CSI PROPERTIES LIMITED
資本策略地產有限公司

Stock Code 股份代號: 497

Annual REPORT
2017年報

FinanceAsia ASIA'S BEST COMPANIES 2013

FinanceAsia ASIA'S BEST COMPANIES 2014

COUTURE Homes 尚家生活

CSI PROPERTIES 資本策略


KOWLOON
KOWLOON BAY
NCHUCHOW
Old Fort
Fort
HONG KONG ROAD
Strong — Tide
Weak — Tide
LYEMOON
TAPLICHOW
EAST LAMMA CHANNEL
Gantchow
Tytam
TYTAM BAY
Maskong

建基香港
成就未來

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors:
Chung Cho Yee, Mico *(Chairman)*
Kan Sze Man
Chow Hou Man
Fong Man Bun, Jimmy

Independent Non-Executive Directors:
Lam Lee G.
Cheng Yuk Wo
Lo Wing Yan, William

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

EXECUTIVE COMMITTEE

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

COMPANY SECRETARY

Chan Suet Kwan

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

SHANGHAI OFFICE

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

AUDITORS

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

PRINCIPAL REGISTRARS

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

HONG KONG BRANCH SHARE REGISTRARS

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

STOCK CODE

497

COMPANY WEBSITE

www.csigroup.hk

Financial Review

REVIEW OF THE RESULTS

CSI Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") reported a total revenue of approximately HK$1,868.3 million for the year ended 31 March 2017, which was mainly generated from sale of properties, representing a decrease of 15.1% from approximately HK$2,201.5 million recorded last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,346.7 million for the year ended 31 March 2017, represented a decrease of 18.1% compared with HK$1,645.0 million reported in 2016.

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$3,602.8 million. The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

The Group's short-term bank borrowings increased from approximately HK$561.1 million as at 31 March 2016 to approximately HK$1,324.4 million as at 31 March 2017, and long-term bank borrowings increased from approximately HK$6,410.0 million as at 31 March 2016 to approximately HK$6,696.7 million as at 31 March 2017. All the bank borrowings were utilised in financing the Group's properties investments in generating recurring rental income. As a result, the Group's total bank borrowings increased from approximately HK$6,971.1 million as at 31 March 2016 to approximately HK$8,021.1 million as at 31 March 2017, and the Group's ratio of total debt (bank and other borrowings) to total assets was 46.8% (2016: 43.9%). All bank borrowings were denominated in Hong Kong dollars, Renminbi, USD and AUD and were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile comprised of approximately HK$1,324.4 million repayable within one year, HK$6,551.8 million repayable between one to five years, and HK$144.9 million over five years.

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

ASSETS VALUE

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

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

In order to fully reflect the underlying economic value of the properties held for sale of the Group and its joint ventures, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on the basis that the Group were to state its properties held for sale at their open market valuations as at 31 March 2017.

	2017 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	**10,755,312**
Add: Attributable revaluation surplus relating to the Group's properties held for sale (1)	**3,915,713**
Attributable revaluation surplus relating to properties held for sale by joint ventures (1)	**573,448**
Net assets attributable to owners of the Company as if the properties held for sale and interests in joint ventures were stated at open market value (2)	**15,244,473**
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value	**HK$1.52**

(1) Based on open market valuations as at 31 March 2017 carried out by independent firms of qualified professional valuers not connected to the Group.

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

EMPLOYEE

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

CONTINGENT LIABILITIES

	2017 HK$'000	2016 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	4,760,047	3,628,959
An associate	282,854	262,919
	5,042,901	3,891,878
and utilised by:		
Joint ventures	3,519,573	2,638,712
An associate	165,684	126,298
	3,685,257	2,765,010

The directors of the Company assessed the risk of default of the joint ventures and the associates at the end of the reporting period and consider the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$6,458,000 (2016: HK$7,010,000).

PLEDGE OF ASSETS

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

	2017 HK$'000	2016 HK$'000
Property, plant and equipment	131,853	584,375
Properties held for sale	10,676,750	8,414,618
Investments held for trading	336,983	74,326
	11,145,586	9,073,319

CHAIRMAN'S STATEMENT

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

Dear Shareholders,

On behalf of the Board, I am most pleased to inform you on another excellent set of results of the Group for the financial year ended 31 March 2017 (the "Year"). The strong results reinforce the tremendous development story of the Group in the past years through organic growth on both the commercial and residential fronts and we strive to continue this excellent trend in both asset and profit growth in the coming years.

The investment community is also recognising the Group's unique strategy in steady asset sale, stable recurring income stream and lifestyle residential development whilst delivering solid cash profits and dividend, as evidenced by a strong rally of the share price in the recent months to historical new highs.

During the Year, the net income of the Group amounted to HK$1,347 million. The Board has declared a final dividend of 1.62 Hong Kong cents per share, or HK$163 million, with the implied payout ratio at approximately 12%. Net asset value of the Group also increased by 18% to reach HK$15,244 million as at 31 March 2017, from HK$12,890 million as at 31 March 2016.

With the recent record high prices on prime Hong Kong commercial property sites, as evidenced by the Central and Kai Tak tender results, our Hong Kong commercial portfolio will continue to benefit from this upward trend, in particular our new projects in Central and Kowloon Bay in the near future. We have also enhanced our PRC commercial portfolio by acquiring the Richgate Plaza, a prime shopping mall in Xintiandi, Shanghai within the fiscal year. Coupling with that the future upgrade in retail tenancy mix at the In Point

shopping mall in prime Shanghai through minor refurbishment, we are optimistic in the future potential of our PRC commercial business.

The lifestyle residential division, Couture Homes, has continued to make tremendous progress in achieving successful sales at premium pricing and acquiring prime land banks for future growth. The successful presale of over 180 premium villas for our Queen's Gate project in Shanghai this fiscal year marks the major first step for Couture Homes in delivering luxury lifestyle residences in China, followed by the successful sales of 6 premium houses for our kau to HIGHLAND in Hong Kong. With the imminent launch of the residential/ commercial mixed project in Tuen Mun and the Jardine's Lookout super luxury condominium project, we are most excited by the growth of this division in capturing the high-end, design-driven lifestyle residential market. We are certain that these projects will be a key growth driver for the Group in the forthcoming years.

In summary, the management is confident that the two key divisions of the Group will continue to drive strong growth due to our strong balance sheet with low gearing, unique business models on both the commercial and residential fronts, and the dedication of our experienced management and staff. We look forward to continue to unlock the substantial value of our portfolio and bring tremendous value to our shareholders in the coming years. Finally, I would like to express my heartfelt gratitude to my fellow directors, management and staff for their dedication throughout the Year, which have contributed to the success of the Group.

CHUNG CHO YEE, MICO
CHAIRMAN

30 June 2017


RICHGATE PLAZA
华府天地商场
WILL'S
GL Plaza
Supermarket
dji

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The fiscal year has been full of surprises in the global macroeconomic context. Investment sentiment in China has been dampened by the rapid devaluation of the RMB last year, adding to that the surprising result of BREXIT and election of Mr. Donald Trump as the president of the United States of America. These events have caused major upheavals in the global markets in all areas from currencies to interest rate and asset prices and affected the investment sentiment for both commercial and residential properties.

For Hong Kong, the significant softening on the retail and tourism fronts has affected sentiment in commercial retail properties. However, there is strong demand for commercial office properties with new record prices being achieved for offices at prime locations. Despite the various government residential properties measures, the primary residential market remains active with overwhelming demand and prices continuing to achieve new highs. For China, the devaluation concerns of the RMB and the government residential properties curbs at the earlier part of the fiscal year have dampened investment sentiment in the Chinese market.

Despite these volatile and challenging operating environments, the Group has continued to deliver respectable profitability and made further advancement in real estate investment and development in Hong Kong and China. Furthermore, the Group raised new USD bonds in August 2016 at a very attractive rate to further strengthen its healthy balance sheet for further acquisition of additional prime commercial and residential projects, with details in the following section, and to further build up its land bank and drive further growth.

COMMERCIAL PROPERTIES

Significant disposals completed included the sale of the J Plus Hotel by yoo and the adjacent properties in Causeway Bay for a total consideration of HK$1.7 billion. Furthermore, the sale of the rooftop sky sign, units 1506, 1507 and one carparking space of AXA Centre in Wanchai also fetched around HK$126 million.

On the acquisition side, the Group purchased a retail shopping mall in Shanghai named the Richgate Plaza in prime Xintiandi area for a total consideration of RMB1.37 billion. Following refurbishment and repositioning of the mall by bringing in premium brand tenants, we believe the prime location of this retail mall will drive significant value creation.

The Group also acquired 18 office floors, ground floor shops and rooftop of Oriental Crystal Commercial Building at Lyndhurst Terrace in Central for a consideration of approximately HK$700 million. We plan to renovate the lobby and entrance to modern classic style to capture the value appreciation for this prime address and strata sell the individual floors and shops in the near future after renovation.

On the operation side, construction is making good progress at our Kowloon Bay office land site opposite to the Enterprise Square Three which we invested through a consortium with Billion Development and Sino Land. With the recent record sales price achieved for an adjacent land site sold by Swire Properties and the record bid price by Nan Fung for a commercial office site in Kai Tak, we are confident on achieving decent profitability in the future for this project.

In addition, our two commercial redevelopment sites in the prime area of Central are also making solid progress. Our project at Nos. 2-4 Shelley Street is making good headway in the construction phase and is positioned for presale in fiscal year 2018. We have also completed the demolition of the old structure at Nos. 46 & 48 Cochrane Street for redevelopment into a new iconic commercial building with GFA of over 30,000 square feet at this prime commercial/ entertainment area in Central.

The Novotel Hotel in Jordan has been able to maintain steady occupancy and room rates despite the slowdown in mainland tourist spending. We will closely monitor the market to ensure decent hospitality revenue for this key hotel asset.

For the In Point shopping mall in Shanghai, we will soon commence work for conversion of the mall into a contemporary hub, featured with double decker retail shops to further enhance our tenancy profiles and rental income. With the opening of the adjacent Dazhongli complex by Swire Properties, we expect the project will have significant value creation through tenancy upgrades and rental enhancement.

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

COUTURE HOMES – RESIDENTIAL PROPERTY DEVELOPMENT

On the acquisition side, the Group made its first entry into the Beijing market through a 65:35 joint venture in the acquisition of a luxury residential project at JinBao Street next to Wangfujing, one of the most famous shopping streets in China, for approximately RMB1.76 billion. The area is one of the most prime locations in Beijing and neighbouring the Regent Hotel and the Hong Kong Jockey Club clubhouse in Beijing. The plan will be to refurnish the existing structure including the facade and lobby areas and the interior of residential units to modern designs to capture the significant price appreciation of this primely located project.

On the disposal side, the remaining 12 typical units of our life-style oriented project in Causeway Bay, yoo Residence, were sold and delivered this fiscal year for a total amount of approximately HK$162 million. The premium pricing achieved for these units help to cement the reputation of Couture Homes as a leading lifestyle property developer in Greater China.

The villas in our Queen's Gate project in Dahongqiao in Shanghai have received tremendous responses with 120 villas pre-sold in this fiscal year for approximately RMB1.8 billion. In total, over 180 villas have been sold for a total of approximately RMB2.7 billion, with delivery for all units expected within the calendar year 2017. The remaining inventory of 42 villas and 96 apartments are awaiting the relevant government approval on the pricing scheme and we are optimistic on the successful sales of these units at optimal pricing.

Our kau to HIGHLAND project located at Lai Ping Road, has also witnessed positive momentum with another two villas sold in this fiscal year-to-date. With the neighbouring projects from Sun Hung Kai Properties and Wing Tai Properties, etc. nearing completion and ready for launch, the area is expected to become the new high-end residential landmark in Shatin and attracting more affluent spenders to move into this stylish and scenic locality.

The residential/commercial mixed project at Yan Ching Street, Tuen Mun is making good construction progress and presale is expected to commence around third quarter of year 2017. With the strong demand for quality residences from buyers as evidenced by the extremely strong reception for other new projects in Hong Kong recently, we expect this new luxurious residential high-rise with around 204 units will have strong support from lifestyle-oriented buyers in Hong Kong at this convenient and vibrant location.

In addition, the No. 8 Peak Road refurbishment project is making good headway and the estate renovation work have commenced. Working with leading international architectural firm PDP London, the whole estate will be revamped with complete refurbishment of the façade, internal common spaces and landscape. We are in strong belief that post the revamp, the full value of this project can be extracted with premium pricing similar to the OPUS or Mount Nicholson for this prime peak address.

With these exciting new projects on the horizon and the expected liquidity and demand for premier high-end residential properties from mainland and Hong Kong investors and users, we aim to continue the drive to have Couture Homes recognised in the market as the distinct and unique supplier of personalized luxury homes.

SECURITIES INVESTMENT

As at 31 March 2017, the Group held available-for-sale investments and investments held for trading of approximately HK$2,490.3 million (2016: HK$1,873.3 million). The investment portfolio comprise 89.3% by listed debt securities, 2.3% by listed equity securities and 8.4% unlisted funds and securities. They are denominated in different currencies with 93.5% in United States dollar, 2.4% in Hong Kong dollar and 4.1% in Australian dollar.

The portfolio increase mainly arose from further investment of HK$572.4 million and a mark-to-market valuation net gain of HK$44.6 million, comprising HK$30.9 million gain from debt securities and HK$13.7 million gain from equity securities (listed in Hong Kong).

During the year under review, interest income and dividend income from securities investment increased to HK$134.5 million (2016: HK$102.6 million).

As at 31 March 2017, an approximate value of HK$337.0 million (2016: HK$74.3 million) of these listed debt securities are pledged to secure the general banking facilities granted to the Group.

CORPORATE ACTIVITIES

The Group completed a new bond issue through HSBC, UBS and DBS to raise US$250 million in August 2016 at an attractive coupon rate of 4.875%. This issue is the second time for the Group to access the debt capital markets and was very successful in terms of reception from both institutional and private investors with six times oversubscription.

OUTLOOK

The global economy is going through a good path of stabilisation and growth recently as evidenced by the recent revision of data from leading international economic agencies such as World Bank. However, there are still challenges and uncertainties as to the future development of BREXIT for both EU and the UK, coupling with the relative unpredictive policies as dictated by President Donald Trump in the USA which will have global implications. The RMB devaluation concern has somewhat been alleviated for now but there are still uncertainties pending new political developments from the PRC 19th Plenum later this year. These factors all play a strong effect on the Chinese and Hong Kong economies which will impact the Group's future strategy.

Despite these uncertainties, the Group will continue to actively enhance and replenish our commercial and residential portfolio to add value and increase our net asset value. Furthermore, we will closely monitor the market in terms of new disposal and acquisition opportunities to ensure the delivery of continuing profitability while maintaining our solid balance sheet, as well as optimally replenishing our land bank to further develop and continue the steady growth of the Group.

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

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

CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2017.

BOARD OF DIRECTORS

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

The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May 2017.

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

Board Composition

As at the date of this report, the Board is comprised of four executive directors (i.e. Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man and Mr. Fong Man Bun, Jimmy) and three independent non-executive directors ("INEDs") (i.e. Dr. Lam Lee G., Mr. Cheng Yuk Wo and Dr. Lo Wing Yan, William). Pursuant to the requirement of Rules 3.10(2) and 3.10A of the Listing Rules, at least one-third of the Board are INEDs and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. Biographies of all current directors are set out on pages 28 to 30 of this annual report. A list setting out the names of the Directors and their roles and functions is posted on the websites of the Company and the Stock Exchange.

BOARD OF DIRECTORS (Continued)

Board Composition (Continued)

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

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

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

Note: Wong Chung Kwong retired on 16 August 2016.

Pursuant to Code A.6.7 of the CG Code, INEDs and other non-executive directors should attend the general meetings of the Company. An INED of the Company was unable to attend the annual general meeting of the Company held on 16 August 2016 due to his engagement. Furthermore, two INEDs of the Company were unable to attend the special general meeting of the Company held on 15 March 2017 due to their respective engagement.

Chairman and Chief Executive

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

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

BOARD OF DIRECTORS (Continued)

Independent Non-Executive Directors

All INEDs of the Company have confirmed their independence and the Company considers each of them to be independent. On 29 June 2016, the Nomination Committee of the Board has conducted an annual review of the independence of all INEDs of the Company. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the INEDs of the Company satisfied the Listing Rules requirement of independence.

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

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

Directors' Continuous Professional Development

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

As part of an ongoing process of director's training, the directors of the Company are updated on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements. They are provided with written materials from time to time to develop and refresh their knowledge and skills. During the year, all directors of the Company received regular updates on the Company's business and written materials describing changes to the Listing Rules and other relevant rules and regulations and/or also attended an in-house seminar organised by the Company or conducted by a professional firm. The Directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. The Company has received confirmation from all directors of their respective training records for the year ended 31 March 2017.

Board Diversity Policy

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

BOARD COMMITTEES

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

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

Audit Committee

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

During the year, the Audit Committee held three meetings. Following the Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the Audit Committee regarding the selection and appointment of external auditors. The Audit Committee has reviewed the final results of the Company for the year ended 31 March 2016 and the interim results of the Company for the six months ended 30 September 2016; approved the remuneration and terms of engagement of the external auditors; reviewed the internal audit plan and approved the remuneration and terms of engagement of the external consultants; reviewed the work progress reports in respect of internal control and risk management and the works performed by the external consultants; and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

Remuneration Committee

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

Currently the Remuneration Committee comprises, two INEDs of the Company, Mr. Cheng Yuk Wo (the chairman of the Committee) and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico.

During the year, the Remuneration Committee held four meetings, in which it reviewed and discussed the remuneration policies, system and package of the directors and senior management of the Company.

Details of emolument paid to the directors for the year 2017 are set out in the notes to the consolidated financial statement on page 77.

BOARD COMMITTEES (Continued)

Nomination Committee

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

Currently the Nomination Committee comprises, two INEDs of the Company, Mr. Cheng Yuk Wo and Dr. Lam Lee G., and one executive director, Mr. Chung Cho Yee, Mico (the chairman of the Committee).

During the year, the Nomination Committee held one meeting, in which it reviewed the structure, size, composition and diversity of the Board and assessed the independence of INEDs of the Company.

Executive Committee

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

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

CORPORATE GOVERNANCE FUNCTION

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

(i) To develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) To review and monitor the training and continuous professional development of directors and senior management;

(iii) To review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

(iv) To develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

(v) To review the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

During the year, the Board reviewed the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report and approved the 2016 Corporate Governance Report of the Company.

COMPANY SECRETARY

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The responsibility of Directors in relation to the consolidated financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 36 which acknowledges the reporting responsibility of the Group's Auditor.

Annual Report and Accounts

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

Going Concern

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the strategic objectives of the Group, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems.

The Group's risk management framework set out the process of identification, evaluation and management of the principal risks affecting the business.

1. Each division is responsible for identifying, evaluating and managing risks within its divisions taking into account the objective of such division on a quarterly basis with mitigation plans to manage those risks.

2. The management is responsible for overseeing the risk management and internal control activities of the Group through quarterly meeting with each division to ensure principal risks are properly managed and new or changing risks and material internal control defects have been identified and addressed.

3. The Board is responsible for reviewing and approving the effectiveness of the Group's risk management and internal control systems through quarterly meeting with the management.

The risk management framework, coupled with our internal controls, ensures that the risk associated with different divisions of the Group are effectively controlled and in line with the Group's risk appetite. Nevertheless, the Group's risk management and internal control systems are designed to manage but not eliminate the risk of failing to achieve business objectives entirely, and can only provide reasonable and not absolute assurance against material misstatement or loss.

As the business of the Group does not involve complex operations, maintaining an internal audit department may divert resources from the Group's business and was thus not set up in view of the cost benefit tradeoff. As an alternative, the Group had engaged an external internal control consultant, CT Partners Consultants Limited, to conduct a review on its internal control system during the year. The review had covered a set of business cycle and had included recommendations for the improvement and strengthening of the internal control system. No significant control failings or weaknesses have been identified by CT Partners Consultants Limited under the review.

Furthermore, to encourage and provide a channel to employees to report, without fear of reprisals, any potential improprieties or other matters, the Whistle Blowing Policy was established and appointed a compliance officer to receive, investigate and handle the relevant issues, thereafter report to the Audit Committee.

AUDITOR'S REMUNERATION

During the year ended 31 March 2017, the fee incurred for audit and non-audit services provided by the auditor to the Group is set out as follows:

Nature of Services	HK$ million
Audit services	3.472
Other services	0.736
	4.208

CONSTITUTIONAL DOCUMENTS

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

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

SHAREHOLDERS' RIGHTS (Continued)

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

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

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

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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

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

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

The Company's website at www.csigroup.hk offers timely access to investors regarding the Company's financial, corporate and other information.

Environmental, Social and Governance Report

INTRODUCTION

This is the first report prepared by CSI Properties Limited ("the Group") in accordance with the Environmental, Social and Governance ("ESG") Reporting Guide contained in Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange for performance reporting on ESG issues for the year ended 31 March 2017.

Unless otherwise stated, this report focuses on the core activities of the Group, which are property development and management, hotel management, and investment holding business in Hong Kong.

Sustainability is essential for the development of the Group, for the viability of its businesses and for the welfare of the community. Therefore, the Group is committed to making a positive impact on environmental protection and the society through the engagement in various charity events and workshops.

Consistent with its belief in a high standard of corporate social responsibility, the Group has strictly complied with relevant laws and regulations during the year. This is demonstrated in two main subject areas for reporting, "Environmental" and "Social" aspects in this report.

ENVIRONMENT

I. Eco-friendly features of our property development projects

The construction work of our property development projects has always been in line with the regulations laid down by the relevant building and environmental protection regulatory authorities. During the year, to further demonstrate our awareness of eco-friendly building methods and designs, the Group has submitted an application for the Hong Kong BEAM Plus certification for two of its property development projects (the "pilot projects") which are believed to be in conformity to an eco-friendly standard set up by an environmental protection organisation. The areas of which we had paid particular attention to in the pilot projects are as follows:

a. *Air Quality*

We understand that guaranteed indoor air quality is essential to the health and comfort of the occupants within. Therefore, the heating, ventilation and air conditioning systems of our pilot projects are required to meet the standards concerning indoor air quality and minimum ventilation rate issued by The Hong Kong Green Building Council. The systems are designed with the aim to minimise emission of air pollutants in the indoor areas, including carbon monoxide, nitrogen oxide, ozone and other respirable suspended particulates.

b. *Eco-friendly Materials and Water Use*

The Group believes that sourcing sustainable materials and using them responsibly is essential to provide environmentally responsible goods and services. In view of this, the Group used non-chlorofluorocarbon (non-CFC) materials in its pilot projects. In other projects, every feature has been reviewed and considered with the contractors to maximise efficiency or sustainability, with the goal of minimising emission, energy and water usage with green design.

In support of the Hong Kong Supplies Department's Voluntary Water Efficiency Labelling Scheme, the Group has promoted the wise use of water in its head office and selected commercial and residential developments. Furthermore, the Group has developed a green procurement process for water taps and showers which are certified with International Organisation for Standardisation (ISO) 9001.

c. *Waste Management*

Proper handling and recycling of wastes within the building in our pilot projects is not only beneficial to the well-being of the occupants within but also to the environment. As such, sufficient facilities should be in place for the collection, sorting, storage and disposal of waste and recovered materials in the pilot projects. Specifically, the provision for sufficient areas are required for refuse storage and material recovery chamber, and the storage area should be adequately sized for recycling of, as a minimum, paper, glass, plastic, metal and organic materials.

d. *Use of Energy*

The designs of the pilot projects are required to be in compliance with the latest edition of the Building Energy Codes (BEC) by the relevant government regulatory authority. The code concerns the minimum energy performance standards regarding the installation of lightings, air conditioning, electrical appliances and lift and escalators.

To the best of our knowledge, there had not been any non-compliance case noted in relation to the environmental laws and regulations as of 31 March 2017.

II. Eco-friendly features at our office

From generating emission and waste to consuming energy, water and materials, we fully understand the Group's daily operations have an impact on the environment. We strive to make green purchasing decisions with selected office products and equipment as well as develop energy saving guidelines to reduce electricity consumption to mitigate any negative impacts.

Our property management company to the Group's head office has been certified with ISO 50001:2011. Well-targeted measures have been formulated and taken to enhance our head office's energy efficiency and reduce electricity consumption.

We also strive to improve on the energy conservation and raise the water saving awareness of our staff, which help them to develop eco-friendly habits in the office. These include but are not limited to: regulate the indoor temperature at a reasonable level, switch off unnecessary lights when not in use and encourage the use of recycled paper and print only when necessary. In 2016, we participated in the "Biz-Green Dress Day" to promote saving on air-conditioning consumption to our staff.

III.Hotel Management

To deliver our hotel services in a sustainable way, we rely on the high standard quality from our hotel management service partner. Environmental performance is incorporated in our service tender invitations. The Group is delighted to engage in an international upscale hotel management company. Our partner has monitored its internal environment policy closely to ensure sustainable provisioning.

SOCIAL

I. Our People

Our people are valuable assets to the Group. Attracting, developing and retaining talent is vital to the success of the Group. We constantly endeavour to be considered an employer of choice by providing optimal professional development opportunities. We are also devoted to sustaining a safe and healthy working environment for all employees and site staff, and to abide by non-discriminatory and equal opportunity employment practices. The Group adheres to high standards of business ethics. The staff is required to follow the codes of conduct as set out in our staff handbook.

Employment and employee welfare

The Group aims to create a positive and supportive workplace, where staff is rewarded for their contribution to our success. The remuneration package structure for our full-time employees comprises competitive compensation and benefits, which include adequate medical and dental allowance, refreshments, paid paternity and marriage leave, retirement benefits, training and education subsidies. Furthermore, we organise bonding events such as Christmas lunch and annual dinner to express the Group's gratitude to our staff every year.

We review the employment package and wellness activities regularly to ensure they comply with local laws and regulations as well as attract and retain the best people.

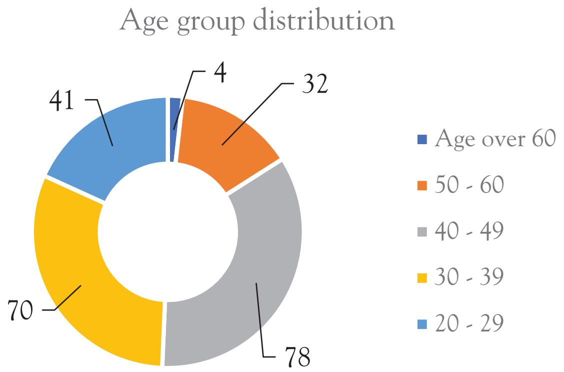
Occupation health and safety

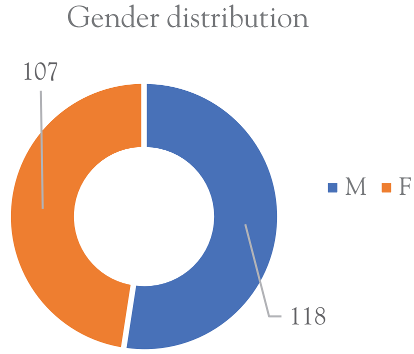
We ensure that a safe and healthy working environment is provided for all employees. An annual fire drill is organised at the Group's head office to increase the fire safety awareness of the staff.

Training and development

The Group has a comprehensive understanding that knowledge, skills and capabilities of our employees are vital to the Group's continued business growth and success. Thus, education subsidies and examination leaves are provided to the employees who participate in job-related professional courses in order to encourage them to develop their skills and widen their knowledge base.

Staff Composition





In terms of age group distribution, staff aged from 30 to 49 represents more than half of our total staff force, while the remaining are almost evenly distributed between the age groups 20 to 29 and 50 to 60, with a small number of staff over 60. In terms of gender, the numbers of male and female staff are almost evenly distributed. Overall, the staff composition demonstrates that the Group values contributions from staff of different seniority, and is firmly against discrimination based on age and gender.

I. Operating Practices

Supply Chain Management

As a responsible property developer, we do care about the effects that might be brought by the Group's supply chain on building works and materials. The Group encourages transparent and competitive bidding system and internal control measures to ensure that our tendering and procurement process is conducted in an open, fair and just manner.

Tendering procedures and business ethics documents set out clear procedures and requirements for supplier selection and assessment, while more specific approaches are implemented to fulfil our business needs including the Group's standard set forth to suppliers from environmental and social performance aspects.

We support fair and open competition to ensure prudent and fair practices across our supply chain.

Anti-corruption and best practices

To ensure our employees adhere to the Group's code of conduct and best practices, the staff handbook sets out clear internal guidelines in terms of disclosure of conflicts of interest, business confidentiality, outside employment, care of property, non-competition, equal employment opportunities, sexual harassment, and staff dealings in the Group's securities.

We believe that we have constructed a strong sense of anti-corruption and anti-fraudulent behaviour in our corporate governance framework. With due regards to the above guidelines, our staff would be acutely aware of the ever-changing landscape of corruption and fraud, and would duly report on any suspected corruption or fraudulent behaviour.

To the best of our knowledge, there had not been any non-compliance case noted in relation to corruption related laws and regulations as of 31 March 2017.

II. Community Involvement

The Group strives to contribute to the society and help create a better living environment for the local community by actively participating in community services and charitable sponsorships.
Our longstanding community involvement has been recognised by The Hong Kong Council of Social Services and the Group was awarded the status of a "Caring company" on 1 March 2017.

During the year, a series of charitable activities were launched. It is our pleasure to share the details of the events in the following section.

Flag Day organised by the Hong Kong Rehabilitation Power ("HKRP")

In August 2016, a flag day was organised by the Hong Kong Rehabilitation Power in order to empower individuals with disabilities to achieve economic self-sufficiency, independent living, inclusion and integration into all aspects of society.

"Biz-Green Dress Day"

In September 2016, the Group joined the "Biz-Green Dress Day" as one of the events within the "Hong Kong Green Building Week", fully funded by the Construction Industry Council. The event was aimed at reducing air-conditioning consumption by inviting participants to dress light and thus reduce the use of air-conditioning at their workplace.

"Run for Paralympians"

To contribute to the success of the development of disabled sports in Hong Kong, the Group joined the "Run for Paralympians" programme organised by the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled in February 2017. Our staff joined either 10 km or half marathon races in the event.

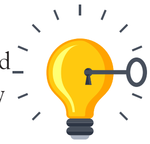
"Run for Survival"

In February 2017, the Group joined the "Run for Survival" event organised by the Ocean Park Conservation Foundation. Upcycling workshops, story-telling sessions and mini-markets were held to spread wildlife conservation messages, to raise awareness on the impact of plastic waste on marine animals and to educate the public to use less disposable plastic products in their daily lives.

Our participation in the above activities is not only making contributions to the society and environment but also fostering team spirit amongst our staff.

FUTURE APPROACH TOWARDS SUSTAINABLE DEVELOPMENT

In the future, we will:



- Continue to consider using energy-saving and eco-friendly appliances, equipment and materials for our new and existing property development and hotel management segments;
- Promote awareness and practices on resources usage reduction, waste reduction and energy conservation in a proactive manner; and
- Actively explore opportunities to organise events with charitable organisations and participate in community programs.

Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 42, 20 and 19, respectively to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development, an analysis of the Group's performance using financial key performance indicators is provided in the Financial Highlights and principal risks and uncertainties that the Group may be facing and particulars of important events affecting the Group that have occurred since the end of the financial year are provided in the "Chairman's Statement" on pages 6 to 8, "Management Discussion and Analysis" on pages 10 to 12 and "Corporate Governance Report" on pages 13 to 20 of this annual report.

Discussions on the environmental policies and performance, and the account of the key relationships of the Group with its stakeholders are contained in the "Environmental, Social and Governance Report" on pages 21 to 24 of this annual report.

Compliance with Laws and Regulations

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

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

Relationships with Key Stakeholders

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

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year are set out in the consolidated statement of profit or loss on page 42.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 1.620 Hong Kong cents per share for the year ended 31 March 2017 (2016: 1.973 Hong Kong cents) or an aggregate amount of approximately HK$162.6 million (2016: HK$198.0 million) for the year ended 31 March 2017, subject to the approval of shareholders of the Company at the 2017 Annual General Meeting, to the shareholders whose names appear on the register of members of the Company on 14 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 September 2017 to Thursday, 14 September 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend which, if approved, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 8 September 2017.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

BORROWINGS

Details of bank borrowings of the Group are set out in note 27 to the consolidated financial statements.

RESERVES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2017, calculated under the Companies Act 1981 of Bermuda (as amended), including contributed surplus and accumulated profits amounted to approximately HK$6,379,702,000 (2016: HK$5,278,933,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 68.0% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 26.8% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 80.9% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 36.3% of the Group's total purchases.

Save as disclosed in Note 37 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

Back row, from left to right: Mr. Chow Hou Man, Mr. Kan Sze Man and Mr. Fong Man Bun, Jimmy
Front row: Mr. Chung Cho Yee, Mico

DIRECTORS

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

Executive Directors:

Mr. Chung Cho Yee, Mico *(Chairman)*
Mr. Kan Sze Man
Mr. Chow Hou Man
Mr. Wong Chung Kwong (retired on 16 August 2016)
Mr. Fong Man Bun, Jimmy

Independent Non-Executive Directors:

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

At the forthcoming annual general meeting, Mr. Kan Sze Man, Mr. Chow Hou Man and Dr. Lam Lee G. will retire from office. All the retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

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

DIRECTORS' PROFILE

Mr. Chung Cho Yee, Mico

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 56, Chairman and Executive Director of the Company, joined the Company in 2004. He is a director of certain subsidiaries of the Group. He is also the Chairman of Executive Committee and Nomination Committee, and a member of Remuneration Committee of the Board. Mr. Chung graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and an independent non-executive director of HKC (Holdings) Limited, the shares of both of which are listed on the Stock Exchange. Mr. Chung is the brother-in-law of Mr. Kan Sze Man, an executive director of the Company.

Executive Director

Mr. Kan Sze Man, aged 45, joined the Company as Group General Counsel in 2001 and has been the Chief Operating Officer since 2016. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, Oxford University in the United Kingdom in 1993 and qualified as solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. City firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan is currently a non-executive director of BCI Group Holdings Limited (a company of which the Company is a substantial shareholder and which shares are listed on the Growth Enterprise Market of the Stock Exchange). Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the Chairman and the controlling shareholder of the Company.

Mr. Chow Hou Man, aged 46, joined the Company as Group Chief Financial Officer in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 20 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Fong Man Bun, Jimmy, aged 52, joined the Company in 2011 and is a Managing Director of Couture Homes Properties Limited, a wholly-owned subsidiary of the Company. He is also a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Fong is mainly responsible for identifying and advising on residential development and investment for both acquisition and disposal planning of the Group. Mr. Fong has over 25 years' solid experience in luxury residential real estate project development and investment and has in-depth knowledge of the property market. He worked as a Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has worked in Shanghai, PRC in the 90's and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Director

Dr. Lam Lee G., aged 57, joined the Group in 2001. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board. Dr. Lam has over 30 years of international experience in general management, management consulting, corporate governance, investment banking, direct investment and fund management, across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. He serves as an independent non-executive director of several publicly listed companies and investment funds in the Asia Pacific region. Having served as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms, a Member of the Legal Aid Services Council, a Member of the New Business Committee of the Financial Services Development Council (FSDC), a Member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited (HKEx) and a Member of the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, Dr. Lam is currently the Chairman of Hong Kong Cyberport Management Company Limited, a Member of the Jilin Province Committee (and formerly a Specially-invited Member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference (CPPCC), a Vice Chairman of Liaoning Chinese Overseas Friendship Association, Vice Chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) Business Advisory Council and Chairman of its Task Force on Banking and Finance, Honorary Chairman – Asia Pacific of CMA Australia, a Member of the Hong Kong Institute of Bankers, a Member of the World Presidents' Organization (WPO), a Member of the Chief Executives Organization (CEO), a Fellow of the Hong Kong Institute of Directors and the Hong Kong Institute of Arbitrators, an Accredited Mediator of the Centre for Effective Dispute Resolution (CEDR), a Member of the Hong Kong-Thailand Business Council, a Founding Member of Hong Kong-Korea Business Council, a Board Member of the Australian Chamber of Commerce in Hong Kong and Macau, a Board Member of Pacific Basin Economic Council (PBEC), a Founding Board Member and the Honorary Treasurer of the Hong Kong-Vietnam Chamber of Commerce, a Vice President of the Hong Kong Real Property Federation, Chairman of Monte Jade Science and Technology Association of Hong Kong, a Member of the Court of City University of Hong Kong, a visiting professor (in the subjects of corporate governance and investment banking) at the School of Economics & Management of Tsinghua University in Beijing, an Adjunct Professor at the Department of Management in the Chinese University of Hong Kong. Dr. Lam is a Solicitor of the High Court of Hong Kong and an Honorary Fellow of CPA Australia.

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

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

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Director (Continued)

Mr. Cheng Yuk Wo, aged 56, joined the Group in 2002. He is Chairman of Audit Committee and Remuneration Committee, and a member of Nomination Committee of the Board. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, and a member of the Institute of Chartered Professional Accountants of Canada. He is a co-founder of a Hong Kong merchant banking firm and is the proprietor of a certified public accountant practice in Hong Kong. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England. Mr. Cheng had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and with Swiss Bank Corporation (now known as UBS AG) in Toronto.

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

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

Dr. Lo Wing Yan, William, aged 56, joined the Group in 2014. He is a member of Audit Committee of the Board. He obtained a BSc (Hons) degree in Biochemistry and a MSc degree in Neurochemistry from University of Kent at Canterbury and Institute of Psychiatry, London University, respectively. Dr. Lo also obtained an MPhil degree in Molecular Pharmacology and a PhD degree in Genetic Engineering/Neuroscience, both from Cambridge University, UK. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of the Peace (J.P.) by the government of Hong Kong. In 2017 April, Dr. Lo was appointed as a member of the Hospital Governing Committee of HK Red Cross Blood Transfusion Service. Dr. Lo is currently a governor of an independent school, the ISF Academy, as well as the Chairman of Junior Achievement Hong Kong.

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

Dr. Lo was an independent non-executive director of Varitronix International Limited up to June 2016, International Housewares Retail Company Limited up to September 2015, the shares of all of which are listed on the Stock Exchange and E2-Capital Holdings Limited, the shares of which are listed on the Singapore Stock Exchange up to November 2015.

PERMITTED INDEMNITY PROVISION

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

DIRECTORS' INTERESTS IN SHARES

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

As at 31 March 2017, the interests and short positions of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Long positions in shares:

Name of Director	Nature of interests	Company/name of associated corporation	Number of shares held *(Note 1)*	Approximate percentage of total shareholding (%)
Chung Cho Yee, Mico ("Mr. Chung") *(Note 2)*	Beneficial owner	The Company	4,808,282,062 (L)	47.91
	Interest of controlled corporation	The Company	4,805,237,062 (L)	47.87
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	0.24

Notes:

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

(2) Mr. Chung is the beneficial owner of 4,808,282,062 shares in the Company (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity Limited ("Earnest Equity") of 4,805,237,062). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

Save as disclosed above, as at 31 March 2017, none of the Directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

MANAGEMENT CONTRACT

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2017, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any Directors or the Company, the following persons, in addition to those interests disclosed above in respect of the Directors, had an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO:

Long position

Name	Capacity	Number of shares	Approximate shareholding percentage (%)
Value Partners Group Limited	Interest of controlled corporation *(Note)*	740,720,000 (L)	7.38
Value Partners High-Dividend Stocks Fund	Beneficial owner	740,250,000 (L)	7.38
Dalton Investments LLC	Investment Manager	607,050,000 (L)	6.05

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Long position (Continued)

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 31 March 2017.

CONNECTED TRANSACTION

During the year, the Group had no connected transactions.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK$8,801,421,000, which represented approximately 38% of the Group's total assets value as at 31 March 2017.

As at 31 March 2017, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK$'000	**Guarantees** HK$'000
Best Catch Ventures Limited	119,857	260,000
BCI Group Holdings Limited	2,063	–
Pacific Deluxe Holdings Limited	2,025	–
Century Bliss Limited	196,899	290,000
Chater Capital Limited	–	586,529
City Synergy Limited	10,753	–
Cleverland Global Limited	666,390	778,375
Distinct Global Investments Limited	125,948	–
Eagle Wonder Limited	677,952	690,000
Fame Allied Limited	60,800	55,246
Great Maker Limited	481,022	780,000
Hillcharm Limited	206,869	425,000
Monti Holidings Limited	151,787	–
Sino City Ventures Limited	846,907	732,147
Star Trail Limited	7,856	21,000
Vital Triumph Limited	155,549	141,750
Wealth Explorer Holdings Limited	45,843	282,854
	3,758,520	5,042,901

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

	Combined balance sheet HK$'000	**Group's attributable interests** HK$'000
Non-current assets	11,102	2,331
Current assets	18,222,135	8,476,683
Current liabilities	(7,500,492)	(3,870,880)
Non-current liabilities	(8,958,417)	(3,976,284)
	1,774,328	631,850

EMOLUMENT POLICY

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

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 38 to the consolidated financial statements.

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

EQUITY-LINKED AGREEMENTS

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

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

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 13 to 20 of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$2,045,000.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 133 of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2017.

AUDITORS

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

30 June 2017

Independent Auditor's Report

Deloitte. 德勤

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

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TO THE MEMBERS OF CSI PROPERTIES LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of CSI Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 42 to 132, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 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.

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

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 period. 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.

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KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Write-down of properties held for sale	
We identified the write-down of the Group's properties held for sale (the "PHS") as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with significant estimates involved in determining the net realisable value ("NRV") including the estimation of future costs to completion of the properties under development ("PUD") included in the carrying amount of the PHS. As disclosed in note 23 to the consolidated financial statements, the Group had the PHS of HK$11,752,540,000, of which comprised of completed properties for sale of HK$9,725,052,000 and PUD of HK$2,027,488,000 as at 31 March 2017. As disclosed in note 4 to the consolidated financial statements, the Group's PHS are stated at the lower of cost and NRV. The determination of the NRV of these properties requires use of estimations. Based on the Group's experience and the nature of the subject properties, the management of the Group makes estimates of the selling prices, the costs to completion for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions with reference to the valuations carried out by the independent property valuers for certain properties. For the year ended 31 March 2017, a reversal of write-down of PHS amounted to approximately HK$41,695,000 has been recognised in the consolidated statement of profit or loss.	Our procedures in relation to assessing the appropriateness of the valuation of the PHS included: • evaluating Group management's valuation assessments and the external valuation reports prepared by independent property valuers and on which the management assessment of the NRV of the completed properties for sale and PUD was based; • assessing the qualifications, experience and expertise of the independent property valuers; • discussing with the management of the Group and the external property valuers on the valuation methodologies adopted and to understand the performance of property markets, significant assumptions, critical judgemental areas and data used in valuations; • assessing the appropriateness of key estimates and assumptions used in the valuations, including expected future selling prices by comparing expected future selling prices to recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development; and the future costs to completion of the PUD with reference to the publicly available construction cost information for properties of a similar nature and location and by utilising the industry knowledge, after taking into account of the estimated sale-related taxes; and • evaluating the reasonableness of the assessment performed by the management of the Group on the key inputs to evaluate the magnitude of their impact of the market value and adequacy of the reversal of write-down being made.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of interests in joint ventures and amounts due from joint ventures	
We identified impairment assessment of interests in joint ventures and amounts due from joint ventures as a key audit matter due to its significance to the consolidated statement of financial position, combined with the estimations involved in management's impairment assessment of the interests in joint ventures and amounts due from joint ventures. As at 31 March 2017, the carrying amounts of interests in joint ventures and amounts due from joint ventures amounted to HK$1,604,511,000 and HK$2,804,860,000 respectively as disclosed in note 19 in the consolidated financial statements, the aggregate of which representing approximately 19% of the Group's total assets. As disclosed in note 3 to the consolidated financial statements, interests in joint ventures are carried in the consolidated statement of financial position using the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures, less impairment loss with respect to the Group's interests in joint ventures. The amounts due from joint ventures are measured at amortised costs using the effective interest method, less any impairment.	Our procedures in relation to impairment assessment of interests in joint ventures and amounts due from joint ventures included: • assessing the appropriateness of management's accounting for interests in joint ventures and amounts due from joint ventures; • understanding management's process for identifying the existence of impairment indicators in respect of the interests in joint ventures and amounts due from joint ventures and evaluating the effectiveness of such process; • for those joint ventures with the underlying assets are properties held for sale (including completed properties for sale and PUD), evaluating the Group's management valuation assessments and the external valuation reports prepared by independent property valuers and on which the management assessed of the NRV of the completed properties for sale and PUD was based; • assessing the qualifications, experience and expertise of the independent property valuers;

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of interests in joint ventures and amounts due from joint ventures	
The management of the Group is required to assess at the end of each reporting period whether there is any indication that the carrying amounts of interests in joint ventures and amounts due from joint ventures may be impaired. For those joint ventures in which such indication exists, the management of the Group assessed the carrying amounts for impairment. The management of the Group compared the recoverable amounts (which is higher of value in use and fair value less costs of disposal) with the carrying amounts of interests in joint ventures and amounts due from joint ventures. For those joint ventures engaged in property holding or development, the management of the Group determines the impairment and recoverability with reference to the fair value less costs of disposal of joint ventures and expected repayment of amounts due from joint ventures which are dependent on the expected market prices of properties held for sale and/or property development projects held by joint ventures. As disclosed in note 19 to the consolidated financial statements, no impairment loss on interests in joint ventures and amounts due from joint ventures was considered to be necessary by the management of the Group for the year ended 31 March 2017.	• discussing with management and the external property valuers on the valuation methodologies adopted to understand the performance of property markets significant assumptions used, critical judgemental areas and data used in valuations; • assessing any appropriateness of key estimates and assumptions used in the valuations: including expected future selling prices by comparing expected future selling prices to recently transacted prices for similar properties or the prices of comparable properties located in the vicinity of each development, and the future costs to completion of the PUD with reference to the publicly available construction cost information for properties of a similar nature and location and by utilising the industry knowledge, after taking into account of the estimated sale-related taxes: and • assessing any impairment is required for the amounts due from joint ventures by comparing the recoverable amounts with their carrying amounts, including taking into account of the market values with reference to external valuation reports prepared by independent property valuers of respective properties held for sales and/or property development projects held by joint ventures.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are 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 solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 skepticism 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 the independent auditor's report is Lau Ngai Kee, Ricky.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 June 2017

Consolidated Statement of Profit or Loss

For the year ended 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Revenue	5	1,868,279	2,201,494
Cost of sales and services		(1,266,931)	(1,029,524)
Gross profit		601,348	1,171,970
Income and gains (losses) from investments	7	179,083	112,278
Other income	8	89,444	71,883
Other gains and losses	9	956,571	19,125
Administrative expenses		(274,506)	(214,268)
Finance costs	10	(243,084)	(138,609)
Share of results of joint ventures		53,995	687,752
Share of results of associates		4,297	1,085
Profit before taxation		1,367,148	1,711,216
Income tax expense	11	(21,387)	(53,948)
Profit for the year	12	1,345,761	1,657,268
Attributable to:			
Owners of the Company		1,346,734	1,645,022
Non-controlling interests		(973)	12,246
		1,345,761	1,657,268
Earnings per share (HK cents)	16		
Basic		13.42	15.83

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	1,345,761	1,657,268
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(22,404)	(22,027)
Share of other comprehensive expense of joint ventures:		
Share of exchange differences of joint ventures	(38,882)	(25,527)
Reclassification of translation reserve upon disposal of joint ventures	–	(13,690)
Others	1,587	(376)
	(59,699)	(61,620)
Total comprehensive income for the year	1,286,062	1,595,648
Total comprehensive income (expense) attributable to:		
Owners of the Company	1,286,233	1,583,402
Non-controlling interests	(171)	12,246
	1,286,062	1,595,648

Consolidated Statement of Financial Position

As at 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-Current Assets			
Property, plant and equipment	*17*	154,455	623,307
Available-for-sale investments	*18*	191,508	59,630
Loan receivables	*21*	46,813	–
Club memberships		11,385	11,385
Interests in joint ventures	*19*	1,604,511	1,308,350
Amounts due from joint ventures	*19*	2,804,860	1,743,320
Interests in associates	*20*	152,303	137,855
Amounts due from associates	*20*	38,129	4,152
		5,003,964	3,887,999
Current Assets			
Trade and other receivables	*22*	372,227	140,273
Properties held for sale	*23*	11,752,540	8,850,223
Investments held for trading	*24*	2,298,774	1,813,664
Taxation recoverable		10,845	20,141
Cash held by securities brokers	*25*	30,760	3,983
Bank balances and cash	*25*	3,572,022	3,525,228
		18,037,168	14,353,512
Current Liabilities			
Other payables and accruals	*26*	940,529	236,598
Taxation payable		194,889	185,864
Amounts due to joint ventures	*19*	180,528	20,130
Amounts due to non-controlling shareholders of subsidiaries	*37(b)*	163,640	100,832
Bank borrowings – due within one year	*27*	1,324,437	561,101
Guaranteed notes – due within one year	*29*	817,830	–
		3,621,853	1,104,525
Net Current Assets		14,415,315	13,248,987
		19,419,279	17,136,986

	NOTES	2017 HK$'000	2016 HK$'000
Capital and Reserves			
Share capital	*28*	80,296	80,296
Reserves		10,675,016	9,586,815
Equity attributable to owners of the Company		10,755,312	9,667,111
Non-controlling interests		14,070	14,241
Total Equity		10,769,382	9,681,352
Non-Current Liabilities			
Guaranteed notes – due after one year	*29*	1,950,000	1,040,130
Bank borrowings – due after one year	*27*	6,696,726	6,410,008
Deferred tax liabilities	*30*	3,171	5,496
		8,649,897	7,455,634
		19,419,279	17,136,986

The consolidated financial statements on pages 42 to 132 were approved and authorised for issue by the Board of Directors on 30 June 2017 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 *(Note)*	Translation reserve HK$'000	Other reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2015	83,896	2,052,135	3,020	183,922	79,177	(409)	5,862,979	8,264,720	2,066	8,266,786
Profit for the year	–	–	–	–	–	–	1,645,022	1,645,022	12,246	1,657,268
Exchange differences arising on translation of foreign operations	–	–	–	–	(22,027)	–	–	(22,027)	–	(22,027)
Share of exchange differences of joint ventures	–	–	–	–	(25,527)	–	–	(25,527)	–	(25,527)
Reclassified to profit and loss on derecognition of a subsidiary of joint venture	–	–	–	–	(13,690)	–	–	(13,690)	–	(13,690)
Others	–	–	–	–	–	(376)	–	(376)	–	(376)
Total comprehensive (expense) income for the year	–	–	–	–	(61,244)	(376)	1,645,022	1,583,402	12,246	1,595,648
Share repurchases *(note 28)*	(3,600)	–	3,600	(110,552)	–	–	(3,600)	(114,152)	–	(114,152)
Expenses related to shares repurchased and cancelled	–	–	–	(791)	–	–	–	(791)	–	(791)
Acquisition of additional interest of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	(224)	(224)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(500)	(500)
Dividends recognised as distribution *(note 15)*	–	–	–	–	–	–	(66,068)	(66,068)	–	(66,068)
Partial disposal of interest in subsidiaries without loss of control	–	–	–	–	–	–	–	–	653	653
At 31 March 2016	80,296	2,052,135	6,620	72,579	17,933	(785)	7,438,333	9,667,111	14,241	9,681,352
Profit for the year	–	–	–	–	–	–	1,346,734	1,346,734	(973)	1,345,761
Exchange differences arising on translation of foreign operations	–	–	–	–	(22,404)	–	–	(22,404)	–	(22,404)
Share of exchange differences of joint ventures	–	–	–	–	(38,882)	–	–	(38,882)	–	(38,882)
Others	–	–	–	–	–	785	–	785	802	1,587
Total comprehensive (expense) income for the year	–	–	–	–	(61,286)	785	1,346,734	1,286,233	(171)	1,286,062
Dividends recognised as distribution *(note 15)*	–	–	–	–	–	–	(198,032)	(198,032)	–	(198,032)
At 31 March 2017	80,296	2,052,135	6,620	72,579	(43,353)	–	8,587,035	10,755,312	14,070	10,769,382

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000 (Restated)
OPERATING ACTIVITIES		
Profit before taxation	1,367,148	1,711,216
Adjustments for:		
Finance costs	243,084	138,609
Depreciation of property, plant and equipment	37,057	45,595
Gain on disposal of property, plant and equipment	(955,461)	(579)
Gain on disposal of joint ventures	–	(14,706)
Gain on disposal of subsidiaries	(930)	–
Income from amortisation of financial guarantee contracts	(2,705)	(2,597)
Increase in fair value of investments held for trading	(44,580)	(12,581)
Interest income	(27,101)	(10,479)
Impairment loss on amount due from a joint venture	–	3,500
(Reversal of) write-down of properties held for sale	(41,695)	125,729
Impairment loss on available-for-sale investments	–	2,908
Share of results of joint ventures	(53,995)	(687,752)
Share of results of associates	(4,297)	(1,085)
Operating cash flow before movements in working capital	516,525	1,297,778
Increase in investments held for trading	(440,530)	(569,705)
Increase in other payables and accruals	692,572	54,173
Increase in properties held for sale	(1,918,687)	(1,319,109)
Increase in trade and other receivables	(28,038)	(20,132)
(Increase) decrease in cash held by securities brokers	(26,777)	1,357
Net cash used in operations	(1,204,935)	(555,638)
Income tax paid	(5,391)	(22,410)
NET CASH USED IN OPERATING ACTIVITIES	(1,210,326)	(578,048)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000 (Restated)
INVESTING ACTIVITIES		
(Advances to) repayment from joint ventures	(1,449,341)	160,226
Purchases of property, plant and equipment	(2,488)	(4,094)
Investments in associates	(3,707)	(124,559)
(Advance to) repayment from an associate	(38,534)	19,529
Dividends received from associates	–	1,200
Dividends received from joint ventures	88,640	661,085
Interest received	27,101	10,479
Loan receivables newly granted	(302,504)	(25,056)
Proceeds on maturity of loan receivables	12,416	52,191
Proceeds from disposal of property, plant and equipment	1,389,744	589
Proceeds from disposal of joint ventures	–	9,868
Acquisition of available-for-sale investments	(142,393)	–
Proceeds from capital refund of available-for-sale investments	11,300	1,665
Investments in joint ventures	(5)	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(409,771)	763,123
FINANCING ACTIVITIES		
Repayments of bank borrowings	(238,286)	(1,253,424)
Repurchase of guaranteed notes	(222,300)	(129,870)
Dividends paid	(198,032)	(66,568)
Repayments to associates	–	(10,218)
Advances from joint ventures	160,398	19,961
Advances from non-controlling shareholders of subsidiaries	62,808	9,654
Issuance of guaranteed notes	1,919,710	–
New bank borrowings raised	435,282	3,782,555
Payment on repurchase of shares and related expenses	–	(114,943)
Interest paid	(252,689)	(171,866)
Acquisition of additional interest of non-wholly owned subsidiaries	–	(224)
Partial disposal of interest in subsidiaries without loss of control	–	653
NET CASH FROM FINANCING ACTIVITIES	1,666,891	2,065,710
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,794	2,250,785
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,525,228	1,274,443
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	3,572,022	3,525,228

1. GENERAL INFORMATION

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

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 42, 19 and 20 respectively.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 – 2014 cycle

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HK(IFRIC) – Int 22	Foreign currency transactions and advance consideration[1]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to HKAS 40	Transfers of investment property[1]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 *"Financial instruments"*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 *"Financial instruments" (Continued)*

Based on the Group's financial instruments and risk management policies as at 31 March 2017, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria). In addition, the expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

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

HKFRS 15 *"Revenue from contracts with customers"*

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

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

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

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported as the timing of revenue recognition may be affected and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the directors of the Company performs a detailed review.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 *"Leases"*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be both presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group has non-cancellable operating lease commitments of HK$17,758,000 as disclosed in note 35. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors of the Company anticipate that the application of HKFRS 16 in the future will have a material impact on the Group's consolidated financial statements; however, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specifically, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values: and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKFRS 10 and HKAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

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

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

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

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

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

Property, plant and equipment

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

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

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

Properties under development for sale under current assets

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

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

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments, including the cost of acquiring the land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

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

Leasehold land and building

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

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Club memberships

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

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

Financial instruments

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

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

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

Financial assets at FVTPL are stated at fair value, with any gain or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial assets and is included in income and gains (losses) from investments line item. Fair value is determined in the manner described in note 40(c).

AFS financial assets

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

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

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

Loans and receivables

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

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

Impairment of financial assets

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

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

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

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

Financial liabilities and equity instruments

Financial liabilities and equity instruments

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

Equity instruments

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at amortised cost

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

Financial guarantee contracts

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

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

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

(ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

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

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

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

Provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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

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

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

Retirement benefits costs

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Taxation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

Current and deferred tax is recognised in profit or loss.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible assets

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

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

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

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

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 38 to the Group's consolidated financial statements.

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Write-down of properties held for sale

As explained in note 3, the Group's properties held for sales are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the management of the Group makes estimates of the selling prices, the costs to completion for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions with reference to the valuations carried out by the independent property valuers for certain properties.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in write-down of value of the properties held for sale. Such write-down requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and write-down for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the estimates would affect profit or loss in future years.

During the year ended 31 March 2017, the directors of the Company determined there is clear evidence of an increase in net realisable value of the Group's property interests held for sale that carried at net realisable value and still on hand at the end of the reporting period because of the recovery of property markets in Hong Kong. A reversal of write-down of properties held for sale amounted to approximately HK$41,695,000 (2016: write-down of HK$125,729,000) has been recognised in the consolidated statement of profit or loss.

Impairment assessment of interests in joint ventures and amounts due from joint ventures

Interests in joint ventures are carried in the consolidated statement of financial position using the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint ventures, less impairment loss with respect to the Group's interests in joint ventures. The amounts due from joint venture are measured at amortised costs using the effective interest method, less any impairment. The management of the Group has assessed at the end of each reporting period whether there is any indication that the carrying amounts of interests in joint ventures and amounts due from joint ventures may be impaired. For those joint ventures in which such indication exists, the management has assessed the carrying amounts for impairment. No impairment loss on interests in joint ventures and amounts due from joint ventures was considered to be necessary by the management of the Group as at 31 March 2017.

5. REVENUE

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

	2017 HK$'000	2016 HK$'000
Rental income and hotel operation *(Note)*	281,107	226,278
Sales of properties held for sale	1,587,172	1,975,216
	1,868,279	2,201,494

Note: This mainly comprises of rental income from properties.

6. SEGMENT INFORMATION

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

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

During the current year, in view of the continuing significance of the operation of the property holding segment, the CODM revised the organisation of segments that are used to allocate resources and assess performance, and considered to change its analysis based on nature and geographical location of the property holding, being (i) commercial property holding; (ii) residential property holding; and (iii) Macau property holding, which is currently the basis used for the purpose of allocating resources and assessing their performance, and also the basis of organisation of the Group for managing the business operations. Other than the commercial property holding, residential property holding and Macau property holding segments, the CODM continues to review the performance of securities investment segment as similar basis as prior years.

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

(a) commercial property holding segment, which engages in the investment and trading of commercial properties, properties under development, investment in hotel property, and also the strategic alliances with the joint venture partners of the joint ventures and associates in Singapore, Hong Kong, the People's Republic of China (the "PRC") excluding Macau;

(b) residential property holding segment, which engages in the investment and trading of residential properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong and the PRC excluding Macau;

(c) Macau property holding segment, which engages in the investment and trading of properties located in Macau; and

(d) securities investment segment, which engages in the securities trading and investment.

6. SEGMENT INFORMATION (Continued)

Consequently, the comparative segment information for the year ended 31 March 2016 have been re-presented in order to conform with the presentation adopted in current year. The changes in the segment information do not have any impact on the Group's consolidated financial statements.

Segment revenues and results

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

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2017					
External revenue					
Rental income and hotel operation	271,516	7,625	1,966	–	281,107
Sales of properties held for sale	429,412	1,157,760	–	–	1,587,172
Revenue of the Group	700,928	1,165,385	1,966	–	1,868,279
Interest income and dividend income	–	–	–	134,503	134,503
Segment revenue/income	700,928	1,165,385	1,966	134,503	2,002,782
Results					
Share of results of joint ventures *(Note)*	(15,256)	69,251	–	–	53,995
Share of results of associates *(Note)*	4,399	(102)	–	–	4,297
Segment profit (loss) excluding share of results of joint ventures and associates	1,383,089	133,986	(3,203)	174,802	1,688,674
Segment profit (loss)	1,372,232	203,135	(3,203)	174,802	1,746,966
Unallocated other income					32,945
Other gains and losses					922
Central administrative costs					(170,601)
Finance costs					(243,084)
Profit before taxation					1,367,148

6. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2016 *(Restated)*					
External revenue					
Rental income and hotel operation	219,613	5,971	694	–	226,278
Sales of properties held for sale	1,706,873	222,243	46,100	–	1,975,216
Revenue of the Group	1,926,486	228,214	46,794	–	2,201,494
Interest income and dividend income	–	–	–	102,605	102,605
Segment revenue/income	1,926,486	228,214	46,794	102,605	2,304,099
Results					
Share of results of joint ventures *(Note)*	531,992	155,760	–	–	687,752
Share of results of associates *(Note)*	1,212	(127)	–	–	1,085
Gain on disposal of joint ventures	14,706	–	–	–	14,706
Segment profit excluding share of results of joint ventures and associates and gain on disposal of joint ventures	1,059,994	83,569	19,880	98,771	1,262,214
Segment profit	1,607,904	239,202	19,880	98,771	1,965,757
Unallocated other income					24,404
Other gains and losses					7,919
Central administrative costs					(148,255)
Finance costs					(138,609)
Profit before taxation					1,711,216

Note: Share of results of associates and joint ventures mainly represent share of the operating profits of these entities from their businesses of property development and trading.

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

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2017 HK$'000	2016 HK$'000 (Restated)
Segment assets		
Commercial property holding	9,565,686	7,847,832
Residential property holding	6,887,998	4,507,192
Macau property holding	193,663	193,648
Securities investment	2,508,450	1,901,379
Total segment assets	19,155,797	14,450,051
Property, plant and equipment	154,455	175,469
Taxation recoverable	10,845	20,141
Cash held by securities brokers	30,760	3,983
Bank balances and cash	3,572,022	3,525,228
Other unallocated assets	117,253	66,639
Consolidated assets	23,041,132	18,241,511
Segment liabilities		
Commercial property holding	170,039	122,219
Residential property holding	1,035,403	139,522
Macau property holding	61,129	60,903
Securities investment	15,404	18,541
Total segment liabilities	1,281,975	341,185
Guaranteed notes	2,767,830	1,040,130
Bank borrowings	8,021,163	6,971,109
Taxation payable	194,889	185,864
Other unallocated liabilities	5,893	21,871
Consolidated liabilities	12,271,750	8,560,159

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

- all assets are allocated to operating segments other than certain property, plant and equipment, taxation recoverable, cash held by securities brokers, bank balances and cash and assets used jointly by reportable and operating segments; and

- all liabilities are allocated to operating segments other than guaranteed notes, bank borrowings, taxation payable and liabilities for which reportable and operating segments are jointly liable.

6. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2017

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit (loss) or segment assets and liabilities:							
Interests in joint ventures	354,803	1,249,708	–	–	1,604,511	–	1,604,511
Amounts due from joint ventures	1,058,695	1,746,165	–	–	2,804,860	–	2,804,860
Interests in associates	6,434	145,869	–	–	152,303	–	152,303
Amounts due from associates	3,383	34,746	–	–	38,129	–	38,129
Net increase in fair value of investments held for trading	–	–	–	(44,580)	(44,580)	–	(44,580)
Depreciation and amortisation	13,863	–	–	–	13,863	23,194	37,057
Reversal of write-down of properties held for sale	(41,695)	–	–	–	(41,695)	–	(41,695)

For the year ended 31 March 2016 (Restated)

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

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations in commercial property holding, residential property holding, Macau property holding and securities investment are mainly located in Hong Kong, the PRC and Macau.

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

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

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

	Revenue from external customers Year ended 31 March		**Non-current assets** *(Note)*	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
Hong Kong	**1,768,362**	2,097,399	**1,322,484**	1,480,539
PRC	**97,951**	57,301	**600,057**	600,064
Macau	**1,966**	46,794	**113**	294
	1,868,279	2,201,494	**1,922,654**	2,080,897

Note: Non-current assets exclude financial instruments.

Information about major tenants and buyers of properties

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

	2017 HK$'000	2016 HK$'000
Buyer A	**500,000**	Nil
Buyer B	**500,000**	Nil
Buyer C	**Nil**	700,000
Buyer D	**Nil**	493,330
	1,000,000	1,193,330

Revenue by type of income

The relevant information is set out in note 5.

7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2017 HK$'000	2016 HK$'000
Interest income from investments held for trading	133,025	101,620
Dividend income from		
– investments held for trading	851	985
– available-for-sale investments	627	–
Net change in fair value of investments held for trading		
– net realised gain (loss)	470	(2,043)
– net unrealised gain	44,110	14,624
Impairment loss on available-for-sale investments	–	(2,908)
	179,083	112,278

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

	2017 HK$'000	2016 HK$'000
Investments held for trading	178,456	115,186
Available-for-sale investments	627	(2,908)
	179,083	112,278

8. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Bank interest income	22,170	8,975
Loan interest income	4,931	1,504
Interest income from amounts due from joint ventures and associates	46,610	35,603
Amortisation of financial guarantee contracts	2,705	2,597
Assets management income	9,890	11,875
Others	3,138	11,329
	89,444	71,883

9. OTHER GAINS AND LOSSES

	2017 HK$'000	2016 HK$'000
Other gains and losses comprise:		
Gain on disposal of property, plant and equipment	955,461	579
Gain on disposal of subsidiaries	930	–
Net exchange gain	180	7,340
Gain on disposal of a joint venture *(Note)*	–	14,706
Impairment loss of amounts due from joint ventures	–	(3,500)
	956,571	19,125

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

10. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interests on:		
Bank borrowings	149,113	98,462
Guaranteed notes	119,610	73,404
Total borrowing costs	268,723	171,866
Less: Amounts capitalised in the cost of qualifying assets	(25,639)	(33,257)
	243,084	138,609

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 2.05% to 3.22% (2016: 2.04% to 3.06%) per annum for the year ended 31 March 2017.

11. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	24,947	52,330
– (Over) underprovision in prior years	(1,242)	2,015
Macau Complementary tax		
– Current year	7	2,637
	23,712	56,982
Deferred taxation *(Note 30)*	(2,325)	(3,034)
	21,387	53,948

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

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

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

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

	2017 HK$'000	2016 HK$'000
Profit before taxation	1,367,148	1,711,216
Taxation at Hong Kong Profits Tax rate of 16.5%	225,579	282,351
Tax effect of expenses not deductible for tax purpose	18,283	85,387
Tax effect of income not taxable for tax purpose	(237,449)	(211,609)
Tax effect of share of results of joint ventures	(8,909)	(113,479)
Tax effect of share of results of associates	(709)	(179)
Tax effect of tax losses not recognised	27,365	11,303
Utilisation of tax losses previously not recognised	(1,528)	(812)
(Over) underprovision in prior years	(1,242)	2,015
Effect of different tax rates of group entities operating in other jurisdictions	(3)	(1,029)
Income tax expense for the year	21,387	53,948

12. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration *(Note 13)*	68,493	64,582
Other staff costs:		
Salaries and other benefits	38,738	36,365
Performance-related incentive bonus	12,430	10,211
Contributions to retirement benefits schemes	2,974	2,402
	54,142	48,978
Total staff costs	122,635	113,560
Auditors' remuneration	3,472	2,552
Cost of properties held for sale recognised as an expense	1,217,224	798,202
Depreciation of property, plant and equipment	37,057	45,595
Gain on disposal of property, plant and equipment	(955,461)	(579)
(Reversal of) write-down of properties held for sale (included in cost of sales)	(41,695)	125,729

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of eight (2016: nine) directors were as follows:

For the year ended 31 March 2017

	Executive Directors					Independent Non-executive Directors			
	Mr. Chung Cho Yee, Mico HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Wong Chung Kwong HK$'000 *(note ii)*	Mr. Fong Man Bun, Jimmy HK$'000	Dr. Lam Lee G. HK$'000	Mr. Cheng Yuk Wo HK$'000	Dr. Lo Wing Yan, William HK$'000	Total HK$'000
Directors' remuneration									
Fees	–	–	–	–	–	165	165	165	495
Salaries and other benefits	11,400	3,900	3,000	604	3,465	–	–	–	22,369
Performance-related incentive bonus *(Note i)*	35,950	4,000	3,000	–	2,000	–	–	–	44,950
Contributions to retirement benefits schemes	18	240	198	–	223	–	–	–	679
	47,368	8,140	6,198	604	5,688	165	165	165	68,493

For the year ended 31 March 2016

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

Notes:

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

(ii) Mr. Wong Chung Kwong and Dato' Wong Sin Just retired on 16 August 2016 and 25 August 2015 respectively.

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

13. DIRECTORS' REMUNERATION (Continued)

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

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

14. EMPLOYEES' REMUNERATION

Of the five individuals with the highest emoluments in the Group, four (2016: four) were directors of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2016: one) individual were as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits	2,472	2,039
Performance-related incentive bonus *(Note)*	812	900
Contributions to retirement benefits schemes	164	147
	3,448	3,086

Their emoluments were within the following band:

	2017 Number of employee	2016 Number of employee
HK$3,000,001 to HK$3,500,000	1	1

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

15. DIVIDENDS

	2017 HK$'000	2016 HK$'000
Dividend recognised as distribution during the year		
– Final dividend of HK1.973 cents per share in respect of financial year ended 31 March 2016 (2016: Final dividend of HK0.378 cent per share in respect of financial year ended 31 March 2015)	198,032	39,641
– Special dividend of HK0.252 cent per share in respect of financial year ended 31 March 2015	–	26,427
Dividend proposed after the end of the reporting period		
– Final dividend of HK1.620 cents per share (2016: Final dividend of HK1.973 cents per share)	162,601	198,032

16. EARNINGS PER SHARE

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

	2017 HK$'000	2016 HK$'000
Earnings		
Earnings for the purposes of basic earnings per share: (profit for the year attributable to owners of the Company)	1,346,734	1,645,022
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	10,037,090	10,391,797

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

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST							
At 1 April 2015	575,000	192,451	20,301	1,630	4,632	44,737	838,751
Additions	–	163	1,246	317	2,368	–	4,094
Disposal	–	–	–	(28)	(505)	–	(533)
At 31 March 2016	575,000	192,614	21,547	1,919	6,495	44,737	842,312
Additions	–	–	1,253	490	745	–	2,488
Disposal	–	(386)	–	(16)	–	–	(402)
Disposal of subsidiaries *(note 32(a))*	(575,000)	–	(8,958)	(1,103)	–	–	(585,061)
At 31 March 2017	–	192,228	13,842	1,290	7,240	44,737	259,337
DEPRECIATION							
At 1 April 2015	117,531	28,091	11,137	978	3,377	12,819	173,933
Provided for the year	13,863	17,406	4,306	178	935	8,907	45,595
Eliminated on disposal	–	–	–	(18)	(505)	–	(523)
At 31 March 2016	131,394	45,497	15,443	1,138	3,807	21,726	219,005
Provided for the year	13,863	9,018	3,542	228	1,499	8,907	37,057
Eliminated on disposal	–	(198)	–	(11)	–	–	(209)
Eliminated on disposal of subsidiaries *(note 32(a))*	(145,257)	–	(5,339)	(375)	–	–	(150,971)
At 31 March 2017	–	54,317	13,646	980	5,306	30,633	104,882
CARRYING VALUES							
At 31 March 2017	–	137,911	196	310	1,934	14,104	154,455
At 31 March 2016	443,606	147,117	6,104	781	2,688	23,011	623,307

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

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

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Certain of the above property, plant and equipment is pledged to secure the general banking facilities granted to the Group. Details are set out in note 34.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Available-for-sale investments comprises:		
Unlisted equity securities, at cost	191,508	59,630
Analysed for reporting purposes as:		
Non-Current	191,508	59,630

Notes:

(i) The unlisted equity securities are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that the fair values cannot be measured reliably.

Included in the unlisted equity securities, the carrying value of HK$100,915,000 (2016: HK$12,130,000) represents a 25% (2016: 25%) interest in an investee engaged in property investment and development in Australia, of which the Group further invested of HK$88,785,000 during the current year. The investment is not an associate of the Group although it owns 25% ownership interest in the investee. The Group has no significant influence over the investee as it does not have representation on its board of directors, nor right to nominate any board of directors. It is therefore classified as an available-for-sale investment.

Included in the unlisted equity securities, the carrying value of HK$47,106,000 (2016: nil) represents a 5.35% (2016: nil) interest in an investee engaged in loan financing in Hong Kong, which the Group newly invested during the current year.

Included in the unlisted equity securities, the carrying value of HK$5,005,000 (2016: HK$5,005,000) represents a 8.27% (2016: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones.

Included in the unlisted equity securities, the carrying value of HK$10,730,000 (2016: HK$19,354,000) represents a 5.25% (2016: 5.25%) interested in an investee engaged in holding properties interest located in the PRC, which the Group received HK$8,406,000 (2016: HK$18,578,000) capital refund from the investee during the current year.

Included in the unlisted equity securities, the carrying value of HK$13,650,000 (2016: HK$9,976,000) represents a 4.94% (2016: 4.83%) interest in an investee engaged in provision of financial services in the PRC, which the Group further invested HK$2,827,000 (2016: HK$4,198,000) during the current year.

(ii) An impairment loss amounting to HK$2,908,000 had been recognised during the year ended 31 March 2016.

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

	2017 HK$'000	2016 HK$'000
Costs of unlisted investments in joint ventures	710,677	710,708
Share of post-acquisition profits, net of dividend received	215,037	177,689
Exchange difference arising on translation	(31,139)	2,835
Deemed capital contribution – financial guarantee contracts	11,738	9,937
Deemed capital contribution – interest-free loans *(Note i)*	698,198	407,181
	1,604,511	1,308,350
Amounts due from joint ventures included in non-current assets *(Note i)*	2,804,860	1,743,320
Amounts due to joint ventures included in current liabilities *(Note ii)*	180,528	20,130

Notes:

(i) Included in the amounts due from joint ventures are principal amounts of HK$670,469,000 (2016: HK$505,170,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% (2016: 1%) per annum and repayable after one year. The remaining amounts with principal of HK$2,912,162,000 (2016: HK$1,680,755,000) are unsecured, non-interest bearing and have no fixed repayment terms. The directors consider that the amounts form part of the net investments in the joint ventures. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK$2,213,963,000 (2016: HK$1,274,911,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2016: 5.7%). It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised against the interests in the joint ventures. All the amounts are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures are the share of loss of joint ventures of HK$234,564,000 (2016: HK$144,575,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations and accrued interest from amounts due from joint ventures of HK$159,270,000 (2016: HK$112,660,000).

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

During the year ended 31 March 2016, an impairment loss of HK$3,500,000 (2017: nil) was made individually on the impaired amount due from a joint venture which had been determined by reference to assessment of recoverability by management.

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

As at 31 March 2017 and 2016, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital indirectly held by the Group		Proportion of voting rights held at the board		Principal activities
					2017	2016	2017	2016	
Chater Capital Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% *(Note)*	50% *(Note)*	Property holding
Vastness Investment Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% *(Note)*	50% *(Note)*	Property holding
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	60% *(Note)*	60% *(Note)*	Property development
Hillcharm Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% *(Note)*	50% *(Note)*	Property development
Great Maker Limited and its subsidiaries	Incorporated	Hong Kong	Hong Kong	Ordinary	30%	30%	33% *(Note)*	33% *(Note)*	Property development
Best Catch Ventures Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	40%	40%	40% *(Note)*	40% *(Note)*	Property holding
Cleverland Global Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	65%	65%	50% *(Note)*	50% *(Note)*	Property holding
Sino City Ventures Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary and non-voting	65%	N/A	50% *(Note)*	N/A	Property holding

Note:

Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the investment in these entities are treated as joint venture because major decisions require consent of all parties.

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

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

Summarised financial information of material joint ventures

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

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

Chater Capital Limited

	2017 HK$'000	2016 HK$'000
Current assets	2,515,161	2,742,537
Non-current assets	369	444
Current liabilities	(756,860)	(651,160)
Non-current liabilities	(504,448)	(954,399)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	977,917	342,468
Current financial liabilities (excluding trade and other payables and provisions)	(2,028)	(13,841)
Non-current financial liabilities (excluding trade and other payables and provisions)	(504,448)	(954,399)

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

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK$977,917,000 (2016: HK$342,468,000) and property held for sale under development of HK$1,293,572,000 (2016: HK$2,368,744,000). Current liabilities mainly comprise of advances from customers of HK$353,237,000 (2016: HK$505,674,000). Non-current liabilities represent bank loan of HK$504,448,000 (2016: HK$954,399,000).

	2017 HK$'000	2016 HK$'000
Revenue	1,990,348	–
Profit (loss) for the year	184,748	(39,823)
Other comprehensive expense for the year	(67,948)	(51,054)
Total comprehensive income (expense) for the year	116,800	(90,877)
The above profit (loss) for the year includes the following:		
Depreciation and amortisation	117	249
Interest income	1,911	329

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

	2017 HK$'000	2016 HK$'000
Net assets of the joint venture	1,254,222	1,137,422
Proportion of the Group's ownership interest in the joint venture	50%	50%
	627,111	568,711
Deemed capital contribution – financial guarantee contracts	1,006	891
Deemed capital contribution – interest-free loans	4,554	4,554
Carrying amount of the Group's interest in the joint venture	632,671	574,156

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

Summarised financial information of material joint ventures (Continued)

Vastness Investment Limited

	2017 HK$'000	2016 HK$'000
Current assets	309,560	570,767
Non-current assets	170,957	134,240
Current liabilities	(101,827)	(192,121)
Non-current liabilities	(394)	(290)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	29,643	18,926

Current assets mainly comprise of cash and cash equivalents of HK$29,643,000 (2016: HK$18,926,000) and property held for sale of HK$250,978,000 (2016: HK$438,912,000). Non-current assets mainly comprise of investment properties of HK$116,000,000 (2016: HK$112,000,000).

	2017 HK$'000	2016 HK$'000
Revenue	289,409	1,856,912
Profit and total comprehensive income for the year	35,700	439,191
Dividends received from the joint venture during the year	85,000	300,000

	2017 HK$'000	2016 HK$'000
The above profit for the year includes the following:		
Depreciation and amortisation	266	401

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

Summarised financial information of material joint ventures (Continued)

Vastness Investment Limited (Continued)

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

	2017 HK$'000	2016 HK$'000
Net assets of the joint venture	378,296	512,596
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	189,148	256,298

Eagle Wonder Limited

	2017 HK$'000	2016 HK$'000
Current assets	1,755,656	1,607,090
Current liabilities	(1,324,417)	(1,171,656)
Non-current liabilities	(677,952)	(617,829)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	10,507	3,116
Current financial liabilities (excluding trade and other payables and provisions)	(1,304,068)	(1,165,986)
Non-current financial liabilities (excluding trade and other payables and provisions)	(677,952)	(617,829)

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

Summarised financial information of material joint ventures (Continued)

Eagle Wonder Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK$10,507,000 (2016: HK$3,116,000) and property held for sale under development of HK$1,745,131,000 (2016: HK$1,603,972,000). Current liabilities mainly comprise of bank loan of HK$852,100,000 (2016: HK$754,100,000). Non-current liabilities represent shareholders' loan of HK$677,952,000 (2016: HK$617,829,000).

	2017 HK$'000	2016 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(64,318)	(59,454)

	2017 HK$'000	2016 HK$'000
The above loss for the year includes the following:		
Interest expense	64,204	59,339

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

	2017 HK$'000	2016 HK$'000
Net liabilities of the joint venture	(246,713)	(182,395)
Proportion of the Group's ownership interest in the joint venture	60%	60%
	(148,028)	(109,437)
Deemed capital contribution – financial guarantee contracts	2,760	2,760
Share of net liabilities by amount due from the joint venture	148,028	109,437
Carrying amount of the Group's interest in the joint venture	2,760	2,760

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

Summarised financial information of material joint ventures (Continued)

Hillcharm Limited

	2017 HK$'000	2016 HK$'000
Current assets	**779,612**	764,752
Current liabilities	**(413,782)**	(397,252)
Non-current liabilities	**(400,000)**	(400,000)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**5,842**	4,752
Current financial liabilities (excluding trade and other payables and provisions)	**(413,738)**	(396,451)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(400,000)**	(400,000)

Current assets mainly comprise of cash and cash equivalents of HK$5,842,000 (2016: HK$4,752,000) and property held for sale of HK$773,721,000 (2016: HK$760,000,000). Current liabilities mainly comprise of amounts due to shareholders of HK$413,738,000 (2016: HK$396,451,000). Non-current liabilities represent bank loan of HK$400,000,000 (2016: HK$400,000,000).

	2017 HK$'000	2016 HK$'000
Revenue	**–**	4,501
Loss and total comprehensive expense for the year	**(1,670)**	(33,623)

	2017 HK$'000	2016 HK$'000
The above loss for the year include the following:		
Interest income	**–**	2
Income tax credit (expense)	**20**	(510)

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

Summarised financial information of material joint ventures (Continued)

Hillcharm Limited (Continued)

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

	2017 HK$'000	2016 HK$'000
Net liabilities of the joint venture	(34,170)	(32,500)
Proportion of the Group's ownership interest in the joint venture	50%	50%
	(17,085)	(16,250)
Deemed capital contribution – financial guarantee contracts	1,700	1,700
Deemed capital contribution – interest-free loans	50,078	47,986
Share of net liabilities by amount due from the joint venture	17,085	16,250
Carrying amount of the Group's interest in the joint venture	51,778	49,686

Great Maker Limited

	2017 HK$'000	2016 HK$'000
Current assets	3,244,776	3,098,095
Current liabilities	(1,611,686)	(1,577,620)
Non-current liabilities	(1,633,363)	(1,520,500)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	20,078	421
Current financial liabilities (excluding trade and other payables and provisions)	(1,603,406)	(1,574,238)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,633,363)	(1,520,500)

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

Summarised financial information of material joint ventures (Continued)

Great Maker Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK$20,078,000 (2016: HK$421,000) and property held for sale under development of HK$3,224,583,000 (2016: HK$3,097,615,000). Current liabilities mainly comprise of amount due to shareholders of HK$1,603,406,000 (2016: HK$1,574,238,000). Non-current liabilities represent bank loan of HK$1,633,363,000 (2016: HK$1,520,500,000). The property redevelopment projects were in early stage and no significant profit or loss was incurred during the year ended 31 March 2017.

	2017 HK$'000	2016 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(248)	(26)

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

	2017 HK$'000	2016 HK$'000
Net liabilities of the joint venture	(273)	(25)
Proportion of the Group's ownership interest in the joint venture	30%	30%
	(82)	(8)
Deemed capital contribution – financial guarantee contract	1,716	1,716
Deemed capital contribution – interest-free loans	116,444	114,326
Share of net liabilities by amount due from the joint venture	82	8
Carrying amount of the Group's interest in the joint venture	118,160	116,042

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

Summarised financial information of material joint ventures (Continued)

Best Catch Ventures Limited

	2017 HK$'000	2016 HK$'000
Current assets	941,567	944,615
Current liabilities	(309,397)	(316,185)
Non-current liabilities	(646,750)	(650,000)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	19,120	10,224
Current financial liabilities (excluding trade and other payables and provisions)	(299,642)	(300,422)
Non-current financial liabilities (excluding trade and other payables and provisions)	(646,750)	(650,000)

Current assets mainly comprise of cash and cash equivalents of HK$19,120,000 (2016: HK$10,224,000) and property held for sale of HK$918,000,000 (2016: HK$918,000,000). Current liabilities mainly comprise of amount due to shareholders of HK$299,642,000 (2016: HK$300,422,000). Non-current liabilities represent bank loan of HK$646,750,000 (2016: HK$650,000,000).

	2017 HK$'000	2016 HK$'000
Revenue	27,320	–
Profit (loss) and total comprehensive income (expense) for the year	6,990	(21,570)

	2017 HK$'000	2016 HK$'000
The above profit (loss) for the year includes the following:		
Interest expense	14,545	269

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

Summarised financial information of material joint ventures (Continued)

Best Catch Ventures Limited (Continued)

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

	2017 HK$'000	2016 HK$'000
Net liabilities of the joint venture	(14,580)	(21,570)
Proportion of the Group's ownership interest in the joint venture	40%	40%
	(5,832)	(8,628)
Deemed capital contribution – financial guarantee contracts	501	501
Deemed capital contribution – interest-free loans	29,014	29,203
Share of net liabilities by amount due from the joint venture	5,832	8,628
Carrying amount of the Group's interest in the joint venture	29,515	29,704

Cleverland Global Limited

	2017 HK$'000	2016 HK$'000
Current assets	1,896,069	1,853,974
Current liabilities	(1,025,937)	(953,423)
Non-current liabilities	(907,909)	(912,500)

The above amounts of assets and liabilities include the following:

	2017 HK$'000	2016 HK$'000
Cash and cash equivalents	6,703	8,628
Current financial liabilities (excluding trade and other payables and provisions)	(1,025,270)	(951,300)
Non-current financial liabilities (excluding trade and other payables and provisions)	(907,909)	(912,500)

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

Summarised financial information of material joint ventures (Continued)

Cleverland Global Limited (Continued)

Current assets mainly comprise of cash and cash equivalents of HK$6,703,000 (2016: HK$8,628,000) and property held for sale of HK$1,872,751,000 (2016: HK$1,825,067,000). Current liabilities mainly comprise of amount due to shareholders of HK$1,025,270,000 (2016: HK$951,300,000). Non-current liabilities represent bank loan of HK$907,909,000 (2016: HK$912,500,000).

	2017 HK$'000	2016 HK$'000
Revenue	1,610	1,539
Loss and total comprehensive expense for the year	(25,828)	(11,958)

The above loss for the year includes the following:

	2017 HK$'000	2016 HK$'000
Interest expense	15,876	6,830

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

	2017 HK$'000	2016 HK$'000
Net liabilities of the joint venture	(37,777)	(11,949)
Proportion of the Group's ownership interest in the joint venture	65%	65%
	(24,555)	(7,767)
Deemed capital contribution – financial guarantee contracts	1,682	1,682
Deemed capital contribution – interest-free loans	161,318	150,387
Share of net liabilities by amount due from the joint venture	24,555	7,767
Carrying amount of the Group's interest in the joint venture	163,000	152,069

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

Summarised financial information of material joint ventures (Continued)

Sino City Ventures Limited

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

	HK$'000
Current assets	2,412,048
Current liabilities	(1,303,588)
Non-current liabilities	(1,126,380)

The above amounts of assets and liabilities include the following:

	HK$'000
Cash and cash equivalents	751,434
Current financial liabilities (excluding trade and other payables and provisions)	(1,293,670)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,126,380)

Current assets mainly comprise of cash and cash equivalents of HK$751,434,000 and deposits paid for acquisition of property held for sale of HK$1,574,764,000. Current liabilities mainly comprise of amount due to shareholders of HK$1,277,901,000. Non-current liabilities represent bank loan of HK$1,126,380,000.

	HK$'000
Revenue	–
Loss for the year	(10,377)
Other comprehensive expense for the year	(7,551)
Total comprehensive expense for the year	(17,928)

The above loss for the year include the following:

	HK$'000
Interest expense	5,995

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

Summarised financial information of material joint ventures (Continued)

Sino City Ventures Limited (Continued)

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

	HK$'000
Net liabilities of the joint venture	(17,920)
Proportion of the Group's ownership interest in the joint venture	65%
	(11,648)
Deemed capital contribution – financial guarantee contracts	1,208
Deemed capital contribution – interest-free loans	206,317
Share of net liabilities by amount due from the joint venture	11,648
Carrying amount of the Group's interest in the joint venture	207,525

Aggregate information of joint ventures that are not individually material

	2017 HK$'000	2016 HK$'000
The Group's share of (loss) profit from continuing operations	(547)	556,960
The Group's share of post-tax profit from discontinued operations	–	–
The Group's share of other comprehensive expense	–	–
The Group's share of total comprehensive (expense) income	(547)	556,953
Dividends received from a joint venture during the year	3,640	361,085

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

Summarised financial information of material joint ventures (Continued)

Unrecognised share of losses of joint ventures

	2017 HK$'000	2016 HK$'000
The unrecognised share of losses of joint ventures for the year	–	–

	2017 HK$'000	2016 HK$'000
Cumulative unrecognised share of losses of joint ventures	–	–

Significant restriction

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

20. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2017 HK$'000	2016 HK$'000
Costs of unlisted investments in associates	138,710	135,003
Share of post-acquisition profits and other comprehensive income, net of dividend received	928	957
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	12,088	1,318
	152,303	137,855
Amounts due from associates included in non-current assets *(Note)*	38,129	4,152

Note: The amounts are unsecured, non-interest bearing and repayable on demand. The directors consider that the amounts form part of the net investments in the associates. At the end of the reporting period, the carrying amount of such non-interest bearing portion of HK$49,958,000 (2016: HK$5,470,000) is determined based on the present value of future cash flows discounted using an effective interest rate of 5.7% (2016: 5.7%) per annum. It is expected that the amounts will be repayable in 5 years. The directors of the Company considered that the amounts as at the end of the reporting period form part of the net investments in the relevant associates. Accordingly, the amounts were classified as non-current.

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

As at 31 March 2017 and 2016, the Group had interests in the following significant associate:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held indirectly by the Group		Proportion of voting rights held at the board		Principal activities
					2017	2016	2017	2016	
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20%	20%	Property holding

Summarised financial information of a material associate

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

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

Wealth Explorer

	2017 HK$'000	2016 HK$'000
Current assets	1,725,624	1,336,863
Current liabilities	(1,014)	(899)
Non-current liabilities	(1,050,750)	(658,704)

Current assets mainly comprise of properties held for sale of HK$1,719,423,000 (2016: HK$1,330,191,000). Non-current liabilities mainly comprise of amounts due to shareholders of HK$229,214,000 (2016: HK$27,214,000) and bank loan of HK$821,536,000 (2016: HK$631,490,000).

	2017 HK$'000	2016 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(509)	(630)

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

Wealth Explorer (Continued)

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

	2017 HK$'000	2016 HK$'000
Net assets of the associate	673,860	677,260
Proportion of the Group's ownership interest in the associate	20%	20%
	134,772	135,452
Deemed capital contribution – financial guarantee contracts	577	–
Deemed capital contribution – interest-free loans	11,098	1,318
Carrying amount of the Group's interest in the associate	146,447	136,770

Aggregate information of associates that are not individually material

	2017 HK$'000	2016 HK$'000
The Group's share of profit and total comprehensive income for the year	4,399	1,211

Expert Dragon Limited ("Expert Dragon"), an entity incorporated in the BVI, was an associate of the Group engaged in property holding in Hong Kong. During the year ended 31 March 2016, Expert Dragon was deregistered.

Significant restriction

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

21. LOAN RECEIVABLES

	2017 HK$'000	2016 HK$'000
Loan receivables	312,953	22,865
Analysed as:		
Current portion (included in trade and other receivables in note 22)	266,140	22,865
Non-current portion	46,813	–
	312,953	22,865

The Group offers loans to buyers of properties sold by the Group and its joint ventures, and the repayment terms of the loans are specified in the loan agreements. Included in the loan receivables, the carrying amount of HK$75,953,000 (2016: HK$22,865,000) is mortgage loans over the properties held by the purchasers.

21. LOAN RECEIVABLES (Continued)

Included in the loan receivables, the carrying amount of HK$217,000,000 (2016: nil) is a loan to a joint venture partner, which is interest bearing at 5% per annum, unsecured and guaranteed by the borrower's controlling shareholder. Besides, included in the loan receivables, the carrying amount of HK$20,000,000 (2016: nil) is a loan to an independent third party, which is unsecured and guaranteed by the borrower's ultimate holding company. A deed of personal guarantee is also received from a substantial shareholder of the borrower's ultimate holding company.

Before granting loans, the Group uses internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group's loan receivables are denominated in Hong Kong dollars, the functional currency of the relevant group entity. During the year ended 31 March 2017, the range of interest rate on the Group's loan receivables is 3.5% to 12% per annum (2016: 4.25% to 10% per annum). Including in loan receivables, there is a loan receivable which is repayable in twenty years from the drawdown date, and hence classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrower in full before the maturity of the loans.

The loan receivables are neither past due nor impaired at the reporting date, for which the Group believes that the amounts are considered recoverable given the fair values of the pledged properties or guarantees received are sufficient to cover the entire balance on individual basis.

The Group has a policy for assessing the impairment on the loan receivables on an individual basis. The assessment also includes evaluation of collectability and ageing analysis of accounts and on management's judgment, including the current creditworthiness, collateral and past collection history of each borrower.

In determining the recoverability of the loan receivables, the Group considers any change in the credit quality of the loan receivables from the date of credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

No ageing analysis is disclosed, as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of business of money lending.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. As at 31 March 2017 and 2016, no impairment loss was identified.

22. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables and receivables for sales of properties. Rental receivables are billed and receivable based on the terms of tenancy agreements. The Group allows an average credit period of 0-60 days to its tenants. In respect of sales of properties, the amounts are to be settled based on the terms of sales and purchase agreements of property. The aged analysis of the trade receivables, presented based on the debit note date for rental receivables and agreement date for receivables for sales of properties, both which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2017 HK$'000	2016 HK$'000
Trade receivables:		
0 – 30 days	7,644	6,713
31 – 90 days	1,115	2,281
	8,759	8,994
Loan receivables – due within one year *(Note 21)*	266,140	22,865
Prepayments and deposits	61,731	48,339
Other receivables	35,597	60,075
	372,227	140,273

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

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

23. PROPERTIES HELD FOR SALE

	2017 HK$'000	2016 HK$'000
The Group's carrying amounts of properties held for sale, stated at lower of cost and net realisable value, comprise:		
– Completed properties	9,725,052	6,468,579
– Properties under development	2,027,488	2,381,644
	11,752,540	8,850,223

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

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 34.

Valuation of the properties held for sale as at 31 March 2017 and 2016 has been carried out by an independent valuer with reference to open market value and the market evidence of transaction prices for similar properties in the same locations and conditions. Based on the assessment carried out by the directors of the Company, a reversal of write-down of properties held for sale (included in cost of sales) of HK$41,695,000 (2016: write-down of HK$125,729,000) is recognised in the consolidated statement of profit or loss.

24. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	2017 HK$'000	2016 HK$'000
Listed equity securities *(Note i)*	57,207	32,487
Unlisted mutual funds *(Note ii)*	17,794	13,418
	75,001	45,905
Listed debt securities *(Note iii)*	2,223,773	1,767,759
	2,298,774	1,813,664
Total and reported as:		
Listed		
Hong Kong	481,041	537,284
Elsewhere	1,799,939	1,262,962
Unlisted	17,794	13,418
	2,298,774	1,813,664

Notes:

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

(ii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia.

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

(iii) The listed debt securities as at 31 March 2017 represent bonds with fixed interest of 1.05% to 12% (2016: 4.38% to 12.25%) per annum. The maturity dates of the listed debt securities range from 4 May 2017 to perpetual (2016: 22 April 2016 to perpetual). Their fair values are determined based on quoted market bid prices available from the market.

The summary of listed debt securities of financial assets at fair value through profit or loss as at 31 March 2017 and 31 March 2016 and their corresponding unrealised gain (loss) and interest income for the year ended 31 March 2017 and 2016 are as follows:

	As at 31 March 2017				As at 31 March 2016			
	Issued by PRC-based real estate companies HK$'000	Issued by financial institutions HK$'000	Others HK$'000	Total HK$'000	Issued by PRC-based real estate companies HK$'000	Issued by financial institutions HK$'000	Others HK$'000	Total HK$'000
Market value	1,706,319	383,681	133,773	2,223,773	1,689,927	–	77,832	1,767,759
Coupon rate	3.875% to 12%	1.05% to 1.5%	2.75% to 10.625%	1.05% to 12%	4.375% to 12.25%	–	4.75% to 10.625%	4.375% to 12.25%
Maturity	Aug 2017 – Mar 2024	May 2017 – Sep 2017	May 2017 – Perpetual	May 2017 – Perpetual	Apr 2016 – Nov 2020	–	May 2017 – Perpetual	Apr 2016 – Perpetual
Rating	NR to BBB+	BBB to A1	NR to BBB+	NR to BBB+	NR to BBB+	–	NR to BB+	NR to BBB+

24. INVESTMENTS HELD FOR TRADING (Continued)

Notes: (Continued)

(iii) (Continued)

	For the year ended 31 March 2017				For the year ended 31 March 2016			
	Issued by PRC-based real estate companies HK$'000	Issued by financial institutions HK$'000	Others HK$'000	Total HK$'000	Issued by PRC-based real estate companies HK$'000	Issued by financial institutions HK$'000	Others HK$'000	Total HK$'000
Credited (charged) to profit or loss:								
Interest income	118,922	234	13,869	133,025	96,681	–	4,939	101,620
Net unrealised gain (loss)	24,208	(65)	2,731	26,874	29,007	–	(138)	28,869

The five largest listed debt securities held as at 31 March 2017 and 31 March 2016 are as follows:

	Market value as at 31 March 2017 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2017 HK$'000	Unrealised gain (loss) for the year ended 31 March 2017 HK$'000
4.375% notes due Aug 2017 issued by Greenland Hong Kong Holdings Limited	179,817	8.1%	7,155	(744)
7.5% notes due Mar 2020 issued by Country Garden Holdings Company Limited	159,793	7.2%	11,219	3,224
1.35% notes due Jun 2017 issued by Bank of China (Singapore)	155,934	7.0%	234	(65)
9.5% notes due Mar 2024 issued by China Evergrande Group Limited	110,146	5.0%	30	8,594
8.75% notes due Oct 2018 issued by China Evergrande Group Limited	80,980	3.6%	4,550	1,539

	Market value as at 31 March 2016 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2016 HK$'000	Unrealised gain (loss) for the year ended 31 March 2016 HK$'000
6.625% notes due Feb 2020 issued by Shimao Property Holdings Limited	164,354	9.3%	1,908	298
7.5% notes due Mar 2020 issued by Country Garden Holdings Company Limited	154,934	8.8%	4,100	(614)
4.75% notes due Oct 2016 issued by Greenland Hong Kong Holdings Limited	155,798	8.8%	7,336	(727)
8.5% notes due Feb 2018 issued by Greentown China Holdings Limited	97,858	5.5%	4,571	2,514
8.75% notes due Oct 2018 issued by China Evergrande Group Limited	79,441	4.5%	1,989	469

Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in note 34.

25. CASH HELD BY SECURITIES BROKERS/BANK BALANCES AND CASH

Cash held by securities brokers are short term deposits which carry variable interest rate ranged from 0.025% to 0.16% (2016: 0.025% to 0.16%) per annum.

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

	2017 HK$'000	2016 HK$'000
United States dollars ("US$")	26,963	3,393

Bank balances and cash comprises bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carry variable interest rates ranging from 0.02% to 1.35% (2016: 0.01% to 4.4%) per annum.

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

	2017 HK$'000	2016 HK$'000
Renminbi ("RMB")	7,919	760
US$	662,613	72,469
Euro ("EUR")	1,646	1,769
	672,178	74,998

26. OTHER PAYABLES AND ACCRUALS

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

	2017 HK$'000	2016 HK$'000
Rental and related deposits received	93,571	97,233
Receipt in advance for sales of properties	690,000	–
Other tax payables	4,287	3,610
Deferred income of financial guarantee contracts to joint ventures	6,458	7,010
Accrued construction costs	47,215	65,907
Accrued consultancy fee	12,208	–
Accruals and other payables	86,790	62,838
	940,529	236,598

27. BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
The Group's borrowings are repayable as follows:		
Within one year	1,109,887	346,551
More than one year, but not exceeding two years	2,638,981	758,940
More than two years, but not exceeding five years	3,912,827	4,455,075
More than five years	144,918	1,195,993
	7,806,613	6,756,559
The Group's borrowings that contain a repayment on demand clause in the loan agreements are repayable as follows:		
More than one year, but not exceeding two years	214,550	–
More than two years, but not exceeding five years	–	214,550
	214,550	214,550
	8,021,163	6,971,109
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	(1,324,437)	(561,101)
	6,696,726	6,410,008
Secured *(Note)*	6,271,654	5,478,609
Unsecured	1,749,509	1,492,500
	8,021,163	6,971,109

Note: The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and investments held for trading. The carrying amounts of the assets pledged are disclosed in note 34.

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

The bank borrowings carried floating rate interests, of which borrowings amounting to HK$7,260,857,000 (2016: HK$6,777,890,000) bear interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.5% to 2.85% (2016: HIBOR plus 1.15% to 2.95%) per annum and borrowings amounting to HK$760,306,000 (2016: HK$193,219,000) bear interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. As at 31 March 2017, the effective interest rates ranged from 0.9% to 4.9% (2016: 1.24% to 7.8%) per annum, which are also equal to contracted interest rates for bank borrowings.

28. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2015, 31 March 2016 and 2017	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2015	10,487,039,676	83,896
Share repurchases *(Note)*	(449,950,000)	(3,600)
At 31 March 2016 and 2017	10,037,089,676	80,296

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

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

All the shares issued by the Company rank pari passu with the then existing ordinary shares in all respects.

29. GUARANTEED NOTES

On 9 January 2013, a wholly-owned subsidiary of the Company, Estate Sky Limited ("Estate Sky"), issued guaranteed notes, of which the Company is the guarantor. As at 31 March 2017, the aggregate principal amount was US$104,850,000 (equivalent to approximately HK$817,830,000) (2016: US$133,350,000, equivalent to approximately HK$1,040,130,000) which bears interest at 6.5% per annum, and payable semi-annually in arrears. The guaranteed notes will be repaid upon maturity on 16 January 2018. In addition, during the year ended 31 March 2017, the Group repurchased HK$222,300,000 (2016: HK$129,870,000) of such guaranteed notes through open market.

On 8 August 2016, Estate Sky further issued guaranteed notes, of which the Company is the guarantor, in the aggregate principal amount of US$250,000,000 (equivalent to approximately HK$1,950,000,000) at an interest rate of 4.875% per annum, payable semi-annually in arrears. The guaranteed notes will be matured on 8 August 2021.

30. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2015	10,110	(1,580)	8,530
Credit to consolidated statement of profit or loss for the year	(2,701)	(333)	(3,034)
At 31 March 2016	7,409	(1,913)	5,496
Credit to consolidated statement of profit or loss for the year	(972)	(1,353)	(2,325)
At 31 March 2017	6,437	(3,266)	3,171

As at 31 March 2017, the Group had unused tax losses of approximately HK$437,202,000 (2016: HK$255,887,000) available for offset against future profits of which certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK$19,797,000 (2016: HK$11,595,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$417,405,000 (2016: HK$244,292,000) due to unpredictability of future profits streams. The tax losses in Hong Kong can be carried forward indefinitely. The unrecognised tax losses arising from subsidiaries operated in the PRC will expire as follows:

Tax losses expiring in	2017 HK$'000	2016 HK$'000
2018	18,616	10,469
2019	10,919	–
2020	5,018	5,018
2021	6,184	6,184
2022	6,442	–
	47,179	21,671

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

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2017

(a) Acquisition of Go High Investments Limited

During the year ended 31 March 2017, the Group completed the acquisition of the entire equity interest of Go High Investments Limited through a wholly owned subsidiary for a cash consideration of HK$737,537,000 (the "Go High Acquisition"). This transaction has been accounted for as an acquisition of assets as the Go High Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

The net assets acquired in the Go High Acquisition are as follow:

	HK$'000
Properties held for sales	1,592,413
Other receivables	507
Bank balances and cash	80,472
Other payables	(27,239)
Bank borrowings	(908,616)
	737,537
Total consideration satisfied by:	
Cash paid	737,537
Net cash outflow arising on acquisition:	
Cash consideration paid	(737,537)
Bank balances and cash	80,472
	(657,065)

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2017 (Continued)

(b) Acquisition of Glad & Nice Limited

During the year ended 31 March 2017, the Group completed the acquisition of the entire equity interest of Glad & Nice Limited through a wholly owned subsidiary for a cash consideration of HK$660,072,000 (the "Glad & Nice Acquisition"). This transaction has been accounted for as an acquisition of assets as the Glad & Nice Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

The net assets acquired in the Glad & Nice Acquisition are as follow:

	HK$'000
Properties held for sales	660,000
Other receivables	72
Bank balances and cash	15
Shareholder's loan	(114,680)
Other payables	(15)
	545,392
Assignment of shareholder's loan *(Note)*	114,680
	660,072
Total consideration satisfied by:	
Cash paid	660,072
Net cash outflow arising on acquisition:	
Cash consideration paid	(660,072)
Bank balances and cash	15
	(660,057)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK$114,680,000 as consideration for the assignment of shareholder's loan to Glad & Nice Limited.

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2017 (Continued)

(c) Acquisition of Flourish Time Limited and Joyous Era Limited ("Flourish Time" and "Joyous Era")

During the year ended 31 March 2017, the Group completed the acquisition of additional 50% equity interests of Flourish Time and Joyous Era through a wholly owned subsidiary for a cash consideration of HK$544,680,000 from Marvel Leader Investments Limited, the joint venture partner of the Company (the "Flourish Time and Joyous Era Acquisition"). This transaction has been accounted for as an acquisition of assets as the Flourish Time and Joyous Era Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

The net assets acquired in the Flourish Time and Joyous Era Acquisition are as follow:

	HK$'000
Properties held for sales	960,156
Bank balances and cash	4,086
Shareholder's loan	(419,330)
Other payables	(232)
	544,680
Assignment of shareholder's loan *(Note)*	419,330
	964,010
Total consideration satisfied by:	
Cash paid	964,010
Net cash outflow arising on acquisition:	
Cash consideration paid	(964,010)
Bank balances and cash	4,086
	(959,924)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK$419,330,000 as consideration for the assignment of shareholder's loan to Flourish Time and Joyous Era.

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2016

(a) Acquisition of Able Wealth Enterprise Limited ("Able Wealth") and Go Clear Investments Limited ("Go Clear")

(i) During the year ended 31 March 2016, the Group completed the acquisition of the entire interest of Able Wealth through a wholly owned subsidiary for a cash consideration of HK$321,597,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

(ii) During the year ended 31 March 2016, the Group completed the acquisition of the entire interest of Go Clear through a wholly owned subsidiary for a cash consideration of HK$90,135,000. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

The net assets acquired in the acquisition are as follows:

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

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

31. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES (Continued)

For the year ended 31 March 2016 (Continued)

(b) Acquisition of additional interest of Surplus King Grand Investment Holding Limited ("Surplus King")

During the year ended 31 March 2016, the Group completed the acquisition of the entire equity interest of Surplus King through a wholly owned subsidiary for a cash consideration of HK$1,463,644,000 from Cyrus Point Limited, the joint venture partner of the Company. This transaction has been accounted for as an acquisition of assets as the acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property business.

The net assets acquired in the acquisition are as follow:

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

32. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2017

(a) Disposals of Uttermost Holdings Limited, Smart Charm Holdings Limited, J Plus Hotels (HK) Limited, Capital Delight Limited, Digital Option Limited, High Supreme Limited and Smart Kept Limited (the "Uttermost Group")

During the year ended 31 March 2017, the Group disposed of the entire interest in the Uttermost Group for a cash consideration of HK$1,696,309,000. The details of the transaction was set out in the Company's announcements dated 9 January 2017 and 31 March 2017. The consideration was allocated to the respective property, plant and equipment and properties held for sale in accordance with the valuation assessed by the independent qualified valuer not connected with the Group. Since certain of the disposed subsidiaries were principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the related disposed subsidiaries in the consolidated statement of profit or loss as disposal of the underlying properties held for sale. The consideration allocated to the sale of properties held for sale of HK$303,432,000 were regarded as revenue generated from sales of properties held for sale by the Group.

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

	HK$'000
Net assets disposed of:	
Property, plant and equipment	434,090
Properties held for sales	161,498
Other receivables	1,188
Bank balances and cash	452
Other payables	(5,330)
	591,898
Transaction cost for disposal of subsidiaries	10,603
Gain on disposal	1,093,808
Total consideration satisfied by:	
Cash received	1,696,309
Net cash inflow arising on disposal:	
Cash consideration received	1,696,309
Bank balances and cash	(452)
	1,695,857

The above gain on disposal of HK$1,093,808,000, included the gain of HK$955,648,000 attributable to the disposal of property, plant and equipment, which is included in the other gains and losses recognised in profit or loss during the current year.

32. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 March 2017 (Continued)

(b) Disposals of Future Radiance Limited, Sky Accord Limited, Prime North Limited, Century Unicorn Limited, Trinity Value Limited, Flourish Time Limited and Joyous Era Limited (the "2017 disposed subsidiaries")

During the year ended 31 March 2017, the Group disposed of the entire interest in the 2017 disposed subsidiaries for a cash consideration of HK$1,093,507,000. Since the 2017 disposed subsidiaries were principally engaged in the business of property held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer is principally acquiring, the property held for sale. Accordingly, the Group had accounted for the disposal of the 2017 disposed subsidiaries in the consolidated statement of profit or loss as disposal of the underlying property held for sale. The consideration allocated to the sale of properties were regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets attributable to the 2017 disposed subsidiaries on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Properties held for sales	956,456
Other receivables	3
Bank balances and cash	4,654
Other payables	(653)
Bank borrowings	(207,238)
	753,222
Transaction cost for disposal of subsidiaries	3,589
Assignment of bank borrowings	207,238
Gain on disposal	129,458
Total consideration satisfied by:	
Cash received	1,093,507
Net cash inflow arising on disposal:	
Cash consideration received	1,093,507
Bank balances and cash	(4,654)
	1,088,853

32. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES (Continued)

For the year ended 31 March 2016

Disposals of Abner Holdings Limited, Abundant Idea Limited, ACE Emperor Limited, ACME Elite Limited and Afar Success Limited (the "2016 disposed subsidiaries")

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

The amounts of the assets attributable to the 2016 disposed subsidiaries on the date of disposal were as follows:

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

33. CONTINGENT LIABILITIES

	2017 HK$'000	2016 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	4,760,047	3,628,959
An associate	282,854	262,919
	5,042,901	3,891,878
and utilised by:		
Joint ventures	3,519,573	2,638,712
An associate	165,684	126,298
	3,685,257	2,765,010

The directors of the Company assessed the risk of default of the joint ventures and the associate at the end of the reporting period and consider the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$6,458,000 (2016: HK$7,010,000).

34. PLEDGE OF ASSETS

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

	2017 HK$'000	2016 HK$'000
Property, plant and equipment	131,853	584,375
Properties held for sale	10,676,750	8,414,618
Investments held for trading	336,983	74,326
	11,145,586	9,073,319

35. OPERATING LEASE AND CAPITAL COMMITMENTS

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK$6,932,000 (2016: HK$3,344,000) minimum lease payments in respect of office premises.

As at 31 March 2017, the Group had outstanding commitments for the following future lease payments under non-cancellable operating leases, the lease terms and rentals are fixed from one year to three years:

	2017 HK$'000	2016 HK$'000
Within one year	6,662	4,889
In the second to fifth years inclusive	11,096	–
	17,758	4,889

The Group as lessor

Property rental income earned during the year was HK$279,567,000 (2016: HK$193,425,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to six years (2016: two to six years).

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

	2017 HK$'000	2016 HK$'000
Within one year	236,500	131,308
In the second to fifth years inclusive	236,060	142,163
Over five years	4,000	1,541
	476,560	275,012

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

35. OPERATING LEASE AND CAPITAL COMMITMENTS (Continued)

(b) Capital commitment

	2017 HK$'000	2016 HK$'000
Capital commitment in respect of the acquisition of property held for sale contracted for but not provided in the consolidated financial statements	347,400	–

36. RETIREMENT BENEFIT SCHEMES

The Group participates in a Mandatory Provident Fund Scheme ("MPF Scheme") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules, subject to a cap of monthly relevant income of HK$30,000 effective 1 June 2014 for the MPF Scheme, which contribution is matched by the employee. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

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

The retirement benefit scheme contributions relating to the MPF Scheme and stated-managed retirement benefit schemes charged to the consolidated statement of profit or loss of HK$3,653,000 (2016: HK$3,312,000) represent contributions paid and payable to the scheme by the Group at rates specified in the rules of the schemes.

37. RELATED PARTY DISCLOSURES

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

		2017 HK$'000	2016 HK$'000
Joint venture	Sales of properties held for sale	21,507	–
Joint venture	Asset management income	9,560	11,875
Joint venture	Interest income	46,610	35,603

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

37. RELATED PARTY DISCLOSURES (Continued)

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

	2017 HK$'000	2016 HK$'000
Short-term benefits	70,603	66,053
Post-employment benefits	843	1,057
	71,446	67,110

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

38. SHARE OPTION SCHEMES

2012 Scheme

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

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

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

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

During the year ended 31 March 2017 and 2016, no share options had been granted.

39. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the amounts due to joint ventures, amounts due to non-controlling shareholders of subsidiaries, bank borrowings and guaranteed notes disclosed in notes 19, 37(b), 27 and 29 respectively, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

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

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Investments held for trading	2,298,774	1,813,664
Loans and receivables		
Trade and other receivables	44,356	69,069
Loan receivables	312,953	22,865
Amounts due from joint ventures	2,804,860	1,743,320
Amounts due from associates	38,129	4,152
Cash held by securities brokers	30,760	3,983
Bank balances and cash	3,572,022	3,525,228
	6,803,080	5,368,617
Available-for-sale financial assets		
Available-for-sale investments	191,508	59,630
Financial liabilities		
At amortised cost		
Other payables	73,580	97,233
Amounts due to joint ventures	180,528	20,130
Amounts due to non-controlling shareholders of subsidiaries	163,640	100,832
Guaranteed notes	2,767,830	1,040,130
Bank borrowings	8,021,163	6,971,109
	11,206,741	8,229,434

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

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

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

Market risks

(i) Foreign currency risk management

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

The Group is mainly exposed to foreign currency risk in relation to RMB, US$ and EUR arising from foreign currency bank balances and cash, cash held by securities brokers and guaranteed notes as set out in notes 25 and 29 respectively.

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

	Assets		Liabilities	
	2017 HK$'000	2016 HK$'000	**2017 HK$'000**	2016 HK$'000
RMB	**7,919**	760	**–**	–
US$	**689,576**	75,862	**2,767,830**	1,040,130
EUR	**1,646**	1,769	**–**	–

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

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

(ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to amounts due from (to) joint ventures, associates, investments held for trading and guaranteed notes issued by the Company as set out in notes 19, 20, 24 and 29 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, cash held by securities brokers, and bank borrowings as set out in notes 25 and 27 respectively. It is the Group's policy to keep its borrowings (other than guaranteed notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

40. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(ii) Interest rate risk management (Continued)

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

Sensitivity analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate cash held by securities brokers, bank balances and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2016: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2016: 50 basis points) for bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For cash held by securities brokers and bank balances, if interest rates had been 10 basis points (2016: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would increase/decrease by HK$3,008,000 (2016: HK$2,947,000).

For bank borrowings, if interest rates had been 50 basis points (2016: 50 basis points) higher/lower and all variables were held constant, the Group's post-tax profit for the year ended 31 March 2017 would decrease/increase by HK$33,488,000 (2016: HK$29,104,000).

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

(iii) Equity and other price risks management

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

40. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

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

Sensitivity analyses

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

If the prices of the respective listed equity securities and unlisted mutual funds had been 5% (2016: 5%) higher/lower, post tax profit for the year ended 31 March 2017 would increase/decrease by HK$3,131,000 (2016: increase/decrease by HK$1,917,000) as a result of the changes in fair value of equity securities and mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2016: 5%) higher/lower, post tax profit for the year ended 31 March 2017 would increase/decrease by HK$92,843,000 (2016: increase/decrease by HK$73,804,000) as a result of the changes in fair value of debt securities.

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

Credit risk management

As at 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to corporate guarantee issued by the Group as disclosed in note 33.

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

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

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

40. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk management (Continued)

The credit quality of the listed debt securities as set out in note 24, determined by external credit-ratings assigned by Moody's or Standard & Poor's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2017 %	2016 %
A1/A+	12.0	–
A2/A	5.3	–
Ba1/BB+	2.7	13.1
Ba2/BB	7.9	20.0
Ba3/BB-	12.8	14.5
B1 to Caal/B+ to CCC+	40.7	33.0
Unrated	18.6	19.4
	100.0	100.0

Significant concentration of credit risk

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

As at 31 March 2017, the Group has concentration of credit risk on bank balances as 59% (2016: 69%) of balances are placed in one (2016: one) independent bank. The management of the Group considers that the credit risk on the bank balance is limited as it is a reputable company whose shares are listed on the HKSE.

The Group has concentration of credit risk as 78% (2016: 53%) for its available-for-sale investments as they are issued by two independent third parties (2016: two). The management of the Group considers that the credit risk on available-for-sale investments is limited as they were issued by companies with good reputation.

The Group has concentration of credit risk as 77% (2016: 91%) of the amounts due from joint ventures are due from five (2016: five) joint ventures. The joint ventures are private companies and mainly located in Hong Kong. In order to minimise the credit risk, the management of the Group has monitored the repayment ability of the joint ventures continuously. The counterparties of the entire amounts due from joint ventures that are repayable on demand had no default record based on historical information.

The Group has concentration of credit risk as 69% (2016: 54%) of the total loan receivables as at 31 March 2017 was due from one borrower (2016: one). The balance due from the borrower is in an aggregate amount of HK$217,000,000 (2016: HK$12,437,000) as at 31 March 2017, which is neither past due nor impaired, of which the whole amount is considered recoverable given the collateral is sufficient to cover the entire balance on individual basis. The Group seeks to maintain strict control over its outstanding loan receivables to minimise credit risk. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis. Impairment allowances on outstanding loan receivables are determined by an evaluation of financial background, as well as financial condition of and the anticipated receipts for that individual account, at the end of the reporting period.

The Group's geographical concentration of credit risk is mainly in Hong Kong, which accounted for approximately 90% of the Group's total recognised financial assets as at 31 March 2017 and 2016.

40. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management

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

Liquidity tables

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

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

	Weighted average interest rate %	On demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount as at 31 March 2017 HK$'000
31 March 2017									
Non-derivative financial liabilities									
Other payables	–	73,580	–	–	–	–	–	73,580	73,580
Amount due to joint ventures	–	180,528	–	–	–	–	–	180,528	180,528
Amounts due to non-controlling shareholders of subsidiaries	–	163,640	–	–	–	–	–	163,640	163,640
Guaranteed notes	5.36	–	18,528	891,941	104,425	2,263,276	–	3,278,170	2,767,830
Bank borrowings	2.71	214,550	26,449	1,215,682	2,820,487	4,242,768	164,557	8,684,493	8,021,163
		632,298	44,977	2,107,623	2,924,912	6,506,044	164,557	12,380,411	11,206,741
Financial guarantee contracts *(Note)*		–	757,253	9,245	264,634	2,654,125	–	3,685,257	6,458

40. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount as at 31 March 2016 HK$'000
31 March 2016									
Non-derivative financial liabilities									
Other payables	–	97,233	–	–	–	–	–	97,233	97,233
Amount due to a joint venture	–	20,130	–	–	–	–	–	20,130	20,130
Amounts due to non-controlling shareholders of subsidiaries	–	100,832	–	–	–	–	–	100,832	100,832
Guaranteed notes	6.5	–	8,451	33,804	1,107,738	–	–	1,149,993	1,040,130
Bank borrowings	2.24	214,550	18,938	422,306	902,677	4,835,230	1,330,085	7,723,786	6,971,109
		432,745	27,389	456,110	2,010,415	4,835,230	1,330,085	9,091,974	8,229,434
Financial guarantee contracts *(Note)*	–	–	998,412	4,648	190,807	1,571,143	–	2,765,010	7,010

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

Bank loans with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HK$214,550,000 (2016: HK$214,550,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
31 March 2017	601	1,803	216,954	–	–	219,358	214,550
31 March 2016	601	1,803	2,404	216,954	–	221,762	214,550

40. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

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

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

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

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

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.3.2017 HK$'000	31.3.2016 HK$'000				
Held-for-trading non-derivative financial assets classified as investments held for trading in the consolidated statement of financial position	Listed equity securities in: – Hong Kong: 57,207	Listed equity securities in: – Hong Kong: 32,487	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: – Hong Kong: 423,834 – Elsewhere: 1,799,939	Listed debt securities in: – Hong Kong: 504,797 – Elsewhere: 1,262,962	Level 1	Quoted bid prices in an active market	N/A	N/A
	Unlisted mutual funds 17,794	Unlisted mutual funds 13,418	Level 2	Share of the net asset values of the fund, determined with reference to the fair values of underlying investment portfolio and adjustments of related expenses	N/A	N/A

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

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

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current assets		
Investments in subsidiaries	407,569	460,069
Amounts due from subsidiaries	6,384,855	6,951,692
Interests in joint ventures	12,408	10,607
Club memberships	5,200	5,200
	6,810,032	7,427,568
Current assets		
Other receivables	7,414	2,429
Bank balances and cash	1,983,568	301,714
	1,990,982	304,143
Current liabilities		
Other payables and accruals	19,761	21,227
Bank borrowings – due within one year	30,000	30,000
	49,761	51,227
Net Current assets	1,941,221	252,916
	8,751,253	7,680,484
Capital and reserves		
Share capital	80,296	80,296
Reserves *(Note)*	8,438,457	7,337,688
Total Equity	8,518,753	7,417,984
Non-current liabilities		
Bank borrowings – due after one year	232,500	262,500
	8,751,253	7,680,484

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 April 2015	2,052,135	3,020	246,274	4,788,002	7,089,431
Profit and other comprehensive income for the year	–	–	–	425,668	425,668
Share repurchases	–	3,600	(110,552)	(3,600)	(110,552)
Expenses related to shares repurchased and cancelled	–	–	(791)	–	(791)
Dividend recognised as distribution	–	–	–	(66,068)	(66,068)
At 31 March 2016	2,052,135	6,620	134,931	5,144,002	7,337,688
Profit and other comprehensive income for the year	–	–	–	1,298,801	1,298,801
Dividend recognised as distribution	–	–	–	(198,032)	(198,032)
At 31 March 2017	2,052,135	6,620	134,931	6,244,771	8,438,457

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries as at 31 March 2017 and 2016 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2017 %	2016 %	2017 %	2016 %	
46 Lyndhurst Management Limited *(Note i)*	Hong Kong	HK$1	–	–	100	–	Management service
Able Market Limited	Hong Kong	HK$1	–	–	100	100	Property development
Absolute Keen Limited	Hong Kong	HK$1	–	–	100	100	Property development
Apex Harvest Limited	Hong Kong	HK$100	–	–	92	92	Property development
Golden Well Ventures Limited (formerly known as "Bravo Wave Limited")	BVI	US$1	–	–	100	100	Property holding
Capital Strategic Property (Shanghai) Limited	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding and leasing of property
CH Property Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management service
Clear Luck Group Limited	BVI	US$1	–	–	100	100	Property holding

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2017 %	2016 %	2017 %	2016 %	
Couture Homes Limited	BVI	US$1	100	100	–	–	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK$100	100	100	–	–	Sale of securities and investment holding
CSI Property Services Limited	Hong Kong	HK$2	100	100	–	–	Provision of property management service
Eagle Shore Limited	BVI	US$1	–	–	100	100	Sale of securities and investment holding
Earn Centre Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Earthmark Limited	BVI	US$1	100	100	–	–	Loan financing
Estate Sky Limited	BVI	US$1	100	100	–	–	Bond issuer
Ever Novel Limited	Hong Kong	HK$1	–	–	100	100	Property holding
Fortress Jet Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Geotalent Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Golden United Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Greater Bond Limited	BVI	US$1	–	–	100	100	Sale of securities and investment holding
Growth Safe Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Handy Global Holdings Limited *(Note i)*	BVI	US$1	100	–	–	–	Investment holding
Highland Management Services Limited	Hong Kong	HK$1	–	–	100	92	Management service
Hoyden Holdings Limited	BVI	US$1	–	–	100	100	Property development
ICC Financial Limited	Hong Kong	HK$1	–	–	100	100	Money Lending

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly 2017 %	Directly 2016 %	Indirectly 2017 %	Indirectly 2016 %	Principal activities
Mark Well Investment Limited	Hong Kong	HK$100	100	100	–	–	Sale of securities and investment holding
Million Base Properties Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Million Basis Property Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Modern Value Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Shanghai Huajian Business Management Company Limited *(Note i)*	PRC	Registered and paid-up capital RMB350,195,000	–	–	100	–	Property holding and leasing of property
Smart Future Holdings Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Smart Tide Limited	Hong Kong	HK$1	–	–	100	100	Property holding
Surplus King Centre Limited *(Note ii)*	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Surplus King Hotel Enterprises Limited *(Note ii)*	Hong Kong	HK$2	–	–	100	100	Hotel operation
Spring Wonder Limited	Hong Kong	HK$100	–	–	92	92	Property development
Well Clever International Limited	BVI	US$1	–	–	100	100	Sale of securities and investment holding
Wildmark Global Limited	BVI	US$1	–	–	100	100	Property holding

Notes:

(i) These companies were incorporated/acquired during the year ended 31 March 2017.

(ii) These companies had become indirect wholly-owned subsidiaries of the Group during the year ended 31 March 2016 upon the acquisition of remaining interest.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

None of the subsidiaries had issued any debt securities or any other securities (other than ordinary/registered share capital) during the year and at the end of the year except for Estate Sky which has issued HK$2,768 million of guaranteed notes, in which the Group has HK$2,768 million interest.

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

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

Principal activities of business	Place of incorporation/ operation	Number of subsidiaries 2017	2016
Corporate services	HK/Macau	5	8
Investment holding	BVI/HK/Macau/PRC	268	202
Inactive	BVI/HK	10	14
Securities investment	BVI/HK	7	9
		290	233

Financial Summary

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2017 is set out below:

(A) RESULTS

	Year ended 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Revenue	1,162,379	2,578,071	745,611	2,201,494	**1,868,279**
Profit before taxation	985,540	871,302	281,361	1,711,216	**1,367,148**
Income tax expense					
– Current tax and deferred tax	(60,519)	(52,040)	(16,308)	(53,948)	**(21,387)**
Profit for the year	925,021	819,262	265,053	1,657,268	**1,345,761**
Attributable to:					
Owners of the Company	902,671	815,489	262,936	1,645,022	**1,346,734**
Non-controlling interests	22,350	3,773	2,117	12,246	**(973)**
	925,021	819,262	265,053	1,657,268	**1,345,761**

(B) ASSETS AND LIABILITIES

	As at 31 March				
	2013 HK$'000	2014 HK$'000	2015 HK$'000	2016 HK$'000	**2017** **HK$'000**
Total assets	11,489,660	11,847,028	12,561,741	18,241,511	**23,041,132**
Total liabilities	4,404,558	4,069,375	4,294,955	8,560,159	**12,271,750**
	7,085,102	7,777,653	8,266,786	9,681,352	**10,769,382**
Equity attributable to					
Owners of the Company	7,064,254	7,773,512	8,264,720	9,667,111	**10,755,312**
Non-controlling interests	20,848	4,141	2,066	14,241	**14,070**
	7,085,102	7,777,653	8,266,786	9,681,352	**10,769,382**

Schedule of Properties held by the Group

As at 31 March 2017

MAJOR PROPERTIES

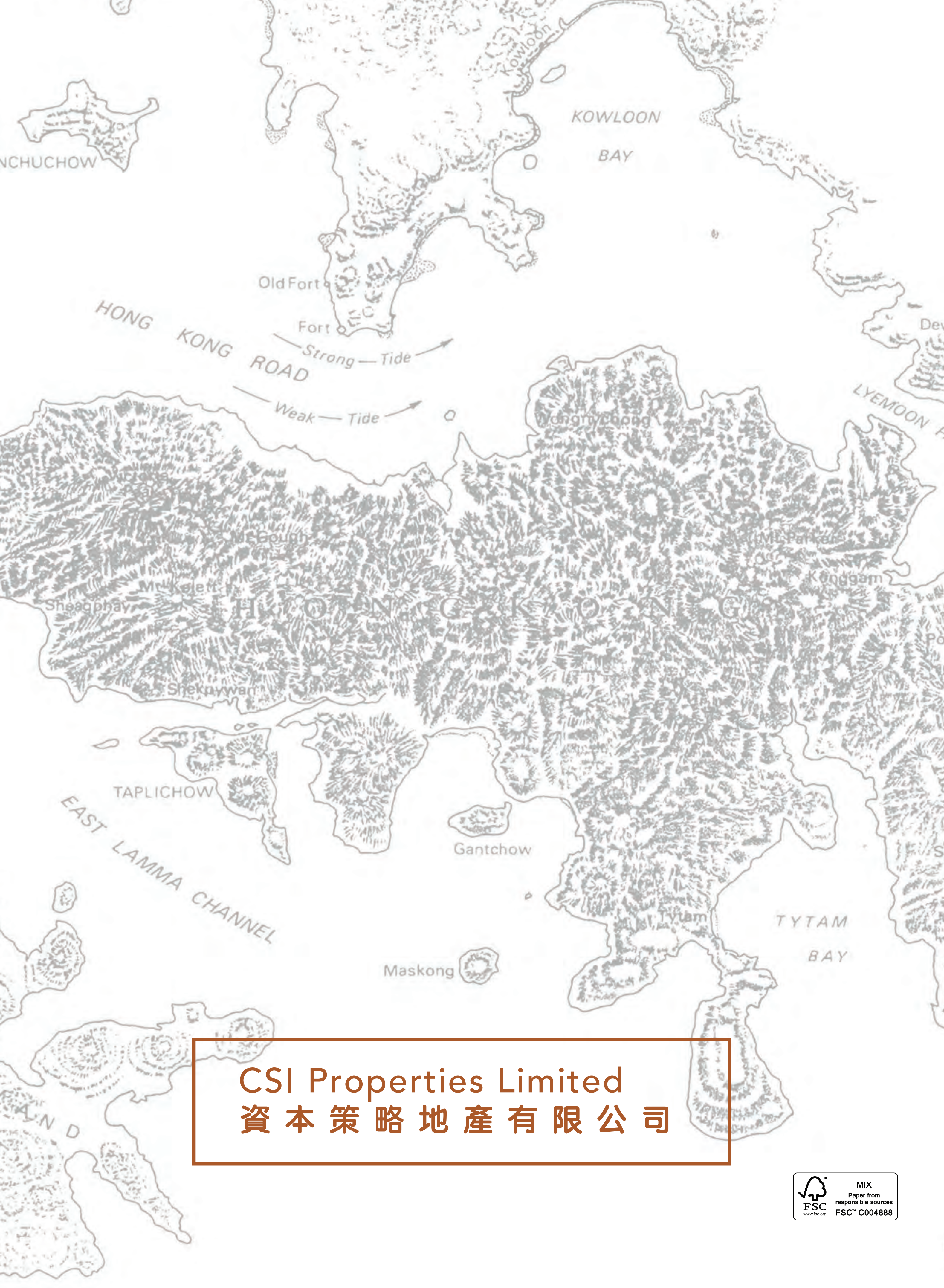
Particulars of major properties held by the Group as at 31 March 2017 are as follows:

Properties held for sale

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK$'000)
(i)	Hong Kong					
	G/F, & 51 Carparks, AXA Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	16,606	149,500
	Nos. 23, 25 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	39,057	217,100
	No. 27 Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	19,707	152,400
	Office Units 1006, 3102, 31/F., & 4 Carparks, 4/F., Bank of America Tower, No. 12 Harcourt Road, Hong Kong	Commercial	100%	N/A	8,930	188,100
	No. 47 Barker Road, The Peak, Hong Kong	Residential	100%	7,766	4,230	361,800
	Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial	100%	3,347	40,152	418,000
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	113,900
	3-4 Glenealy, Central Hong Kong	Residential	100%	5,753	N/A	787,600
	Shatin Town Lot No. 562, kau to HIGHLAND, Sha Tin, N.T.	Residential	92%	N/A	45,287	806,600

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK$'000)
(i)	Hong Kong (Continued)					
	12/F, Le Diamant, No. 703 & 705 Nathan Road, Kowloon	Commercial	100%	N/A	1,835	25,700
	Fan Kam Road Sheung Shui, New Territories	Residential	92%	68,986	N/A	331,700
	Tuen Mun Town Lot No. 513, Yan Ching Street, Area 10 Tuen Mun, N.T.	Residential/ Commercial	100%	12,637	N/A	501,100
	Ground Floor and Yard, Nos. 35-49 Hong Keung Street, San Po Kong, Kowloon	Commercial	100%	N/A	5,823	155,000
	No. 348 Nathan Road, Jordan, Kowloon	Commercial	100%	N/A	219,949	2,729,000
	The whole of 14/F of Block C, Carpark No. 60 on 1/F of Block B, Sea View Estate, No. 8 Watson Road, Hong Kong	Commercial	100%	N/A	12,815	95,000
	Shops 1&2 on G/F, 1/F, 5/F-12/F, 16/F-17/F, 19-23/F, 25-26/F and Roof of Oriental Crystal Commercial Building, No.46 Lyndhurst Terrace, Hong Kong	Commercial	100%	N/A	39,600	767,200
	Nos. 46 and 48 Cochrane Street, The remaining portion of Inland Lot Nos. 4462, 4463 and 4464, Hong Kong	Commercial	100%	N/A	2,118	414,800

Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK$'000)
(ii) The PRC					
In Point, Nos. 169 Wujiang Road and No. 1 Lane 333 Shimenyi Road, Jing'an District, Shanghai, PRC	Commercial	100%	149,017	122,441	580,800
Level 1, Level 2 and Basement Level 1, No. 1-6, Richgate Plaza, Lane 222 Madang Road, Huangpu District, Shanghai, PRC	Commercial	100%	N/A	121,958	1,587,200
(iii) Macau					
Em Macau, Rua do Campo No 258, Broadway Center 1 Andar C-E, G-J, L-S, AB-AD, 2 Andar D-J, L-V, X, Z-AD, and various carparking spaces	Commercial	100%	N/A	9,347	192,300



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