment properties are held within a business model whose objective is to consume its economic benefit over time.

4. Critical accounting estimates and judgments (continued)

(i) Capitalization of borrowing costs

Borrowing costs directly attributable to the construction of investment properties under development and properties under development are capitalized from the date that expenditure is incurred and development activities on the qualifying assets commence. As part of this assessment, judgment is required in determining the unit of account in circumstances where development will be performed in phases. Management assesses the date from which capitalization of borrowing costs should commence on a project-by-project basis. Key indicators used by the management to identify a standalone development include that all assets in the development are:

(i) subject to a single development plan; and
(ii) expected to be completed within the Group's normal operating cycle.

(j) Critical judgment in revenue recognition for sales of properties

The Group has recognized revenues from the sales of properties as disclosed in note 5 according to the accounting policy as stated in note 2(x). The assessment of when an entity has transferred the significant risks and rewards of ownership of properties to buyers and whether it is probable that future economic benefit will flow to the entity requires significant judgement. In making this judgment, the Group evaluates, among other factors, the terms of payment under sales contract and relevant financing arrangement, the credit assessment of buyers, fair value of properties and risk of default of buyers.

(k) Critical judgment for business combination

The Group completed several transactions during the year ended 31st March, 2017 (notes 40(b)(ii) and 40(b)(iii)). The Group assessed the acquisitions in accordance with HKFRS and concluded that the acquisitions constitute business combinations. To account for the assets acquired and liabilities assumed, significant judgment was required in determining the fair values of the identifiable assets and liabilities.

5. Revenues and net gain

Revenues and net gain recognized during the year are as follows:

	2017 HK$'000	2016 HK$'000
Revenues		
Sales of properties	**408,329**	440,543
Rental income and management fees	**30,803**	19,120
Sales of goods and merchandises	**860**	932
Interest income from financial assets at fair value through profit or loss	**30,699**	1,997
	470,691	462,592
Net gain		
Net realized loss of financial assets at fair value through profit or loss	**(566)**	–
Net fair value gain of financial assets at fair value through profit or loss	**21,213**	7,426
	20,647	7,426
Revenues and net gain	**491,338**	470,018

6. Segment information

(a) Segment information by business lines

The CODM has been identified as the Executive Directors and senior management. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a business perspective, including property development, investment and trading, development and operation of cemetery, sales of goods and merchandises, securities investment and trading and others (including hotel operation and management). The CODM assesses the performance of the operating segments based on the measure of segment result.

6. Segment information (continued)

(a) Segment information by business lines (continued)

The segment information by business lines is as follows:

	Property development, investment and trading HK$'000	Cemetery HK$'000 (Note)	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000	Others and corporate HK$'000	2017 Total HK$'000
Revenues and net gain	439,132	–	860	51,346	–	491,338
Other income and net (loss)/gain	(8,346)	206,523	(7,453)	1,799	24,707	217,230
Operating profit/(loss)	1,456,336	206,523	(11,217)	52,424	(71,637)	1,632,429
Finance costs	(15,267)	–	–	(244)	–	(15,511)
Share of results of associated companies	–	–	–	–	(2,903)	(2,903)
Share of result of a joint venture	25,970	–	–	–	–	25,970
Profit/(loss) before taxation	1,467,039	206,523	(11,217)	52,180	(74,540)	1,639,985
Taxation	(191,676)	–	–	–	–	(191,676)
Profit/(loss) for the year	1,275,363	206,523	(11,217)	52,180	(74,540)	1,448,309
Segment assets	2,960,472	1,064,108	52,774	605,033	1,426,430	6,108,817
Associated companies	–	–	–	–	21,950	21,950
Joint venture	329,953	–	–	–	–	329,953
Total assets	3,290,425	1,064,108	52,774	605,033	1,448,380	6,460,720
Total liabilities	1,852,658	417,264	1,552	102	12,955	2,284,531
Other segment items are as follows:						
Capital expenditure	1,098,964	–	525	–	618	1,100,107
Depreciation	831	–	76	–	10,219	11,126
Amortization of land use right	32	–	–	–	–	32
Provision for impairment of properties for sale	3,054	–	–	–	–	3,054
Provision for impairment of trade debtors	1,804	–	–	–	–	1,804
Gain on disposal of subsidiaries	(1,340,681)	–	–	–	–	(1,340,681)

Note: The cemetery business of the Group was acquired on 31st March, 2017 and thus the results of the cemetery business mainly represent the negative goodwill arising from the acquisition (note 7(b)). Capital expenditure in relation to the acquisition amounted to approximately HK$1,047,933,000 (note 40(b)(ii)).

6. Segment information (continued)

(a) Segment information by business lines (continued)

	Property development, investment and trading HK$'000	Sales of goods and merchandises HK$'000	Securities investment and trading HK$'000	Others and corporate HK$'000	2016 Total HK$'000
Revenues and net gain	459,663	932	9,423	–	470,018
Other income and net gain/(loss)	69,675	(15)	(691)	8,987	77,956
Operating profit/(loss)	237,320	(1,663)	8,732	(73,974)	170,415
Finance costs	(15,712)	–	–	–	(15,712)
Share of results of associated companies	–	–	–	(1,818)	(1,818)
Share of result of a joint venture	64,320	–	–	–	64,320
Profit/(loss) before taxation	285,928	(1,663)	8,732	(75,792)	217,205
Taxation	(129,126)	–	–	–	(129,126)
Profit/(loss) for the year	156,802	(1,663)	8,732	(75,792)	88,079
Segment assets	3,127,218	51,089	226,253	467,212	3,871,772
Associated companies	–	–	–	21,721	21,721
Joint venture	282,554	–	–	–	282,554
Total assets	3,409,772	51,089	226,253	488,933	4,176,047
Total liabilities	1,651,421	569	–	15,189	1,667,179
Other segment items are as follows:					
Capital expenditure	482,102	–	–	618	482,720
Depreciation	1,367	25	–	10,189	11,581
Amortization of land use rights					
– charged to the consolidated income statement	32	–	–	–	32
– capitalized into properties	4,000	–	–	–	4,000
Provision for impairment of properties for sale	2,263	–	–	–	2,263
Provision for impairment of inventories	–	521	–	–	521
Provision for impairment of trade debtors	–	235	–	–	235

6. Segment information (continued)

(b) Geographical segment information

The business of the Group operates in different geographical areas. Revenues and net gain are presented by the countries where the customers are located. Non-current assets, total assets and capital expenditure are presented by the countries where the assets are located. The segment information by geographical area is as follows:

	Revenues and net gain		**Capital expenditure**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**51,349**	9,426	**54,810**	12,278
The PRC	**426,208**	459,663	**243,019**	470,442
United Kingdom	**12,924**	–	**802,278**	–
Other countries	**857**	929	**–**	–
	491,338	470,018	**1,100,107**	482,720

	Non-current assets *(Note)*		**Total assets**	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**64,383**	73,510	**2,512,554**	1,160,548
The PRC	**1,342,832**	987,180	**3,104,688**	2,979,366
United Kingdom	**804,685**	–	**812,321**	–
Other countries	**–**	–	**31,157**	36,133
	2,211,900	1,060,690	**6,460,720**	4,176,047

Note: Non-current assets in geographical segment represent non-current assets other than available-for-sale financial assets and loans and receivables.

7. Other income and net gain

	2017	2016
	HK$'000	HK$'000
Interest income from bank deposits	**5,890**	9,535
Dividend income from available-for-sale financial assets	**3,243**	8,640
Gain on disposals of available-for-sale financial assets	**17,122**	–
Write-back of provision for indemnity *(note a)*	**–**	58,546
Fair value gain on transfer of properties from properties for sale to investment properties	**–**	2,741
Negative goodwill on acquisition of subsidiaries, net of transaction costs *(note b)*	**206,523**	–
Negative goodwill on acquisition of a property business, net of transaction costs *(note c)*	**(4,640)**	–
Realization of exchange reserves upon disposal/liquidation of subsidiaries	**(12,620)**	–
Net (loss)/gain on disposal of property, plant and equipment	**(5)**	484
Net exchange gain/(loss)	**872**	(2,190)
Sundries	**845**	200
	217,230	77,956

Notes:

(a) *On 27th May, 2013, a wholly-owned subsidiary (the "Vendor") of the Group entered into an agreement with an independent third party (the "Purchaser") to dispose of its investment in a wholly-owned subsidiary at a consideration of HK$1. The Vendor also executed an indemnity deed amounting to RMB48.8 million (equivalent to approximately HK$58.5 million) in favour of the Purchaser for a period of two years from the date of completion of the disposal on 15th August, 2013. The transaction was announced by the Company on 27th May, 2013. The write-back of provision for indemnity in 2016 was related to this as the indemnity was expired during the year ended 31st March, 2016.*

(b) *On 21st January, 2017, the Company entered into a sale and purchase agreement with Midas International Holdings Limited ("Midas"), a listed subsidiary of CCIL, to acquire its equity interests in the companies that hold and operate a cemetery located in Sihui, the PRC, at a consideration of RMB398 million (equivalent to approximately HK$449 million) (the "Cemetery Acquisition"). The Cemetery Acquisition was announced by the Company on 22nd January, 2017 and published in the circular on 8th March, 2017 respectively. The transaction was completed on 31st March, 2017, and the consideration was settled partially in cash of RMB174 million (equivalent to approximately HK$196 million), partially in exchange of investment properties of RMB124 million (equivalent to approximately HK$140 million) through disposal of the entire equity interests in the relevant subsidiaries of the Group (together, the "Disposed Subsidiaries") and partially by a deferred consideration (with the exchange of the properties for sale through disposal of the entire equity interests in the relevant subsidiaries of the Group) of RMB100 million (equivalent to approximately HK$113 million) (recorded as "Amount due to a fellow subsidiary" in the consolidated balance sheet, see note 36). A negative goodwill of HK$210.5 million (before netting of transaction costs) was recognized upon completion of the transaction. Details of the Cemetery Acquisition are shown in note 40(b)(ii).*

7. Other income and net gain (continued)

Notes: (continued)

(c) *On 4th November, 2016, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with an independent third party to acquire an office property in London, United Kingdom, at a net consideration of approximately GBP79 million (equivalent to approximately HK$764 million) (the "UK Acquisition"). The UK Acquisition was announced by the Company on 6th November, 2016 and published in the circular on 9th December, 2016 respectively. The transaction was completed on 24th November, 2016. The property was recorded as an investment property (note 17) and a negative goodwill on acquisition of the property business amounting to HK$38.9 million (before netting of transaction costs) was recorded upon completion. Details of the UK Acquisition are shown in note 40(b)(iii).*

8. Gain on disposal of subsidiaries

On 25th August, 2016, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with independent third parties to dispose of its wholly-owned subsidiaries which held a property development project at Dongguan, the PRC, for a net consideration of approximately RMB1.3 billion (equivalent to approximately HK$1.5 billion) (the "Dongguan Disposal"). The Group retains the administration building and certain completed properties upon completion. The Dongguan Disposal was announced by the Company on 28th August, 2016 and published in the circular on 26th September, 2016 respectively. The transaction was completed on 27th October, 2016. A gain on disposal of subsidiaries of the Dongguan Disposal and the related PRC withholding corporate income tax were shown in this note and "Taxation" (note 13) respectively. Details of the Dongguan Disposal are shown in note 40(b)(i).

9. Operating profit

	2017	2016
	HK$'000	HK$'000
Operating profit is stated after crediting:		
Gross rental income from investment properties	**25,649**	10,857
and after charging:		
Amortization of land use right	**32**	32
Auditors' remuneration		
Audit and audit related services	**1,871**	1,845
Non-audit services (excluded amount of HK$550,000 charged to share premium for 2017)	**4,380**	450
Cost of properties sold	**266,297**	265,820
Cost of inventories sold	**203**	633
Depreciation	**11,126**	11,581
Provision for impairment of properties for sale	**3,054**	2,263
Provision for impairment of inventories	**–**	521
Provision for impairment of trade debtors	**1,804**	235
Operating lease rental on land and buildings	**5,745**	6,607
Outgoings in respect of investment properties	**1,667**	2,002
Staff costs, including Directors' emoluments		
Wages and salaries	**53,535**	56,582
Retirement benefit costs *(note 10)*	**2,547**	3,124

10. Employee retirement benefits

The Group participates in defined contribution schemes in Hong Kong for all eligible employees. Contributions to these schemes are calculated based on certain percentages of the applicable payroll costs or pre-determined fixed sums. The assets of the schemes are held separately from those of the Group in independently administered funds. Contributions to one of the schemes can be reduced by contributions forfeited by those employees who leave that scheme prior to vesting fully in those contributions.

The Group participates in respective government retirement benefit schemes in the PRC pursuant to the relevant regulations whereby the Group is required to contribute to the schemes to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the requirements in the PRC. The government is responsible for the entire retirement benefit obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

The retirement benefit costs represent the contributions by the Group to the above schemes.

11. Finance costs

	2017 HK$'000	2016 HK$'000
Interest expenses on bank borrowings	**26,808**	25,604
Amounts capitalized into		
Investment property	**(1,608)**	–
Properties under development	**(9,689)**	(9,892)
	(11,297)	(9,892)
	15,511	15,712

The capitalization rates applied to funds borrowed for the development of properties range from 1.98% to 8.08% (2016: 2.00% to 8.08%) per annum.

12. Directors', five highest paid individuals' and senior management's emoluments

(a) Directors' emoluments

	(note i)	*(note ii)*			
Name of Director	Fees HK$'000	Salaries HK$'000	Other benefits HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
2017					
Mr. Abraham Shek Lai Him[2]	300	–	–	–	300
Miss Ann Li Mee Sum[1]	20	2,082	498	171	2,771
Mr. Albert Chuang Ka Pun[1]	20	1,980	400	18	2,418
Mr. Chong Ka Fung	20	–	–	–	20
Mr. Sunny Pang Chun Kit	20	2,070	–	144	2,234
Mr. Peter Lo Wing Cheung[3]	20	1,415	–	18	1,453
Mr. David Chu Yu Lin[2]	120	–	–	–	120
Mr. Andrew Fan Chun Wah[2]	120	–	–	–	120
	640	7,547	898	351	9,436

12. Directors', five highest paid individuals' and senior management's emoluments (continued)

(a) Directors' emoluments (continued)

	(note i)	*(note ii)*			
Name of Director	Fees	Salaries	Other benefits	Retirement scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2016					
Mr. Abraham Shek Lai Him[2]	300	–	–	–	300
Miss Ann Li Mee Sum[1]	20	1,800	480	171	2,471
Mr. Albert Chuang Ka Pun[1]	20	1,680	–	18	1,718
Mr. Chong Ka Fung	20	–	–	–	20
Mr. Sunny Pang Chun Kit	20	1,590	–	119	1,729
Mr. Peter Lo Wing Cheung[3]	17	1,073	–	15	1,105
Mr. David Chu Yu Lin[2]	120	–	–	–	120
Mr. Andrew Fan Chun Wah[2]	120	–	–	–	120
	637	6,143	480	323	7,583

1 The Chief Executive Officer/Managing Director: Mr. Albert Chuang Ka Pun was re-designated as the Chief Executive Officer/Managing Director of the Company, whereas Miss Ann Li Mee Sum was re-designated as the Deputy Chairman of the Company, on 8th June, 2015.

2 The Independent Non-Executive Directors

3 Appointed on 8th June, 2015 and resigned on 30th March, 2017

(i) The amounts represented emoluments paid or receivable in respect of a person's service as a Director, whether of the Company or its subsidiary undertakings.

(ii) The amounts represented emoluments paid or receivable in respect of a Director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.

(iii) There was no arrangement under which a Director waived or agreed to waive any emoluments during the years ended 31st March, 2017 and 2016.

(iv) During the year, no emoluments, retirement benefits, payments or benefits in respect of termination of Directors' services were paid or made, directly or indirectly, to the Directors, nor are any payable (2016: Nil). No consideration was provided to or receivable by third parties for making available Directors' services (2016: Nil).

12. Directors', five highest paid individuals' and senior management's emoluments (continued)

(a) Directors' emoluments (continued)

(v) There are no loans, quasi-loans or other dealings in favour of Directors, their controlled bodies corporate and connected entitles (2016: None).

(vi) The Directors represent key management personnel of the Company having authority and responsibility for planning, directing and controlling the activities of the Group.

(vii) The emoluments paid to the Independent Non-Executive Directors amounted to HK$540,000 (2016: HK$540,000).

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company 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 (2016: None).

(c) Five highest paid individuals' emoluments

The five highest paid individuals in the Group include four (2016: four) Directors. Details of the emolument paid to the one (2016: one) individual, whose emolument was the five highest in the Group and who is not a Director, are set out below:

	2017 **HK$'000**	2016 HK$'000
Salaries and other benefits	**1,200**	1,200
Retirement scheme contributions	**90**	90
	1,290	1,290

(d) Senior management's emoluments

The emoluments of senior management whose profiles are included in the section "Biographical Details of Honorary Chairman, Directors and Senior Management" of this report fall within the following bands:

	Number of individuals	
Emolument band	**2017**	2016
HK$1,000,000 or below	**5**	7
HK$1,000,001 to HK$1,500,000	**2**	1
	7	8

13. Taxation

	2017	2016
	HK$'000	HK$'000
Current taxation		
PRC corporate income tax	**46,257**	44,781
PRC withholding corporate income tax *(notes 7(b) and 8)*	**113,340**	–
PRC land appreciation tax	**32,703**	80,437
Deferred taxation *(note 35)*	**(624)**	3,908
	191,676	129,126

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for the year (2016: Nil). PRC corporate income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the PRC. PRC withholding corporate income tax includes the relevant tax on the disposal of subsidiaries arising from the Cemetery Acquisition and the Dongguan Disposal as mentioned in notes 7(b) and 8 respectively. PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development expenditures.

There is no taxation charge/credit of associated companies for the year ended 31st March, 2017 (2016: Nil). Share of deferred taxation charge of the joint venture for the year ended 31st March, 2017 of HK$9,994,000 (2016: HK$21,440,000) is included in the consolidated income statement as share of result of a joint venture.

13. Taxation (continued)

The tax of the profit before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2017 **HK$'000**	2016 HK$'000
Profit before taxation	**1,639,985**	217,205
Share of results of associated companies	**2,903**	1,818
Share of result of a joint venture	**(25,970)**	(64,320)
	1,616,918	154,703
Tax charge at the rate of 16.5% (2016: 16.5%)	**266,791**	25,526
Effect of different taxation rates in other countries *(note)*	**(79,702)**	10,699
Income not subject to taxation	**(45,473)**	(14,402)
Expenses not deductible for taxation purposes	**3,111**	2,997
PRC land appreciation tax deductible for taxation purposes	**(5,396)**	(13,272)
Utilization of previously unrecognized tax losses	**(1,086)**	(909)
Other temporary differences and tax losses not recognized and others	**20,728**	25,091
	158,973	35,730
Dividend income withholding tax	**–**	12,959
PRC land appreciation tax	**32,703**	80,437
Taxation	**191,676**	129,126

Note: The amount in 2017 mainly represents the effect of different taxation rates of the PRC withholding corporate income tax in relation to the Cemetery Acquisition and the Dongguan Disposal.

14. Dividends

	2017 HK$'000	2016 HK$'000
Interim dividend of 1.5 HK cents (2016: 1.0 HK cent) per share	**35,507**	16,211
Proposed final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share	**47,143**	48,634
Proposed special dividend of 2.0 HK cents (2016: Nil) per share	**47,143**	–
	129,793	64,845

On 27th June, 2017, the Board proposed a final dividend of 2.0 HK cents (2016: 2.0 HK cents) per share amounting to HK$47,143,000 (2016: HK$48,634,000) and a special dividend of 2.0 HK cents (2016: Nil) per share amounting to HK$47,143,000 (2016: Nil). The amounts are calculated based on 2,357,155,316 issued shares as at 27th June, 2017. The proposed dividends are not reflected as a dividend payable in the consolidated financial statements, but will be reflected and accounted for as an appropriation of reserves in the year ending 31st March, 2018 upon the approval by the shareholders.

15. Earnings per share

The calculation of the earnings per share is based on the profit attributable to equity holders of HK$1,451,977,000 (2016: HK$85,006,000) and the weighted average number of 2,358,108,483 (2016: 1,732,100,698) shares in issue during the year. The weighted average number of shares used in the calculation of earnings per share had been adjusted for the bonus element of the rights issue following the completion of the rights issue on 3rd May, 2016.

The diluted earnings per share is equal to the basic earnings per share since there are no dilutive potential shares in issue during the years.

16. Property, plant and equipment

	Buildings HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Other assets HK$'000	Total HK$'000
Cost					
At 1st April, 2015	24,053	256	6,185	107,827	138,321
Changes in exchange rates	(932)	(9)	(237)	(357)	(1,535)
Additions	–	–	346	867	1,213
Disposals	(1,961)	–	(46)	(445)	(2,452)
Reclassification *(note 22)*	–	–	(345)	(475)	(820)
At 31st March, 2016	21,160	247	5,903	107,417	134,727
Changes in exchange rates	(1,254)	(14)	(329)	(421)	(2,018)
Additions	–	–	–	1,400	1,400
Acquisition of subsidiaries *(note 40(b)(ii))*	6,131	–	1,303	222	7,656
Disposals	–	–	–	(530)	(530)
At 31st March, 2017	**26,037**	**233**	**6,877**	**108,088**	**141,235**
Accumulated depreciation and provision for impairment					
At 1st April, 2015	4,372	95	5,498	45,332	55,297
Changes in exchange rates	(175)	(4)	(216)	(315)	(710)
Charge for the year	479	26	318	10,758	11,581
Disposals	(466)	–	(44)	(439)	(949)
Reclassification *(note 22)*	–	–	(128)	(345)	(473)
At 31st March, 2016	4,210	117	5,428	54,991	64,746
Changes in exchange rates	(257)	(7)	(305)	(400)	(969)
Charge for the year	408	25	81	10,612	11,126
Disposals	–	–	–	(324)	(324)
At 31st March, 2017	**4,361**	**135**	**5,204**	**64,879**	**74,579**
Net book value					
At 31st March, 2017	**21,676**	**98**	**1,673**	**43,209**	**66,656**
At 31st March, 2016	16,950	130	475	52,426	69,981

(a) The buildings are situated on land in the PRC. Other assets comprise computer equipment, motor vehicles and yachts.

(b) Depreciation of HK$24,000 (2016: HK$30,000) and HK$11,102,000 (2016: HK$11,551,000) have been included in cost of sales and administrative and other operating expenses, respectively.

17. Investment properties

	Properties under development HK$'000	Completed properties HK$'000	Total HK$'000
At 1st April, 2015	143,271	108,385	251,656
Changes in exchange rates	(7,074)	(7,738)	(14,812)
Additions *(note f)*	53,071	123,769	176,840
Transfer from properties for sale *(note 25)*	–	50,616	50,616
Fair value gain on transfer of properties from properties for sale to investment properties *(note 7)*	–	2,741	2,741
Change in fair value	32,349	39,713	72,062
At 31st March, 2016	221,617	317,486	539,103
Changes in exchange rates	(13,554)	(16,292)	(29,846)
Additions	25,168	–	25,168
Acquisition of a property business *(note 40(b)(iii))*	–	802,278	802,278
Interest expenses capitalized	1,608	–	1,608
Disposals of subsidiaries *(notes 40(b)(i) and 40(b)(ii))*	(51,326)	(203,150)	(254,476)
Change in fair value	11,631	27,202	38,833
At 31st March, 2017	**195,144**	**927,524**	**1,122,668**

(a) Investment properties of the Group are in the PRC and the United Kingdom and are for commercial use. They were revalued at 31st March, 2017 on an open market value basis by DTZ Cushman & Wakefield Limited and Colliers International (Hong Kong) Limited ("Colliers"), independent professional property valuers.

(b) Investment properties of HK$1,103,718,000 (2016: HK$356,253,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

17. Investment properties (continued)

(c) Valuation processes of the Group

The Group's investment properties were revalued at 31st March, 2017 by independent professional valuers who hold recognized relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department and property department review the valuations performed by the independent valuers for financial reporting purposes and report directly to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's interim and annual reporting processes. The finance department and property department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements when compared to the prior period valuation reports; and
- holds discussions with the independent valuers.

(d) Valuation techniques

Fair value of completed properties in the PRC and the United Kingdom is generally derived using the income capitalization method and direct comparison method, wherever appropriate. Income capitalization method is based on the capitalization of the net income and reversionary potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. Direct comparison method is comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Fair value of properties under development in the PRC is generally derived using the residual method. This valuation method is essentially a mean of valuing the completed properties by reference to its development potential by deducting development costs to completion together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

There were no changes to the valuation techniques during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

17. Investment properties (continued)

(e) Significant unobservable inputs used to determine fair value

Capitalization rates are estimated by valuers based on the risk profile of the investment properties being valued. The higher the rates, the lower the fair value. At 31st March, 2017, capitalization rates ranged from 4.0% to 6.0% (2016: 4.0% to 6.0%) and 5.0% (2016: N/A) are used in the income capitalization method for the completed properties in the PRC and the United Kingdom respectively.

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Estimated costs to completion, developer's profit and risk margins required are estimated by valuers based on market conditions at 31st March, 2017 for investment properties under development in the PRC. The estimates are largely consistent with the budgets developed internally by the Group based on management's experience and knowledge of market conditions. The higher the costs and the margins, the lower the fair value.

(f) On 21st April, 2015, the Company and its wholly-owned subsidiary entered into a sale and purchase agreement with Midas and its wholly-owned subsidiary to acquire the entire registered capital of a PRC wholly-owned subsidiary of Midas (the major assets are the land and completed property in the PRC) at a consideration of RMB101.6 million (equivalent to approximately HK$123.4 million). The transaction was completed on 21st August, 2015 and the consideration was settled in full in cash at completion. The Group recorded the land and property acquired as completed investment properties since completion of the transaction. The transaction was announced by the Company on 21st April, 2015 and 21st August, 2015, and published in the circular on 13th May, 2015, respectively.

18. Land use rights

	2017 **HK$'000**	2016 HK$'000
Land use rights	**3,266**	1,562

The interests in land use rights represent prepaid operating lease payments in the PRC. Amortization charged to the consolidated income statement from land use rights has been included in administrative and other operating expenses. Land use right of HK$1,746,000 (2016: N/A) has been acquired from the Cemetery Acquisition as at 31st March, 2017 (note 40(b)(ii)).

19. Properties for/under development

	2017 **HK$'000**	2016 HK$'000
At the beginning of the year	**145,769**	389,435
Changes in exchange rates	**(4,010)**	(15,976)
Additions	**–**	55,278
Interest expenses capitalized	**–**	5,023
Reclassification *(note 22)*	**–**	(287,991)
At the end of the year	**141,759**	145,769

Properties for/under development of the Group are held in the PRC. During the year ended 31st March, 2016, amortization of land use right classified under properties for/under development of HK$4,000,000 was capitalized therein.

20. Cemetery assets

	2017 **HK$'000**	2016 HK$'000
Total cemetery assets	**1,038,531**	–
Current portion included in current assets	**(512,883)**	–
	525,648	–

The cemetery assets are acquired from the Cemetery Acquisition as at 31st March, 2017 (note 40(b)(ii)).

As at 31st March, 2017, included in the cemetery assets which are classified as current assets are grave plots and niches for cremation urns of cemetery business with the aggregate carrying value of HK$499,529,000 (2016: N/A) that are expected to be realized after more than twelve months from the balance sheet date.

21. Associated companies

	2017 HK$'000	2016 HK$'000
Share of net assets	**2,856**	5,759
Loan receivable	**19,094**	15,962
	21,950	21,721
Unlisted investments, at cost, net	**2,426**	2,426

The movements of the carrying amounts of the associated companies are analyzed as follows:

	2017 HK$'000	2016 HK$'000
At the beginning of the year	**21,721**	7,576
Acquisition of an associated company	**–**	1
Increase in loan receivable	**3,132**	15,962
Share of results	**(2,903)**	(1,818)
At the end of the year	**21,950**	21,721

Loan receivable from an associated company is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the associated companies are set out below:

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2017	2016	Principal activities
Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	US$1,000,000 with 1,000,000 shares	**25.0%**	25.0%	Auction services
Versilcraft Holdings Limited (formerly known as Best Peak Developments Limited)	British Virgin Islands/ Hong Kong	US$300 with 300 shares	**33.3%**	33.3%	Manufacture of yacht
Versilcraft International Limited	Hong Kong	HK$1 with 1 share	**33.3%**	33.3%	Manufacture of yacht

21. Associated companies (continued)

The Group's share of the revenues and results of its associated companies for the years, and their aggregate assets and liabilities, are as follows (excluding the balances with the Group):

	2017	2016
	HK$'000	HK$'000
Revenues	**1,102**	1,089
Loss for the year	**(2,903)**	(1,818)
Assets	**22,563**	22,240
Liabilities	**(613)**	(519)
	21,950	21,721

22. Joint venture

	2017	2016
	HK$'000	HK$'000
Share of net assets	**279,385**	236,113
Amount due from a joint venture	**50,568**	46,441
	329,953	282,554

During the year ended 31st March, 2016, a subsidiary became a joint venture of the Group. The change itself involved accounting transfer of assets and did not constitute a business combination. No gain or loss was recognized by the Group as there was no change in substance and equity interest in the entity, and no consideration was involved.

22. Joint venture (continued)

The movements of the carrying amounts of the joint venture are analyzed as follows:

	2017	2016
	HK$'000	HK$'000
At the beginning of the year	**282,554**	–
Addition of joint venture	**–**	171,793
Capital injection to a joint venture	**23,864**	–
Increase in amount due from a joint venture	**4,127**	46,441
Share of result	**25,970**	64,320
Share of exchange reserve	**(6,562)**	–
At the end of the year	**329,953**	282,554

Share of result of a joint venture of HK$25,970,000 (2016: HK$64,320,000) in the consolidated income statement is the share of result of the joint venture for the year ended 31st March, 2017 which mainly includes the share of fair value gain of its investment properties (net of the related deferred taxation) of HK$30 million (2016: HK$64 million). As at 31st March, 2017, capitalization rates used in the income capitalization method for the valuation of investment properties held by the joint venture ranged from 4.5% to 5.5% (2016: 5.5%). Details of the valuation processes and techniques are set out in note 17.

On 19th January, 2017, the joint venture as landlord entered into a tenancy agreement with Lujiang Hotel, a non-wholly-owned subsidiary of the joint venture partner and a related party of the Group, as tenant for the lease of the hotel held by the joint venture for a term of ten years from 24th March, 2017 to 23rd March, 2027 with rental at RMB9 million per annum for years 1 to 5 and RMB10 million per annum for years 6 to 10. Details of the transaction were announced by the Company on 19th January, 2017. Rental income received by the joint venture for the year ended 31st March, 2017 amounted to approximately HK$231,000 (2016: Nil) and was included in the "Share of result of a joint venture" in the consolidated income statement.

22. Joint venture (continued)

Amount due from a joint venture is unsecured, interest free and not receivable within the next twelve months from the balance sheet date.

Particulars of the joint venture are set out below:

Name	Place of incorporation/ operation	Registered capital	Interest held by the Group 2017	Interest held by the Group 2016	Principal activities
Xiamen Mingjia Binhai Resort Company Limited	PRC	RMB150,000,000 (2016: RMB140,000,000)	**70.0%**	70.0%	Property and hotel development and investment
			(effective interest held by the Group is 59.5% for both 2017 and 2016)		

As at 31st March, 2017, the Group's commitment in the joint venture was HK$19,244,000 (2016: HK$32,688,000).

The Group's share of the revenues and results of its joint venture for the years, and the related assets and liabilities, are as follows (excluding the balances with the Group):

	2017 HK$'000	2016 HK$'000
Revenues	**240**	–
Profit for the year	**25,970**	64,320
Assets	**376,983**	301,482
Liabilities	**(47,030)**	(18,928)
	329,953	282,554

23. Available-for-sale financial assets

	2017 HK$'000	2016 HK$'000
Listed securities in Hong Kong	**215,114**	95,978
Unlisted investments	**11,280**	71,946
	226,394	167,924

(a) The movements of the available-for-sale financial assets of the Group are analyzed as follows:

	2017 HK$'000	2016 HK$'000
At the beginning of the year	**167,924**	231,114
Changes in exchange rates	**(3,111)**	(3,000)
Additions	**23,232**	–
Disposals *(note c)*	**(58,186)**	–
Change in fair value recognized in other comprehensive income	**96,535**	(60,190)
At the end of the year	**226,394**	167,924

(b) The listed securities in Hong Kong are denominated in Hong Kong dollar, whereas the unlisted investments are denominated in Renminbi. The listed securities in Hong Kong represent the Group's interest in a listed company in Hong Kong. The unlisted investments represent the Group's interest in a PRC company established for investments in various long-term projects in the PRC.

(c) On 5th January, 2017, a wholly-owned subsidiary of the Group entered into an agreement with an independent third party to dispose of a major portion of its interest in the unlisted investments at a consideration of RMB64.5 million (equivalent to approximately HK$74.2 million). A gain of HK$16.7 million was recorded as "Other income and net gain" for the year ended 31st March, 2017 (note 7). The transaction was announced by the Company on 5th January, 2017.

24. Loans and receivables

	2017 HK$'000	2016 HK$'000
Loans to the joint venture partner	**11,336**	12,051

Loans to the joint venture partner are provided for financing the property project in the PRC and carry interest at prevailing lending rate quoted by the People's Bank of China. The loans and interests accrued thereon will be repaid from the joint venture partner's share of net proceeds upon the sale of properties.

25. Properties for sale

	2017 HK$'000	2016 HK$'000
Completed properties	**292,182**	377,208
Properties for/under development	**1,048,800**	1,402,190
	1,340,982	1,779,398

(a) The movements of the properties for/under development of the Group are analyzed as follows:

	2017 HK$'000	2016 HK$'000
At the beginning of the year	**1,402,190**	1,257,268
Changes in exchange rates	**(31,597)**	(20,433)
Property development expenditure	**229,365**	239,463
Interest expenses capitalized	**9,689**	4,869
Transfer to completed properties	**(244,833)**	(78,977)
Disposal of subsidiaries *(note d)*	**(316,014)**	–
At the end of the year	**1,048,800**	1,402,190

(b) Properties for sale of the Group are located at:

	2017 HK$'000	2016 HK$'000
In Hong Kong	**494,484**	440,818
Outside Hong Kong	**846,498**	1,338,580
	1,340,982	1,779,398

(c) Properties for sale of HK$587,620,000 (2016: HK$452,728,000) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

(d) During the year ended 31st March, 2017, properties for sale of HK$403,878,000 (2016: N/A) have been disposed of through the Dongguan Disposal (note 40(b)(i)). During the year ended 31st March, 2016, completed properties of HK$50,616,000 had been transferred to investment properties (note 17).

(e) In view of the respective market conditions, management performed impairment assessment on properties for sale and a provision for impairment of HK$3,054,000 (2016: HK$2,263,000) was recorded for completed properties for the year ended 31st March, 2017. The recoverable amount was determined based on the valuation performed by DTZ Cushman & Wakefield Limited, an independent professional property valuer.

26. Inventories

	2017 HK$'000	2016 HK$'000
Finished goods and merchandises	50,756	47,586

27. Debtors and prepayments

	2017 HK$'000	2016 HK$'000
Trade debtors	14,748	8,444
Other debtors and prepayments	13,522	33,124
Utility and other deposits	228,405	234,910
	256,675	276,478

Receivables from sales of properties and cemetery assets are settled in accordance with the terms of respective contracts. Rental income and management fees are received in advance. Credit terms of sales of goods and merchandises mainly range from 30 days to 90 days.

As at 31st March, 2017, trade debtors from the cemetery business with the aggregate carrying value of HK$793,000 (2016: N/A) are expected to be recovered after more than twelve months from the balance sheet date.

As at 31st March, 2017, trade debtors of the Group mainly represent the receivables from sales of properties and cemetery assets. The aging analysis of the trade debtors of the Group is as follows:

	2017 HK$'000	2016 HK$'000
Below 30 days	7,120	7,193
31 to 60 days	359	21
61 to 90 days	–	–
Over 90 days	7,269	1,230
	14,748	8,444

As at 31st March, 2017, trade debtors of HK$8,272,000 (2016: HK$7,214,000) of the Group were neither past due nor impaired.

As at 31st March, 2017, trade debtors of HK$6,476,000 (2016: HK$1,230,000) of the Group were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging of these trade debtors is over 90 days as at 31st March, 2017 and 2016.

27. Debtors and prepayments (continued)

Other deposits of the Group include net deposits of HK$199,563,000 (2016: HK$212,356,000) for property projects and acquisition of land use rights after the accumulated provision for impairment of HK$11,272,000 (2016: HK$11,272,000) as at 31st March, 2017.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Debtors and prepayments are mainly denominated in Hong Kong dollar, Renminbi and British Pound Sterling ("GBP"). The carrying values of debtors and prepayments approximate their fair values.

28. Financial assets at fair value through profit or loss

	2017 **HK$'000**	2016 HK$'000
Listed bonds	**604,948**	226,253

The balances are denominated in United States dollar.

Financial assets at fair value through profit or loss of HK$45,678,000 (2016: Nil) have been pledged as securities for the borrowing facilities granted to the Group (note 34).

29. Pledged bank balances and cash and bank balances

	2017 **HK$'000**	2016 HK$'000
Pledged bank balances	**–**	40,173
Cash and bank balances		
Cash at bank and in hand	**200,421**	343,866
Short-term deposits	**1,044,425**	221,628
	1,244,846	565,494
	1,244,846	605,667

The effective interest rates on short-term deposits range from 0.001% to 1.45% (2016: 0.001% to 0.32%) per annum and these deposits have maturities ranged from 1 to 90 days (2016: 1 to 45 days).

As at 31st March, 2016, pledged bank balances of HK$40,000,000 and HK$173,000 had been pledged as securities for the borrowing facilities (note 34) and the financial guarantee facilities (note 39) granted to the Group, respectively.

29. Pledged bank balances and cash and bank balances (continued)

Cash and bank balances (including pledged bank balances) are denominated in the following currencies:

	2017 **HK$'000**	2016 HK$'000
Hong Kong dollar	**1,006,494**	268,276
Renminbi	**174,300**	337,187
United States dollar	**59,074**	133
GBP	**4,778**	–
Others	**200**	71
	1,244,846	605,667

Cash and bank balances of approximately HK$172 million (2016: HK$334 million) are held in the PRC and subject to local exchange control regulations. These local exchange control regulations restrict capital remittance from the country, other than through normal dividend distribution.

30. Creditors and accruals

	2017 **HK$'000**	2016 HK$'000
Trade creditors *(note a)*	**1,066**	138
Other creditors and accrued expenses *(note b)*	**142,297**	140,958
Amounts payable to non-controlling interests *(note c)*	**1,807**	452
Tenant and other deposits	**5,747**	2,865
	150,917	144,413

(a) The aging analysis of the trade creditors of the Group is as follows:

	2017 **HK$'000**	2016 HK$'000
Over 60 days	**1,066**	138

(b) Other creditors and accrued expenses of the Group include the construction cost payables and accruals of HK$86,837,000 (2016: HK$74,687,000) for the property and cemetery projects of the Group.

(c) Amounts payable to non-controlling interests are unsecured, interest free and repayable on demand.

(d) Creditors and accruals are mainly denominated in Hong Kong dollar, Renminbi and British Pound Sterling. The carrying values of creditors and accruals approximate their fair values.

31. Sales deposits received

Sales deposits received represents deposits received from the sales of properties of the Group in the PRC which have not yet been recognized as revenues for the year.

32. Share capital

	2017	2016
	HK$'000	HK$'000
Authorized:		
18,000,000,000 shares of HK$0.05 each	**900,000**	900,000

	Number of shares	**Amount**
		HK$'000
Issued and fully paid at HK$0.05 each:		
At 1st April, 2015	1,607,694,567	80,385
2015 final scrip dividend *(note 14)*	13,448,977	672
At 31st March, 2016	1,621,143,544	81,057
Issue of shares *(note a)*	810,571,772	40,529
Repurchase of shares *(note b)*	(64,570,000)	(3,229)
At 31st March, 2017	**2,367,145,316**	**118,357**

All new shares rank pari passu with the existing shares.

32. Share capital (continued)

(a) Issue of shares

On 3rd May, 2016, the rights issue on the basis of one rights share for every two ordinary shares at a subscription price of HK$0.28 per rights share was completed. A total of 810,571,772 shares were issued resulting in net proceeds of approximately HK$222,539,000 to the Company. The new shares rank pari passu with the existing shares.

(b) Repurchase of shares

During the year ended 31st March, 2017, the Company repurchased 64,570,000 shares of its own shares on the Stock Exchange with a total amount of approximately HK$34,718,000. The repurchased shares were cancelled after their repurchase. Subsequent to 31st March, 2017, the Company has further repurchased a total of 9,990,000 shares with a total amount of approximately HK$5,406,000 and the shares are also cancelled after repurchase.

The Company has adopted a share option scheme (the "Scheme") pursuant to the annual general meeting of the Company held on 31st August, 2012, which is valid and effective for a term of ten years from the date of its adoption. Under the Scheme, the Directors may grant options to the eligible persons as defined in the Scheme, inter alia, any Directors, employees or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at the adoption date which is 31st August, 2012. No options have been granted under the Scheme since its adoption.

33. Reserves

	Share premium HK$'000	Capital reserve on consolidation HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2015	1,533,765	97,703	457,792	73	83,787	136,223	214,972	2,524,315
Profit for the year	–	–	–	–	–	–	85,006	85,006
Net exchange differences	–	–	–	–	–	(61,612)	–	(61,612)
Change in fair value of available-for-sale financial assets	–	–	–	–	(60,190)	–	–	(60,190)
Transfer to statutory reserve	–	–	–	37,920	–	–	(37,920)	–
2015 final scrip dividend paid	5,348	–	–	–	–	–	(48,231)	(42,883)
2016 interim dividend paid	–	–	–	–	–	–	(16,211)	(16,211)
At 31st March, 2016	1,539,113	97,703	457,792	37,993	23,597	74,611	197,616	2,428,425
Profit for the year	–	–	–	–	–	–	1,451,977	1,451,977
Net exchange differences	–	–	–	–	–	(71,035)	–	(71,035)
Share of exchange reserve of a joint venture	–	–	–	–	–	(5,578)	–	(5,578)
Realization of exchange reserves upon disposal/liquidation of subsidiaries	–	–	–	–	–	(3,668)	–	(3,668)
Change in fair value of available-for-sale financial assets	–	–	–	–	96,535	–	–	96,535
Realization of investment revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	–	(418)	–	–	(418)
2016 final dividend paid	–	–	–	–	–	–	(48,634)	(48,634)
2017 interim dividend paid	–	–	–	–	–	–	(35,507)	(35,507)
Issue of shares	182,010	–	–	–	–	–	–	182,010
Repurchase of shares	(31,489)	–	–	–	–	–	–	(31,489)
Increase of interests in subsidiaries *(note)*	–	–	–	–	–	–	(9,896)	(9,896)
At 31st March, 2017	**1,689,634**	**97,703**	**457,792**	**37,993**	**119,714**	**(5,670)**	**1,555,556**	**3,952,722**

Note: During the year ended 31st March, 2017, the Group completed a rights issue exercise on the non-wholly-owned subsidiaries that hold the property project in Changsha, the PRC, while no subscription was made by the non-controlling interests on its respective portion. As a result, the Group's effective interest in the aforesaid Changsha project increased from 54% to 69% and the respective effect was recognized within equity.

Statutory reserve represents enterprise expansion fund and general reserve fund set aside by subsidiaries in accordance with the relevant laws and regulations in the PRC.

34. Borrowings

	2017 HK$'000	2016 HK$'000
Unsecured bank borrowings		
Long-term bank borrowings	**200,000**	149,887
Secured bank borrowings		
Short-term bank borrowing	**121,000**	–
Long-term bank borrowings	**1,085,236**	558,786
	1,206,236	558,786
Total bank borrowings	**1,406,236**	708,673

The total bank borrowings are analyzed as follows:

	2017 HK$'000	2016 HK$'000
Short-term bank borrowing	**121,000**	–
Long-term bank borrowings	**1,285,236**	708,673
	1,406,236	708,673

The long-term bank borrowings are analyzed as follows:

	2017 HK$'000	2016 HK$'000
Long-term bank borrowings	**1,285,236**	708,673
Current portion included in current liabilities		
Portion due within one year	**(49,500)**	(311,671)
Portion due after one year which contains a repayment on demand clause	**(248,000)**	(95,000)
	(297,500)	(406,671)
	987,736	302,002

The bank borrowings of the Group are secured by certain assets including investment properties, properties for sale and financial assets at fair value through profit or loss with an aggregate carrying value of HK$1,737,016,000 (2016: HK$848,981,000, including pledged bank deposits), and guaranteed by the Company (2016: guaranteed by the Company and a subsidiary). Bank borrowings of HK$504,140,000 (2016: Nil) are also secured by the assignment of rental income.

34. Borrowings (continued)

The bank borrowings are repayable in the following periods based on the agreed scheduled repayment dates set out in the loan agreements:

	2017 HK$'000	2016 HK$'000
Within the first year	**170,500**	311,671
Within the second year	**119,003**	16,854
Within the third to fifth years	**1,116,733**	380,148
	1,406,236	708,673

The effective interest rates of the bank borrowings at the balance sheet date range from 1.52% to 8.08% (2016: 1.54% to 8.08%) per annum. The fair values of the bank borrowings, based on the cash flows discounted at the borrowing rates of 1.52% to 8.08% (2016: 1.54% to 8.08%) per annum, approximate their carrying values and are within level 2 of the fair value hierarchy.

The bank borrowings are denominated in the following currencies:

	2017 HK$'000	2016 HK$'000
Hong Kong dollar	**837,800**	468,710
Renminbi	**64,296**	239,963
GBP	**504,140**	–
	1,406,236	708,673

The exposure of the bank borrowings to interest rate changes and the contractual repricing dates are as follows:

	2017 HK$'000	2016 HK$'000
6 months or less	**1,406,236**	690,544
7 to 12 months	**–**	18,129
	1,406,236	708,673

35. Deferred taxation liabilities

The net movements of the deferred taxation liabilities of the Group are as follows:

	HK$'000
At 1st April, 2015	172,073
Changes in exchange rates	(1,512)
Charged to the consolidated income statement *(note 13)*	3,908
Reclassification *(note 22)*	(12,740)
At 31st March, 2016	161,729
Changes in exchange rates	(3,969)
Credited to the consolidated income statement *(note 13)*	(624)
Acquisition of subsidiaries *(note 40(b)(ii))*	225,688
Disposal of subsidiaries *(notes 40(b)(i) and 40(b)(ii))*	(80,177)
At 31st March, 2017	**302,647**

The movements in deferred taxation assets and liabilities of the Group (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

	Deferred taxation liabilities					Deferred taxation assets
	Fair value gains HK$'000	Revaluation of investment properties HK$'000	Accelerated tax depreciation HK$'000	Dividend income withholding tax HK$'000	Total HK$'000	Tax losses HK$'000
At 1st April, 2015	130,669	31,404	7,509	10,000	179,582	(7,509)
Changes in exchange rates	–	(1,512)	–	–	(1,512)	–
(Credited)/charged to the consolidated income statement	(7,120)	15,028	(1,065)	(4,000)	2,843	1,065
Reclassification	(12,740)	–	–	–	(12,740)	–
At 31st March, 2016	110,809	44,920	6,444	6,000	168,173	(6,444)
Changes in exchange rates	–	(3,969)	–	–	(3,969)	–
(Credited)/charged to the consolidated income statement	(7,760)	7,136	(1,137)	–	(1,761)	1,137
Acquisition of subsidiaries	225,688	–	–	–	225,688	–
Disposal of subsidiaries	(61,274)	(18,903)	(8)	–	(80,185)	8
At 31st March, 2017	**267,463**	**29,184**	**5,299**	**6,000**	**307,946**	**(5,299)**

35. Deferred taxation liabilities (continued)

Deferred taxation liabilities for the fair value gains represent the deferred taxation on the differences between the carrying values of the properties as included in the consolidated financial statements and the carrying values of these properties as included in the financial statements of the relevant subsidiaries. The values were based on the date of acquisition of those subsidiaries by the Group.

Deferred taxation liabilities have been provided in full on temporary differences under the liability method using the applicable tax rates prevailing in the countries in which the Group operates and are expected to be settled after more than twelve months from the balance sheet date.

Deferred taxation assets of HK$159.3 million (2016: HK$162.5 million) arising from unused tax losses of HK$926.1 million (2016: HK$940.6 million) have not been recognized in the consolidated financial statements. These tax losses either have no expiry dates or will expire within five years for those from the PRC.

In 2016, deferred taxation liabilities of HK$0.1 million arising from withholding tax on the unremitted earnings of certain PRC subsidiaries had not been recognized in the consolidated financial statements as these earnings were expected to be reinvested.

36. Amount due to a fellow subsidiary

Amount due to a fellow subsidiary represents the deferred consideration payable to Midas for the Cemetery Acquisition. It will be settled through disposal of entire equity interests in subsidiaries which hold certain properties for sale in the PRC with its valuation close to RMB100 million (equivalent to approximately HK$113 million) at the settlement date and any shortfall with the valuation will be topped up in cash. The exact value of the properties for sale to be delivered and the cash top-up, if applicable, cannot be determined until the settlement date, but in any case it will not exceed RMB100 million. The said properties are continued to be recorded in properties for sale as at 31st March, 2017 as they do not qualify for the classification as "assets of disposal group held for sale" in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations".

The amount is unsecured, interest bearing at 2% per annum and payable on or before 31st March, 2020. The amount approximates its fair value and is within level 2 of the fair value hierarchy. The amount is denominated in Renminbi.

37. Loans and payables with non-controlling interests

Loans and payables with non-controlling interests of the Group are unsecured, interest free and not repayable within the next twelve months from the balance sheet date. The balances are denominated in Hong Kong dollar and Renminbi.

38. Commitments

(a) Capital commitments

	2017 **HK$'000**	2016 HK$'000
Contracted but not provided for:		
Property projects and property, plant and equipment	**197,396**	262,343
Available-for-sale financial assets *(Note)*	**–**	47,964
	197,396	310,307

Note: The contract in relation to the capital commitment for available-for-sale financial assets was terminated upon the disposal of the available-for-sale financial assets during the year ended 31st March, 2017 (note 23(c)).

(b) Operating lease rental payable

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings is payable in the following periods:

	2017 **HK$'000**	2016 HK$'000
Within the first year	**1,323**	273
Within the second to fifth years	**1,315**	–
	2,638	273

(c) Operating lease rental receivable

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of properties is receivable in the following periods:

	2017 **HK$'000**	2016 HK$'000
Within the first year	**34,686**	13,462
Within the second to fifth years	**132,005**	47,544
After the fifth year	**18,156**	22,233
	184,847	83,239

The Group leases properties under various agreements which will be terminated between 2017 to 2025 (2016: 2016 to 2025).

39. Financial guarantees

	2017 HK$'000	2016 HK$'000
Guarantees for mortgage loans to purchasers of properties of the Group in the PRC *(Note)*	**421,079**	1,079,858

Note: The financial guarantees provided by the Group represented the guarantees in respect of mortgage loans made by certain banks to certain purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees will be terminated upon the earlier of (i) the issuance of the property ownership certificates which is generally available within six months to one year after the purchasers take possession of the relevant properties; or (ii) the satisfaction of mortgage loans by the purchasers of properties. Since the Group is able to retain the purchasers' deposits and sell the properties to recover any amounts paid by the Group to the banks, the estimated net amounts required to be settled by the Group and the fair value of the financial guarantees as calculated are not material and hence not recognized in the consolidated financial statements. As at 31st March, 2016, bank deposits of HK$173,000 had been pledged for such financial guarantees provided by the Group (note 29).

40. Note to the consolidated cash flow statement

(a) Reconciliation of operating profit to cash (used in)/from operations:

	2017 **HK$'000**	2016 HK$'000
Operating profit	**1,632,429**	170,415
Interest income from bank deposits	**(5,890)**	(9,535)
Dividend income from available-for-sale financial assets	**(3,243)**	(8,640)
Gain on disposals of available-for-sale financial assets	**(17,122)**	–
Write-back of provision for indemnity	**–**	(58,546)
Fair value gain on transfer of properties from properties for sale to investment properties	**–**	(2,741)
Negative goodwill on acquisition of subsidiaries *(note 40(b)(ii))*	**(210,523)**	–
Negative goodwill on acquisition of a property business *(note 40(b)(iii))*	**(38,931)**	–
Realization of exchange reserves upon disposal/ liquidation of subsidiaries	**12,620**	–
Net loss/(gain) on disposal of property, plant and equipment	**5**	(484)
Gain on disposal of subsidiaries	**(1,340,681)**	–
Change in fair value of investment properties	**(38,833)**	(72,062)
Amortization of land use right	**32**	32
Depreciation	**11,126**	11,581
Provision for impairment of properties for sale	**3,054**	2,263
Provision for impairment of inventories	**–**	521
Provision for impairment of trade debtors	**1,804**	235
Operating profit before working capital changes	**5,847**	33,039
Increase in properties for/under development and properties for sale	**(277)**	(108,497)
Increase in inventories	**(3,170)**	(207)
Decrease in debtors and prepayments	**13,283**	13,839
Increase in financial assets at fair value through profit or loss	**(378,695)**	(202,475)
Increase/(decrease) in creditors and accruals	**46,039**	(2,837)
(Decrease)/increase in sales deposits received	**(346,241)**	307,290
Cash (used in)/from operations	**(663,214)**	40,152

40. Note to the consolidated cash flow statement (continued)

(b) Acquisition and disposal of businesses

(i) Dongguan Disposal

	2017 HK$'000
Consideration	1,641,753
Less: Transaction costs and related expenses	(30,808)
Net proceeds	1,610,945
Details of net assets at the date of disposal:	
Investment properties	102,094
Properties for sale	403,878
Debtors and prepayments	1,234
Cash and bank balances	7,769
Creditors and accruals	(61,262)
Taxation payable	(98,135)
Deferred taxation liabilities	(69,026)
Net assets disposed of	286,552
Realization of exchange reserve upon disposal	(16,288)
Gain on disposal of subsidiaries before taxation *(note 8)*	1,340,681
	1,610,945
Analysis of net gain on the Dongguan Disposal:	
Gain on disposal of subsidiaries before taxation *(note 8)*	1,340,681
Less: PRC withholding corporate income tax *(note 13)*	(109,452)
Net gain on disposal of subsidiaries after taxation	1,231,229
Analysis of the net cash inflow in respect of the Dongguan Disposal:	
Net cash consideration received	1,610,945
Less: Cash and bank balances disposed of	(7,769)
Net cash inflow from the Dongguan Disposal	1,603,176

40. Note to the consolidated cash flow statement (continued)

(b) Acquisition and disposal of businesses (continued)

(ii) Cemetery Acquisition

	2017 HK$'000
Purchase consideration	
Cash paid	196,411
Equity interests in the Disposed Subsidiaries (see below)	139,971
Deferred consideration payable *(note 36)*	112,880
Total consideration	449,262
The recognized amounts of identifiable assets acquired and liabilities assumed at the date of acquisition:	
Property, plant and equipment	7,656
Land use right	1,746
Non-current portion of cemetery assets	525,648
Current portion of cemetery assets	512,883
Debtors and prepayments	8,503
Cash and bank balances	7,672
Creditors and accruals	(18,572)
Taxation payable	(482)
Deferred taxation liabilities	(225,688)
Other non-current liabilities	(58,542)
	760,824
Non-controlling interests	(101,039)
Negative goodwill on acquisition	(210,523)
	449,262
Details of net assets of the Disposed Subsidiaries at the date of disposal:	
Investment properties	152,382
Deposits and prepayments	248
Cash and bank balances	3,859
Creditors and accruals	(2,143)
Taxation payable	(3,224)
Deferred taxation liabilities	(11,151)
Net assets disposed of	139,971
Realization of exchange reserves upon disposal	(5,044)
Loss on disposal of the Disposed Subsidiaries before taxation	5,044
	139,971

40. Note to the consolidated cash flow statement (continued)

(b) Acquisition and disposal of businesses (continued)

(ii) Cemetery Acquisition (continued)

	2017 **HK$'000**
Analysis of net gain on the Cemetery Acquisition:	
Negative goodwill on acquisition	**210,523**
Less: Transaction costs	**(4,000)**
Negative goodwill on acquisition, net of transaction costs	**206,523**
Loss on disposal of the Disposed Subsidiaries before taxation	**(5,044)**
Net gain on transaction before taxation	**201,479**
Less: PRC withholding corporate income tax *(note 13)*	**(3,888)**
Net gain on transaction after taxation	**197,591**
Analysis of the net cash outflow in respect of the Cemetery Acquisition:	
Cash consideration paid	**(196,411)**
Cash and bank balances acquired	**7,672**
Cash and bank balances disposed of	**(3,859)**
Net cash outflow from the Cemetery Acquisition	**(192,598)**

A negative goodwill of HK$210.5 million (before netting of transaction costs) was recorded in "Other income and net gain" for the year ended 31st March, 2017, which mainly arose from the difference between the fair value of the consideration paid and payable, and the fair value of the net assets acquired, which are the fair value of identifiable assets acquired and liabilities assumed to their fair values with reference to the valuation based on asset approach carried out by Colliers, an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the acquisition date and the current use equates to the highest and best use, and adjusted with the related deferred taxation liabilities and non-controlling interests. For the valuation based on asset approach, the values of all types of assets and liabilities acquired would be restated from their book values to the appropriate standards of value in order to obtain the fair value of the net asset value acquired and judgment was required to determine the fair value. None of the negative goodwill recognized was expected to be taxable for income tax purpose.

40. Note to the consolidated cash flow statement (continued)

(b) Acquisition and disposal of businesses (continued)

(ii) Cemetery Acquisition (continued)

Apart from the deferred consideration payable, no contingent consideration arrangements or contingent liabilities were identified at acquisition. The Group recognized the non-controlling interests at their proportionate share of net assets acquired.

No revenue and net profit had been contributed by the subsidiaries acquired to the Group for the year ended 31st March, 2017 since it was just acquired on 31st March, 2017. Had the acquisition of the subsidiaries occurred on 1st April, 2016, the consolidated revenues and net gain of the Group for the year ended 31st March, 2017 would have been approximately HK$508,912,000, and the profit attributable to the equity holders of the Company would not be materially different.

(iii) UK Acquisition

	2017 HK$'000
Cash consideration paid	**763,347**
The recognized amounts of identifiable assets acquired and liabilities assumed at the date of acquisition:	
Investment properties	**802,278**
Negative goodwill on acquisition	**(38,931)**
	763,347
Analysis of the net loss on the UK Acquisition:	
Negative goodwill on acquisition	**38,931**
Less: Transaction costs	**(43,571)**
Net loss on acquisition	**(4,640)**
Analysis of the net cash outflow in respect of the UK Acquisition:	
Cash consideration paid	**(763,347)**

40. Note to the consolidated cash flow statement (continued)

(b) Acquisition and disposal of businesses (continued)

(iii) UK Acquisition (continued)

A negative goodwill of HK$38.9 million (before netting of transaction costs) was recorded in "Other income and net gain" for the year ended 31st March, 2017. The Group measures its fair value of net assets acquired with reference to the valuation based on direct comparison method carried out by Colliers, an independent valuer who holds a recognized relevant professional qualification and has recent experience in the locations and segments of assets valued, as at the acquisition date and the current use equates to the highest and best use. Details of judgment and assumptions have been disclosed in note 17. No contingent consideration arrangements or contingent liabilities were identified at acquisition.

The acquired business contributed revenues and profit attributable to the equity holders of the Company of HK$12,924,000 and HK$9,121,000 respectively to the Group for the period from its acquisition date up to 31st March, 2017. Had the acquisition of the property business occurred on 1st April, 2016, the consolidated revenues and net gain and profit attributable to the equity holders of the Company for the year ended 31st March, 2017 would have been approximately HK$517,186,000 and HK$1,470,219,000 respectively.

41. Approval of the consolidated financial statements

The consolidated financial statements were approved by the Board on 27th June, 2017.

42. Balance sheet and reserves movement of the company

Balance sheet of the Company

As at 31st March, 2017

	Note	**2017** **HK$'000**	2016 HK$'000
Non-current assets			
Subsidiaries		**65,036**	65,036
Loan receivable from a subsidiary		**228,444**	223,419
		293,480	288,455
Current assets			
Debtors and prepayments		**689**	962
Amounts due from subsidiaries		**2,579,999**	2,357,445
Pledged bank balance		**–**	40,000
Cash and bank balances		**1,052,191**	224,334
		3,632,879	2,622,741
Current liability			
Creditors and accruals		**820**	1,028
Net current assets		**3,632,059**	2,621,713
Net assets		**3,925,539**	2,910,168
Equity			
Share capital	32	**118,357**	81,057
Reserves	a	**3,807,182**	2,829,111
Total equity		**3,925,539**	2,910,168

The balance sheet of the Company was approved by the Board on 27th June, 2017 and was signed on its behalf by:

Ann Li Mee Sum
Director

Albert Chuang Ka Pun
Director

42. Balance sheet and reserves movement of the company (continued)

(a) Reserves movement of the Company

	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st April, 2015	1,533,765	457,792	526,736	2,518,293
Profit for the year	–	–	369,912	369,912
2015 final scrip dividend paid	5,348	–	(48,231)	(42,883)
2016 interim dividend paid	–	–	(16,211)	(16,211)
At 31st March, 2016	1,539,113	457,792	832,206	2,829,111
Profit for the year	–	–	911,691	911,691
2016 final dividend paid	–	–	(48,634)	(48,634)
2017 interim dividend paid	–	–	(35,507)	(35,507)
Issue of shares	182,010	–	–	182,010
Repurchase of shares	(31,489)	–	–	(31,489)
At 31st March, 2017	**1,689,634**	**457,792**	**1,659,756**	**3,807,182**

Total distributable reserves of the Company amounted to HK$1,659,756,000 (2016: HK$832,206,000) as at 31st March, 2017.

43. Principal subsidiaries

	Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2017	2016	Principal activities
	Anshan Chuang's Property Development Company Limited	PRC	RMB205,000,000 (2016: RMB170,000,000)	**100.0%**	100.0%	Property development and investment
	Anshan Chuang's Real Estate Development Company Limited	PRC	RMB210,000,000	**100.0%**	100.0%	Property development and investment
	Chengdu Chuang's Investment Services Limited	PRC	HK$80,000,000	**100.0%**	100.0%	Property development and investment
	China Art Exchange Limited	Hong Kong	HK$1,000,000 with 10,000,000 shares	**100.0%**	100.0%	Trading of merchandises
@	China Cyberworld Limited	Hong Kong	HK$2 with 2 shares	**100.0%**	100.0%	Property development and investment
@	Chinaculture.com Limited	British Virgin Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Investment holding
@	Chuang's China Enterprises Limited	Hong Kong	HK$117,622,779 with 458,310,965 shares	**100.0%**	100.0%	Investment holding, securities investment and trading
@	Chuang's China Realty Limited	Bermuda/ Hong Kong	HK$100,000 with 2,000,000 shares	**100.0%**	100.0%	Investment holding
@	Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	US$1 with 1 share	**100.0%**	100.0%	Investment holding
	Chuang's Development (Chengdu) Limited *(note 40(b)(ii))*	Hong Kong	HK$59,000,000 with 5,900,000 shares HK$1,000,000 with 100,000 non-voting deferred shares (2016: HK$20 with 2 shares; HK$1,000,000 with 100,000 non-voting deferred shares)	**–**	100.0%	Property investment

43. Principal subsidiaries (continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2017	2016	Principal activities
Chuang's Development (Dong Guan) Limited *(note 40(b)(i))*	Hong Kong	HK$2 with 2 shares	–	100.0%	Investment holding
Chuang's Innovation Industries Limited	Hong Kong	HK$10 with 10 shares	**70.0%**	70.0%	Development, manufacture and sale of innovative products
Dongguan Chuang's Real Estate Development Company Limited *(note 40(b)(i))*	PRC	RMB135,420,000	–	100.0%	Property development and investment
Dongguan Midas Printing Company Limited	PRC	RMB126,734,400	**100.0%**	100.0%	Property investment
Double Wealthy Company Limited	Hong Kong	HK$160 with 160 shares	**100.0%**	100.0%	Investment holding
Dragon Rich Investments Limited	Hong Kong	HK$100 with 100 shares	**85.0%**	85.0%	Investment holding
Ever Union Limited	Hong Kong	HK$1 with 1 share	**100.0%**	N/A	Investment holding
Fortune Wealth Memorial Park (Si Hui) Limited *(note 40(b)(ii))*	PRC	HK$95,700,000	**85.5%**	N/A	Development and construction of cemetery and provision of related management services in the PRC
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	US$171 with 171 shares (2016: US$100 with 100 shares)	**85.4%**	75.0%	Investment holding
Guangzhou Chuang's Investment Services Limited *(note 40(b)(ii))*	PRC	RMB39,000,000	–	100.0%	Investment holding and property investment
Guangzhou Heng Yang Investment Services Limited	PRC	RMB1,000,000	**100.0%**	100.0%	Investment holding

43. Principal subsidiaries (continued)

Name	Place of incorporation/ operation	Registered capital/ issued capital	Effective interest held by the Group 2017	2016	Principal activities
Guangzhou Panyu Chuang's Real Estate Development Company Limited	PRC	RMB150,000,000 (2016: RMB60,000,000)	**100.0%**	100.0%	Property development and investment
Guangzhou Yin Kai Real Estate Company Limited	PRC	RMB50,000,000	**100.0%**	N/A	Property investment
Hunan Han Ye Real Estate Development Company Limited	PRC	RMB25,000,000	**69.2%**	54.0%	Property development and investment
MD Limited	Hong Kong	HK$1,000,000 with 1,000,000 shares	**100.0%**	100.0%	Securities investment and trading
Noble Century Investment Limited	Hong Kong	HK$6,750,000 with 2,000,000 shares (2016: HK$1,000,000 with 1,000,000 shares)	**76.9%**	60.0%	Investment holding
Noble Title Limited *(note 40(b)(iii))*	British Virgin Islands/ United Kingdom	US$1 with 1 share	**100.0%**	N/A	Property investment
On Profit Investment Limited *(note 40(b)(i))*	Hong Kong	HK$2 with 2 shares	**–**	100.0%	Property development and investment
Rich Joint Limited	Hong Kong	HK$1 with 1 share	**100.0%**	100.0%	Securities investment and trading
Silver Chase Investment Limited *(note 40(b)(i))*	Hong Kong	HK$2 with 2 shares	**–**	100.0%	Property development and investment
Silver Dragon Investment Limited *(note 40(b)(i))*	Hong Kong	HK$2 with 2 shares	**–**	100.0%	Property development and investment

@ *Directly held by the Company*

The following list contains only properties held by the Group as at 31st March, 2017 which are material to the Group as the Directors are of the opinion that a complete list will be of excessive length.

1. Investment properties

Location	Term	Usage	Group's interest
The People's Republic of China (the "PRC")			
Commercial podium, Phase II, Chuang's Le Papillon, Guangzhou, Guangdong	Medium lease	Commercial	100.0%
Industrial property, Xiaobian Village, No. 64 Dezheng Middle Road, Changan, Dongguan, Guangdong	Medium lease	Industrial	100.0%
Commercial podium, Chuang's Mid-town, Anshan, Liaoning	Medium lease	Commercial, works in progress	100.0%
United Kingdom			
Office property, 10 Fenchurch Street and 1 Philpot Lane, London, United Kingdom	Freehold	Commercial/Offices	100.0%

2. Property/Hotel projects

Location	Stage of completion	Expected completion date	Usage	Site area (*sq. m.*)	Gross floor area (*sq. m.*)	Group's interest
The PRC						
Chuang's Le Papillon, Guangzhou, Guangdong						
– Phase I and II:						
Block A to N	Completed	Completed	Residential/ Commercial	119,721	2,924 (and 950 carparking spaces)	100.0%
Block P	Completed	Completed	Residential	3,309	6,987	100.0%

2. Property/Hotel projects (continued)

Location	Stage of completion	Expected completion date	Usage	Site area	Gross floor area	Group's interest
				(sq. m.)		
The PRC (continued)						
Chuang's Le Papillon, Guangzhou, Guangdong (continued)						
– Phase III	Preparatory works	N/A	Comprehensive development area	33,200	54,000	100.0%
– Remaining	Strategic planning stage	N/A	Comprehensive development area (subject to approvals)	60,276	111,700	100.0%
Twin tower (Block AB and C) Chuang's Mid-town, Anshan, Liaoning	Internal and external finishing works in progress	Second half of 2017	Comprehensive development area	11,000	62,700	100.0%
Chuang's Plaza, Anshan, Liaoning	Master planning in progress	N/A	Comprehensive development area	39,500	390,000	100.0%
Beverly Hills (also known as Ju Hao Shan Zhuang), Changsha, Hunan	Completed	Completed	Residential	95,948	11,100	69.2%
	Superstructure works completed	N/A	Commercial/Hotel		11,600	69.2%
Xiamen Mingjia Hotel, Xiamen, Fujian	Completed	Completed	Resort and villa	27,574	19,156	59.5%
Hong Kong				*(sq. ft.)*		
Yip Wong Road, Tuen Mun Town Lot No. 514, Tuen Mun, New Territories	Excavation and lateral support works in progress	2019	Residential	26,135	116,897	100.0%
			Commercial		25,102 (and 47 carparking spaces)	

Results

	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017 HK$'000**
Revenues and net gain	509,502	804,719	1,008,613	470,108	**491,338**
Profit attributable to equity holders	40,390	110,268	94,491	85,006	**1,451,977**
Earnings per share (HK cents)	2.62	7.00	5.50#	4.91	**61.57**
Dividend per share (HK cents)					
Interim	1.00	1.00	1.00	1.00	**1.50**
Final	2.00	4.00	3.00	2.00	**2.00**
Special	–	–	–	–	**2.00**
Total	3.00	5.00	4.00	3.00	**5.50**

Assets and Liabilities

	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017 HK$'000**
Non-current assets	667,140	919,473	976,958	1,240,665	**2,449,630**
Current assets	3,088,051	3,150,286	3,149,309	2,935,382	**4,011,090**
Total assets	3,755,191	4,069,759	4,126,267	4,176,047	**6,460,720**
Total liabilities	(1,219,722)	(1,453,176)	(1,466,325)	(1,667,179)	**(2,284,531)**
Non-controlling interests	(62,363)	(58,507)	(55,242)	614	**(105,110)**
Shareholders' funds	2,473,106	2,558,076	2,604,700	2,509,482	**4,071,079**

Net Debt to Equity Ratio

	2013 HK$'M	2014 HK$'M	2015 HK$'M	2016 HK$'M	**2017 HK$'M**
Cash and bank balances and investments held for trading	1,011.5^	1,145.1^	935.2^	831.9^	**1,849.8**
Bank borrowings	317.8	404.7	623.0	708.7	**1,406.2**
Net debt to equity ratio (%)	N/A	N/A	N/A	N/A	**N/A**

\# *Restated*
^ *Included pledged bank balances*

NOTICE IS HEREBY GIVEN that the annual general meeting of Chuang's China Investments Limited (the "Company") will be held at Chater Room, 2nd Floor, Mandarin Oriental, 5 Connaught Road, Central, Hong Kong on Friday, 8th September, 2017 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements and the reports of the Directors and the auditor for the year ended 31st March, 2017.

2. (a) To declare a final dividend.

   (b) To declare a special dividend.

3. (a) To re-elect Mr. Sunny Pang Chun Kit as an executive Director.

   (b) To re-elect Mr. Abraham Shek Lai Him (who has served more than nine years) as an independent non-executive Director.

   (c) To authorize the board of Directors to fix the remuneration of the Directors.

4. To re-appoint PricewaterhouseCoopers as the auditor and to authorize the board of Directors to fix its remuneration.

5. To consider and, if thought fit, pass with or without amendments the following resolutions as ordinary resolutions:

Ordinary Resolutions

(A) "**THAT**:

(a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK$0.05 each (the "Shares") in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as amended from time to time, be and is hereby generally and unconditionally approved;

(b) the aggregate number of Shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the number of issued Shares of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this Resolution, "**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution."

(B) "**THAT**:

(a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares in the capital of the Company and to make or grant offers, agreements, options and other rights, or issue warrants and other securities, which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements, options and other rights, and issue warrants and other securities, which might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate number of Shares allotted or to be allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to or in consequence of:

(i) a Rights Issue (as defined below); or

(ii) the exercise of any option under any option scheme of the Company; or

(iii) an issue of Shares upon exercise of the subscription or conversion rights attaching to or under the terms of any warrants of the Company; or

(iv) any scrip dividend or similar arrangement in accordance with the Bye-laws of the Company; or

(v) a specific authority granted by the shareholders of the Company in general meeting,

shall not in aggregate exceed 20 per cent. of the number of issued Shares of the Company at the date of the passing of this Resolution, and the said approval shall be limited accordingly; and

(d) for the purpose of this Resolution:

"**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiry of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or the Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; or

(iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors of the Company by this Resolution; and

"**Rights Issue**" means an offer of Shares in the Company, or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the Directors of the Company, to holders of Shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to be offered to them) on a fixed record date in proportion to their then holdings of Shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong."

(C) "**THAT** subject to the passing of Resolutions numbered 5(A) and 5(B), the general mandate granted to the Directors of the Company to allot, issue and deal with unissued Shares in the capital of the Company pursuant to Resolution numbered 5(B) be and is hereby extended by the addition thereto of the number of Shares of the Company repurchased by the Company under the authority granted pursuant to the general mandate to repurchase Shares (as referred to in Resolution numbered 5(A) set out in the notice convening this meeting), provided that such amount of securities so repurchased shall not exceed 10 per cent. of the number of the issued Shares of the Company at the date of the ordinary resolution approving the said general mandate to repurchase Shares."

6. To transact any other business.

By order of the Board of
Chuang's China Investments Limited
Lee Wai Ching
Company Secretary

Hong Kong, 26th July, 2017

Notes:

1. Any member entitled to attend and vote at the annual general meeting of the Company (the "AGM") is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.

3. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 4th September, 2017 to Friday, 8th September, 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 1st September, 2017.

4. The board of Directors has recommended a final dividend of 2.0 HK cents per share and a special dividend of 2.0 HK cents per share.

5. The proposed final dividend and proposed special dividend are subject to the approval of the shareholders at the AGM. The record date for entitlement to the proposed final dividend and proposed special dividend is Wednesday, 20th September, 2017. For determining the entitlement to the proposed final dividend and proposed special dividend, the register of members of the Company will be closed from Friday, 15th September, 2017 to Wednesday, 20th September, 2017, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend and proposed special dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 14th September, 2017.

6. Concerning Resolutions numbered 3 and 5 above, the information necessary to enable the shareholders to make decisions on whether to vote for or against the Resolutions, as required by the Listing Rules, will be set out in a separate document from the Company to be enclosed with the 2017 Annual Report.

This Annual Report is printed by Midas International Holdings Limited

CHUANG'S CHINA
INVESTMENTS LIMITED
(Incorporated in Bermuda with limited liability)
Stock Code: 298

25th Floor, Alexandra House,
18 Chater Road, Central, Hong Kong

www.chuangs-china.com