資本策略地產有限公司

CSI PROPERTIES LIMITED

Stock Code 股份代號：497

2018 ANNUAL REPORT
年報

COUTURE Homes
尚家生活地產

CSI PROPERTIES
資 本 策 略

FinanceAsia ASIA'S BEST COMPANIES 2013

FinanceAsia ASIA'S BEST COMPANIES 2014

FinanceAsia ASIA'S BEST COMPANIES 2018

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
United Overseas Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

31/F
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$3,969.5 million for the year ended 31 March 2018, which was mainly generated from sale of properties, representing an increase of 112.5% from approximately HK$1,868.3 million recorded last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,010.2 million for the year ended 31 March 2018, represented a decrease of 25.0% compared with HK$1,346.7 million reported in 2017.

The decrease in profit was mainly due to the decrease in contribution of gain from disposal of property, plant and equipment during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balance and cash of approximately HK$2,579.5 million (31 March 2017: HK$3,602.8 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 31 March 2018, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK$10,297.7 million (31 March 2017: HK$10,789.0 million) and the Group's ratio of total debt to total assets was 39.8% (31 March 2017: 46.8%) (measured by total external borrowings as a percentage to the total assets of the Group).

On 20 September 2017, Estate Sky Limited, a wholly-owned subsidiary of the Group, issued US$200,000,000 5.75 per cent. senior perpetual capital securities with key features as below:

– No fixed maturity and are callable at the Company's option on 20 September 2022; and

– After 20 September 2022, the distribution rate will be reset every five years to a percentage per annum equal to the sum of (i) the 5-year U.S. Treasury Benchmark Rate; (ii) the initial spread which is 4.005% and (iii) the step-up margin which is 3%.

The senior perpetual capital securities have been accounted for as equity in the Group's consolidated financial statements for the year ended 31 March 2018, which has improved the capital base of the Group.

All bank borrowings were denominated in Hong Kong dollars, Renminbi, US dollars and Australian dollars which were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. The maturity profile (including borrowings of approximately HK$214.5 million that are not repayable within one year but contain a repayment on demand clause in the loan agreements are grouped under repayable within one year) usually spread over a period of around 2-10 years with approximately HK$1,358.7 million repayable within one year, HK$6,940.3 million repayable between one to five years, and HK$48.7 million over five years.

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

FINANCIAL HIGHLIGHTS

(In HK$ million, except otherwise indicated)

	Year ended 31 March 2018	2017
Revenue	3,969	1,868
Profit attributable to owners of the Company	1,010	1,347
Equity attributable to owners of the Company	11,743	10,755
Earnings per share – basic (HK cents)	10.06	13.42
Dividend per share proposed after the end of the reporting year – Final dividend (HK cents)	1.400	1.620

Supplementary information of contracted sales highlight:

	%	Recognised contracted sales for the year ended 31 March 2018 HK$'000	Unrecognised contracted sales committed up to 31 March 2018 HK$'000
Group level			
Hong Kong residential properties		2,854,600	1,465,433
Hong Kong commercial properties		807,459	1,558,238
Sub-total		3,662,059	3,023,671
Joint ventures and associates			
PRC residential properties	50%	288,283	209,217
Hong Kong residential properties	50%	181,967	–
Hong Kong commercial properties	30% – 50%	1,124,400	779,904
Sub-total		1,594,650	989,121
Total		5,256,709	4,012,792
Less: Non-controlling interests		(11,728)	(122,377)
Contracted sales attributable to the Group		5,244,981	3,890,415

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 2018.

	2018 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	11,742,750
Add: Attributable revaluation surplus relating to the Group's properties held for sale (1)	6,671,250
Attributable revaluation surplus relating to properties held for sale by joint ventures (1)	661,173
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)	19,075,173
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value	HK$1.90

(1) Based on open market valuations as at 31 March 2018 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

	2018 HK$'000	2017 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	5,960,631	4,760,047
An associate	282,854	282,854
	6,243,485	5,042,901
and utilised by:		
Joint ventures	4,994,926	3,519,573
An associate	168,798	165,684
	5,163,724	3,685,257

The directors of the Company assessed the risk of default of the joint ventures and an associate at the end of the reporting period and considered 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 as at 31 March 2018, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$3,334,000 (2017: HK$6,458,000).

PLEDGE OF ASSETS

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

	2018 HK$'000	2017 HK$'000
Property, plant and equipment	254,765	131,853
Properties held for sale	11,541,551	10,676,750
Investments held for trading	263,468	336,983
	12,059,784	11,145,586

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

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 pleased to present to you another respectable set of results of the Group for the financial year ended 31 March 2018 (the "Year"). The strong results reinforce the tremendous development of the Group in the past years through substantial acquisitions and disposals 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 slowly appreciating the Group's unique strategy in steady asset sale, stable recurrent income stream and developing lifestyle residential projects to deliver solid cash profits and dividend. This is well evidenced by a strong rally of the share price in the recent months to historical new highs and winning the highly acclaimed "Best Managed Mid-Cap Company in Hong Kong" award by an independent poll conducted by FinanceAsia.

During the Year, the net income of the Group amounted to HK$1,010 million. The Board has declared a final dividend of HK 1.40 cents per share, or HK$141 million, with the implied payout ratio at approximately 14%. Net assets attributable to owners of the Company, if the Group were to state its properties held for sale at their open market valuations as at 31 March 2018, also increased by 25% to reach HK$19,075 million as at 31 March 2018, from HK$15,244 million as at 31 March 2017. Furthermore, during March and April 2018, as the major shareholder, I have increased my stake to 49.9% by acquiring approximately 200 million shares in the market, continuing last year's efforts to increase stake and reaffirming my strong support and belief in the future of the Group.

With the recent record prices on prime Hong Kong commercial properties, as evidenced by the record sale price achieved by the prime Central office tower "The Center", our Hong Kong commercial portfolio will continue to benefit from this upside trend, as evidenced by the very strong sales and presales as achieved by our Oriental Crystal Commercial Building, Nos. 2-4 Shelley Street development project in Central and our joint venture office project at No. 38 Wai Yip Street in Kowloon Bay. The winning of the Urban Renewal Authority ("URA")'s tender on Gage Street/Graham Street site is a significant first for the Group as we will have a prime asset in Central with G.F.A. of approximately 400,000 square feet with a central office tower and a hotel to be developed. We have also continued with developments with our other commercial projects in Hong Kong to try to capitalise on the strong demand for prime commercial properties in the future.

The lifestyle residential division, Couture Homes, has continued to make tremendous progress in achieving successful sales at premium pricing and in acquiring prime land banks for future growth. The very successful presale of all 204 residential units of COO Residence in this fiscal year marks the major first step for Couture Homes in mass lifestyle residences in Hong Kong, together with strong sales as recorded for our kau to HIGHLAND project in Kau To Shan. As another first, we have recently joint ventured with Sino Land in winning our first MTR residential tender in Yau Tong, making our division an increasingly household brand name in the Hong Kong residential real estate arena. We are certain that this unit will be a key growth driver for the Group in the forthcoming years.

In addition, we successfully issued the senior perpetual capital securities for the Group to raise US$200 million of capital at 5.75% coupon. This is a new landmark for the Group in terms of the ability to raise significant quasi equity for the Group, besides the traditional equity and debt capital channels, and helps to significantly raise the profile and publicity for the Group by broadening investor base.

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, unique business models on both the commercial and residential fronts and the dedication of its growing experienced management and staff. We look forward to continue to unlock the substantial value of our property 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, whose hard work and dedication throughout the Year, which have contributed to the success of the Group.

CHUNG CHO YEE, MICO
CHAIRMAN

28 June 2018

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

We are most excited about the current fiscal year as it marks a new milestone for the Group in terms of a number of firsts.

In September 2017, the Group successfully issued US$200,000,000 senior perpetual capital securities at 5.75% coupon. This is a new landmark for the Group in terms of the ability to raise sizeable quasi equity for the Group, besides the traditional equity and debt capital channels, and helps to raise the profile and publicity for the Group by broadening investor base.

Furthermore, the very well received pre-sale of COO Residence in Tuen Mun, our first Couture Homes' mass market residential project with all 204 units presold, also marked the beginning of Couture Homes as a full scale residential developer with both premium and mass market residential offerings. The strong oversubscription and the record prices set for residential offering in Tuen Mun at over HK$15,000 per square feet further reinforce the significant growth of Couture Homes as a forthcoming residential development brand in Hong Kong and a key future profit generator for the Group in the future.

In addition, in partnership with Wing Tai Properties Limited (Stock Code: 0369.HK), the Group won the tender for the development at Site C of the Gage Street/Graham Street, Central project from the URA, which is our first URA tender project. The project is well located in the heart of the bustling Central financial hub and will be developed into a commercial complex comprising a Grade-A office tower and a hotel, providing a gross floor area of up to 40,275 square metres.

Subsequent to the fiscal year end, the Group also won in partnership with Sino Land the tender for a MTR residential site in Yau Tong in May 2018. It is also the first time for the Group in developing mass residential project at a MTR site. The project is located near the Yau Tong MTR station and will be developed into numerous apartment units at this convenient residential site in East Kowloon. We believe that this is a good beginning for the Group in doing more mass-scale residential projects and further introduce our premium brand to the general public.

Last but not least, the Group also recently won the yearly award for the "Best Managed Mid-cap Company in Hong Kong" by a poll conducted by FinanceAsia based on votes from global investors and analysts. This is the first time for the Group to realise such award in the Mid-cap category following its previous awards in the Small-cap category in 2013 and 2014. It is another strong testimony from the global investor base as to our solid path to being a leading Mid-cap company in Hong Kong.

BUSINESS REVIEW

The Group has a very successful financial year in terms of record high contracted sales commitment. Total contracted sales attributable to the Group as at 31 March 2018 amounted to approximately HK$9.14 billion (including recognised and unrecognised contracted sales), of which the unrecognised contracted sales committed of approximately HK$3.89 billion will be good revenue and profit generators for the Group in the forthcoming two fiscal years.

COMMERCIAL PROPERTIES

Significant disposals during the year through joint ventures included the sales of the site at No. 232 Wanchai Road and five floors of Enterprise Square Three, Kowloon Bay which currently is leased to Esprit Holdings as its headquarters.

Other disposals included the sale of unit 1006 of the Bank of America Tower, the remaining one floor of the Le Diamant at Nathan Road and one floor plus a car parking space at Seaview Estate in North Point.

In addition, the Group has sold and delivered fourteen office floors of Oriental Crystal Commercial Building at No. 46 Lyndhurst Terrace, Central which we acquired earlier in 2017. Subsequent to the fiscal year end, three more office floors also completed sales in May 2018, bringing the total to seventeen floors. We continue to hold the two ground floor shops, the first floor and rooftop. The renovation work at the lobby and entrance have been completed and we expect a smooth and speedy sale of the remaining floor and shops in the future to realise further upside.

Furthermore, the Group has completed the purchase of the remaining two units at No. 21A Ashley Road in Tsim Sha Tsui. The successful consolidation of the ownership interest at Nos. 21-27 Ashley Road, a combined site area of approximately 8,100 square feet, allows the Group to redevelop it into a new, prime commercial building in the heart of Tsim Sha Tsui, targeting prime retail and office clients in the future.

On the operation side, construction work is well underway at No. 38 Wai Yip Street in Kowloon Bay which we invested through a consortium with Billion Development and Sino Land. Presale has recently begun and we have so far presold of approximately 40% of all available floors within a short period. With the recent Sun Hung Kai's record bid for a mixed-use site through government tenders in neighboring Kai Tak area, we are quite optimistic on good profitability in the future for this project.

In addition, our two commercial redevelopment sites next to the escalator in prime Central are also making solid progress. The Nos. 2-4 Shelley Street project is making good headway in the construction phase and has commenced presale since beginning of 2018 with several office floors presold already. The Nos. 46 and 48 Cochrane Street site has completed demolition of the old structure for redevelopment into a new iconic commercial building with GFA of over 30,000 square feet at this prime commercial/entertainment area in Central.

In the fiscal year, the Group has entered into contract for sale a boutique commercial development site at Nos. 68-70 Electric Road in Tin Hau in February 2018 with target completion in July 2018. The site area is approximately 3,465 square feet.

Furthermore, we have recently completed our purchase of a prime commercial building, the Everest Building, at Nos. 241 and 243 Nathan Road at the heart of Jordon and right next to the MTR exits. The excellent location and accessibility make the building ideal for repositioning and upgrades. We expect to utilise the strong skills and experience of the Group to add value to this new investment.

With a strong pipeline of these forthcoming exciting commercial development projects, in particular the URA project at Gage Street/Graham Street, Central that we mentioned earlier, we are optimistic on the prospective profitability from the commercial division in the coming years.

COUTURE HOMES – RESIDENTIAL PROPERTY DEVELOPMENT

We also have a very good year for Couture Homes in terms of sales and land bank replenishment.

First of all, the Group had a landmark success in the presale of COO Residence at 8 Kai Fat Path in Tuen Mun in September and October 2017 with all 204 residential units presold at record prices for Tuen Mun. This helps to further drive the Couture Homes brand to the mass residential market which desires lifestyle products. We still maintain the retail units which we intend to sell in due course.

We have also entered into contract for sale for a total of 13 villas at the kau to HIGHLAND project at Nos. 39-77 Lai Ping Road since April 2017 for which 11 villas have been delivered and 2 villas are expected to be completed in July 2018. With the formation of the new Kau To Shan area to be a new exclusive neighborhood of luxury living, we expect the remaining villas to be in good demand and be sold in the near future.

Furthermore, the exclusive penthouse unit with full Victoria Harbor view, together with 2 ground floor shops and 5 car parking spaces at the yoo Residence in Causeway Bay were all sold this fiscal year to complete sales of the whole building.

In China, the last batch of target sales totaling 42 villas and 96 apartments at the Queen's Gate project in Shanghai is awaiting the relevant government approval on the pricing scheme and we are optimistic on the successful sales of these units at optimal pricing when sales are completed.

In addition, the Group sold the prime residential site at Nos. 3-6 Glenealy in Central to Pacific Century Premium Developments Limited in March 2018. The transaction allows the Group to realise immediate profit while retaining 50% of all profits from the project in the future.

On the acquisition side, the Group completed its first entry into the Beijing market through a joint venture in the acquisition of Beijing Legendale, a luxury residential project at Nos. 90 and 92 Jinbao Street, for approximately RMB1.76 billion or RMB62,000 per square metres in May 2017. The area is one of the most prime locations in Beijing and neighboring the Regent Hotel and the Hong Kong Jockey Club clubhouse in Beijing. The plan is to refurnish the existing structure including the facade and lobby areas and the interior of residential units to bespoke, modern contemporary designs to capture the significant price appreciation of this primely located project.

Furthermore, the Group won in partnership with Sino Land the tender for a MTR residential site at Yau Tong in May 2018. This is an exciting first successful bid for a MTR project for the Group. The project is located near the Yau Tong station on the MTR line and will be developed into around 500 units at this convenient residential site in East Kowloon.

For the forthcoming fiscal year, we will have a few prime residential projects targeting to launch.

The premium residential tower at Nos. 47 and 49 Perkins Road project at Jardine's Lookout will be targeted for sales in third quarter of calendar year 2018. The sixteen luxurious units in the exclusive premium neighbourhood is expected to have great demand from buyers due to its excellent quality.

The Nos. 8-12 Peak Road project is making good headway and the refurbished units will be ready for sale in early calendar year 2019. We are optimistic that the full value of this project can be extracted with premium pricing to be achieved similar to the pricings for the OPUS and Mount Nicholson projects for this prime address at the Peak.

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 personalised luxury homes.

SECURITIES INVESTMENT

As at 31 March 2018, the Group held available-for-sale investments and investments held for trading of approximately HK$2,017.6 million (31 March 2017: HK$2,490.3 million). The investment portfolio comprises of 78.7% by listed debt securities, 3.9% by listed equity securities and 17.4% unlisted funds and debt securities. They are denominated in different currencies with 95.4% in United States dollars and 4.6% in Hong Kong dollars.

The decrease in investment portfolio mainly arose from disposal of investment of approximately HK$441.1 million and a mark-to-market valuation net loss of HK$31.6 million, comprising loss from debt securities of approximately HK$33.7 million and gain from equity securities (listed in Hong Kong) of approximately HK$2.1 million.

During the year under review, interest income and dividend income from securities investment increased to approximately HK$161.6 million (31 March 2017: HK$134.5 million).

As at 31 March 2018, approximately HK$263.5 million (31 March 2017: HK$337.0 million) of these listed debt securities are pledged to secure the general banking facilities granted to the Group.

CORPORATE ACTIVITIES

The Group completed the inaugural senior perpetual capital securities issue through leading banks including DBS Bank Ltd., The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, AMTD Asset Management Limited, China Merchants Securities (HK) Co., Limited, ICBC International Securities Limited and Oceanwide Securities Company Limited to raise US$200 million in September 2017 at an attractive coupon of 5.75%. This issue follows the great success of our 5-year notes issued in 2016, with strong reception from both institutional and private investors and helps to broaden the funding avenues for the Group in the future.

OUTLOOK

The new strong leadership in China marks a new era of solid growth and development for China and also solidifies the path for China to be a well-recognised world power. The strong liquidity and economic power of China will continue to benefit Hong Kong in terms of economic growth and premium real estate demand. The global economy is also going through a solid path of stabilization and growth as evidenced by the strong economic data from U.S. and Europe. The Group, with its premium portfolio of prime commercial and residential real estate in Hong Kong and leading cities like Shanghai and Beijing, is well positioned to benefit from this strong positive global market.

However, there are still uncertainties as to the interest rate hikes in U.S., continuing saga on the North Korean-U. S. relationship, the trade tensions between the U.S. and China and other worldwide countries. Coupling with the continual unpredictive policies as driven by President Donald Trump in the U.S., these potential events will all have global implications and may have effects on the Chinese and Hong Kong economies and have consequences for the Group in the future.

Despite these potential macro challenges, the Group believes that the property market in Hong Kong will remain strong on both the commercial and residential sides in the future due to the strong economic fundamentals and demand. The Group has a solid balance sheet and disposal pipeline, which includes our premium residential projects at Nos. 47 and 49 Perkins Road and Nos. 8-12 Peak Road, in the future to well position the Group to ride out any market volatilities and continue its path to becoming a leading mid-cap listed property developer in Hong Kong.

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 Details of such deviation is 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 2018.

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 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 2018.

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 34 to 37 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
Executive Directors					
Chung Cho Yee, Mico	4/4	N/A	2/2	1/1	1/1
Kan Sze Man	4/4	N/A	N/A	N/A	1/1
Chow Hou Man	4/4	N/A	N/A	N/A	1/1
Fong Man Bun, Jimmy	4/4	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Lam Lee G.	4/4	3/3	2/2	1/1	1/1
Cheng Yuk Wo	4/4	3/3	2/2	1/1	1/1
Lo Wing Yan, William	4/4	3/3	N/A	N/A	1/1

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 Committee. The Board found that the current management had worked effectively in enabling it to discharge its responsibilities satisfactorily. In addition, the three 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 30 June 2017, 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 and pursuant to Code A.4.2 of the CG Code.

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 2018.

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 2017 and the interim results of the Company for the six months ended 30 September 2017; 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 two meetings, in which it reviewed, discussed and approved 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 2018 are set out in the notes to the consolidated financial statement on page 85.

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 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 2017 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 43 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 risk management and internal control systems which are compatible with the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework 2013 principles. They are designed to provide reasonable but not absolute assurance against material misstatement or loss and to manage rather than eliminate the risk of failures in order to achieve business objectives.

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. It should be acknowledged that the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, 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 during 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 2018, 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	3.415
Other services	0.751
	4.166

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 31/F, 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

ABOUT THIS REPORT

Throughout the years of operation and development, we have been adhering to our business philosophy of "Maximise shareholders' returns by identifying 'mismatched' commercial properties where the true value are yet to be reflected and to uplift the true capital value via our strategic repositioning model, and supplying tailor-made "life-style" luxury residential houses and apartments to meet untapped demand of high net-worth users who are willing to pay premiums." In the course of achieving our business objectives and maximising value creation for our shareholders/investors, the Group also strives to achieve a balance between our operations and the environment by using resources wisely and minimising pollutants from our operation to protect the ecological environment. The Group strives to carry out property development and leasing, hotel operation and investment activities professionally.

This report outlines the Group's performance and achievements on Environmental, Social and Governance ("ESG") matters for the financial year ended 31 March 2018. This report is also prepared in accordance with the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

ABOUT CSI PROPERTIES LIMITED

During the reporting period, the Group has demonstrated our commitment to ensure eco-friendly practices, incorporating energy-efficient designs and features into our property development projects. This report showcased two of the Group's major property development projects during the financial year to demonstrate the Group's efforts and achievement from ESG's perspective: our residential project, "COO Residence", at No.8 Kai Fat Path ("COO Residence Project"), and our commercial project at Nos. 46 and 48 Cochrane Street ("Cochrane Street Project"). COO Residence Project is a premium residential property Project located in Tuen Mun, while the Cochrane Street Project is a commercial redevelopment project located in the prime area of Central. In the designs of the projects, we aim to deliver premium life-style residences and office buildings and at the same time strictly adhere to eco-friendly principles in protecting the ecological environment to the end users and to the community as a whole.

The Group recognises our responsibility to protect the environment, makes positive contributions and creates long-term value to the community. The Group believes that ESG should be incorporated into the back bone of our core business and operations our strong corporate governance system and professional team carry out ESG initiatives to enhance overall accountability, integrity and transparency of the Group.

For more information on the "Governance" section, please refer to the Company's Corporate Governance Report included in this Annual Report for details.

It is our pleasure to present all the aforesaid development projects in the following "Environmental" and "Social" sections and share how the Group met its corporate social responsibility ("CSR") obligations during the reporting period.

STAKEHOLDERS' ENGAGEMENT

Maintaining transparency and correlative relationships with stakeholders is one of the keys to support sustainable development of the Group. Continuous communications with our stakeholders enables us to make proper business decisions and to accurately assess the potential impacts of our business decisions. The table below highlights the Group's key stakeholders as well as our efforts in communication with and response to them.

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	Shareholders	Corporate website Interim and annual financial reports Seminars Conference calls
Employees	Senior Management Staff Potential recruits	Training, seminars Face-to-face meetings Independent focus groups and interviews CSR and volunteering activities
Customers	Tenants Residents Hotel guests	Customer satisfaction surveys Guest comment cards and client feedback surveys Designated customer hotline
Suppliers/Contractors	Material suppliers Contractors Service providers	Suppliers/service providers assessment Work review Site inspections/meetings with contractors
Government	Governments Regulators	Written or electronic correspondences Conference calls and meetings

MATERIALITY ANALYSIS

To ensure that this report addresses the issues, to enhance the stakeholder's understanding of the sustainable development, management approval and performance of the Group, we have conducted a materiality assessment of the Group's CSR agenda. By doing so, we can also identify the areas for improvement in our CSR work, and devise more comprehensive, transparent and specific responses to enhance the quality of this report.

ENVIRONMENT

Despite the insignificant emission impact the Group has made to the environment, we are dedicated to ensure sustainable development and protecting the environment from the potential environmental impact which may be made by the development of our daily business activities. The Group has set out the objectives and measures for environmental protection which cover the design, materials procurement and development procedures for minimising greenhouse gas ("GHG") emissions, hazardous and non-hazardous waste generation, and we strive to develop new practices that are beneficial to the environment.

GREEN BUILDING CERTIFICATION

COO Residence Project has been certified by the Hong Kong Green Building Council under the Building Environmental Assessment Method ("BEAM") Plus New Building. As the developer of a qualified BEAM Plus green building, we aimed at sustainability, providing a safe, healthy, comfortable, functional and efficient living environment to our tenants and residents.

GREEN DESIGN

We introduced an open sided sky garden to our COO Residence Project. The open sided sky garden can help to reduce the urban heat island effect through evaporative cooling and mitigate amount of sunlight that reaches the parking lots and the buildings. A green living environment not only raises the living standards of our residents but also helps create environmental benefits for the neighbouring communities.

Energy Saving

To conserve energy, our project team carefully considered the need for illumination for indoor areas and the allowable lighting power density for the living areas in accordance with the Building Energy Code. The separate lighting control switches allow users to only switch on the lighting zones where they need. In other areas, automatic lighting control has also been installed to control the light automatically to avoid any unnecessary electricity usage.

Emissions from diesel and gasoline vehicles are one of the major contributors to GHGs. At COO Residence Project, we provide residents with charging bays fitted with electric vehicle charging facilities. This convenient charging facility can benefit the existing electric vehicle users as well as encourage our residents to convert their existing gasoline or diesel vehicles to electric vehicles, thus reducing GHG emissions in return.

Noise Control

For COO Residence Project, our project development team strives to build a green and comfort residential area for the residents at the heart of Tuen Mun. Other than the abovementioned green designs, a range of noise protection features, including specially designed windows and acoustic barrier, will be installed to ensure that the residents can enjoy noise-free living conditions. During the construction period, all contractors are required to comply with the requirement set out by the Environmental Protection Department ("EPD"). The noise standards for daytime construction activities should be at 70 decibels or below, and construction work can be carried out only within the permitted hours.

Air Quality

In order to provide better air quality to the car park users at COO Residence Project, a carbon monoxide concentration control device has been installed for the mechanical ventilation system in the underground car park. If high carbon monoxide concentration is detected, localized jet fans will be automatically switched off, and the fresh air fan and exhaust air fan will operate but at minimum speed to ensure sufficient fresh air intake.

GHG emission data during the reporting period:

Aspects	Unit	Tonnes of CO_2 equivalent
Scope 2 Indirect GHG Emissions	Tonnes	90.29
Scope 3 Other Indirect GHG Emissions	Tonnes	5.68

GREEN PROCUREMENT

We have adopted sustainable consumption practices. The Group will consider the environmental impact of our suppliers' products. When the Group considers to enter into a procurement contract, those suppliers accredited with ISO 14001 Environmental Management System certification will have an advantage. Before procuring any construction materials, our project team examines its necessity and manages the quantity of the materials to avoid any unnecessary consumption. During the selection process, the criteria we take into consideration include the quality of products, their durability, safety, emission as well as energy consumption. For example, in COO Residence Project, we considered the durability and quality of our products, we decided to use ceramic floor tiles to replace traditional wood flooring, thus not only minimizes damage to forests but also reduces the frequency of replacement and future waste consumption.

To reduce negative impact on forests and to act with responsibility for the environment, we use Forest Stewardship Council (the "FSC")-certified paper when publishing our annual reports. The FSC certification is a rigorous, credible forestry certification system. The FSC tracks the entire processes of paper production from wood by developing standards for well-managed forestry and standards for the chain of custody for production process, so as to ensure legal and sustainable sourcing of wood. In the pursuit of sustainability and a greener environment, the Group will regularly review and improve its business operations together with our staff members and business stakeholders with the objective of minimising negative environmental impact.

GREEN OPERATION

The recycling boxes for the collection of the used ink and toner cartridges are placed in our office area. We encouraged double-sided printing and the use of electronic documents to minimise paper printing. Our staff are also encouraged to use paper more efficiently by utilising both side of the paper and earmarking of double-sided printed paper for collection of waste paper at our office.

The Group has taken a number of efficiency initiatives to inculcate an energy-saving and emission reduction philosophy into our office operations. The temperature setting for air-conditioning in our office is between 24 and 26 degrees Celsius. We also remind our employees to switch off the lights and air-conditioning after office hours or when the place is not in use.

USE OF RESOURCES

Documenting the above eco-friendly energy-consumption record, the following table shows the amount of natural resources consumed at our head office under review:

Environmental performance at our head office for the financial year ended 31 March 2018

Aspects	Unit	Consumption
Electricity consumption and intensity per full-time employee	kWh	114,301.00
	kWh per employee	1,120.60
Water consumption and intensity per full-time employee	m^3	60.00
	m^3 per employee	0.59

Reducing Waste and Promoting Recycling

The Group focuses on environment protection and is committed to reduce the consumption of natural resources. During the planning stage of our property development projects, the project development team would consider to use recyclable construction materials when carrying out the construction works. Our contractors are required to strictly follow our waste management policies.

The Cochrane Street Project is one of our projects involving demolition works during the reporting period which used to produce considerable quantity of construction wastes. We are adopting a tiered approach that prioritizes waste avoidance, reuse and recycling over disposal. This waste control approach will also be applied to all our upcoming projects.

The Group strives to improve waste management. Waste management can be effective only if the residence, tenants, customers or any people using the premise will participate in the recycling campaigns. We initiate a variety of recycling campaigns such as placing recycling bins in convenient spots, including paper, metal, plastic and toner cartridges. Our Group also joined the "Lai See" (Gift Envelope/Red Packet) Reuse & Recycle Program organized by Greeners Action, recycling unused or used Lai See packets to reduce waste and relief the burden of landfill disposal. The Group has achieved remarkable results with these collaborative programs.

To the best of our knowledge, there was no case of non-compliance in relation to the environmental laws and regulations as of 31 March 2018.

Waste Management Achievements in the financial year ended 31 March 2018

Aspects	Unit	Consumption
Non-hazardous waste:		
Paper	Tonnes	35.92

ENVIRONMENTAL PROTECTION EVENTS

Ocean Park Conservation Day

The conservation day was held in May 2017. It is an annual signature event of the Ocean Park Conservation Foundation, Hong Kong ("OPCFHK") and the Ocean Park, which aims to enhance the public's understanding of the importance of biodiversity and the need to protect endangered species.

Through the fun and educational games and exhibitions, visitors are encouraged to "Buy Smart" (to buy only the necessary things they need), "Eat Smart" (to order only what they can eat), and "Use Smart" (to reuse as much as possible) to contribute to the environmental protection. We are glad to be able to sponsor such educational event which educate the public on wildlife conservation.

"Run for survival" 2018 by OPCFHK

The event stresses on the issue of ocean pollution caused by plastic wastes and educates participants on how their activities can impact marine animals and thus the importance for them to adopt a green lifestyle to help wildlife preservation. Our Group was delighted to be a "gold sponsor" of the event, and many of our staff had greatly enjoyed the event together with their family members. Through the race court checkpoints and the game booths filled with conservation elements, our staff and their families gained ample knowledge on how their daily activities could impact marine animals and they were ready to adopt a green lifestyle.

"Biz-Green" Dress Day

Our staff are encouraged to wear "Biz-Green" attire to minimise office air-conditioning and energy consumption and reduce carbon emissions in the office buildings.

The "Biz-Green Day" was held on 13 September 2017 and our staff dressed light to avoid excessive use of air-conditioning and contributed to environmental protection.

Ha Pak Nai Mudflat Clean-up

In addition to sponsoring wildlife conservation education for the public, we also encourage our staff to gain hands-on experience of biodiversity preservation. On 14 October 2017, our staff and their family members joined the Ha Pak Nai Mudflat Clean-up Program. They helped to clear debris, abandoned fishing nets and oyster clutches on the shore to help restore this natural habitat for horseshoe crabs, seabirds and other wildlife species.

We encourage our employees to participate in charity events related to these areas as contributions to our society which are in line with our business objectives and philosophy.

SOCIAL

Our Team

The Group is aware that employees are one of the key assets to strive for success of a company and they are also the most intimate and reliable partners of the Group. We establish a wide range of professional development opportunities for the continuous growth of our employees. We prohibit discrimination on age, sex, religion or race and adhere to equal-opportunity for all employees and provide a safe, healthy and harmonious working environment. Our staff adhere to the highest standards of business ethics, as stipulated in the code of conduct in our staff handbook to demonstrate our commitment to honesty and integrity.

Employment and Employee Welfare

During the reporting period, regular and adequate counselling and appraisals were arranged for our employees, allowing us to maintain the competitiveness of remuneration packages, communicate the Group's expectations to the staff, and understand their professional development needs or grievances.

We have continued to offer a variety of employment benefits, such as medical and dental allowances, refreshments, paid paternity and marriage leave, retirement benefits, training and education subsidies. We have also ensured strict legal compliance with the labour regulations in terms of employment benefits.

We always care about the well-being of our retired employees. In recognition of our contribution, we were nominated a "Good MPF Employer" by the Mandatory Provident Fund Scheme Authority during the reporting period.

Occupational health and safety

The health and safety of our employees are very important and we emphasize addressing workplace health, safety and environmental risks and to adopt relevant measures to increase the occupational health and safety awareness of our employees.

To raise staff awareness of occupational health and safety, our Group joined the "Joyful@Healthy Workplace Charter" under the (Hong Kong) Occupational Safety & Health Council and the Department of Health. In line with the Charter, our Group:

– Values having a joyful and healthy workforce.

– Believes that having a joyful and healthy workforce is the key to the long-term success of the organisation.

– Pledges to promote physical and mental well-being among all employees, with an emphasis on the items "Healthy eating", "Physical activity" and "Mental well-being".

Under the Charter, we organised a "body check and physical activity" workshop. It featured registered nurses to help our staff measure health indexes like blood pressure and body fat. Fitness trainers presented a 10-minute exercise which can be done anywhere and anytime at the work place.

Our staff also joined a seminar on Prevention of Musculoskeletal Disorders organised by the Occupational Safety & Health Council on 2 February 2018. These disorders affect the back and upper limb, and are due to prolonged repetitive movements or improper sitting postures. We strive to maintain a safe and healthy work environment to our staff.

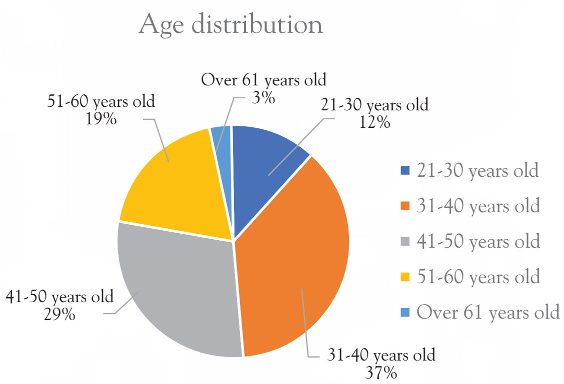
We also emphasized the importance of maintaining physical wellness, by partnering with a fitness centre, and offered our staff a fitness program at discounted prices to encourage them to do more physical exercises in their leisure time. Many of our staff took part in the Hong Kong Marathon in January 2018, while others joined the Charity Walk and Survival Run in March 2018. Further details of these events can be found in the upcoming sections. We hope these events had helped staff to achieve work-life balance and were delighted to learn they had greatly enjoyed the events.

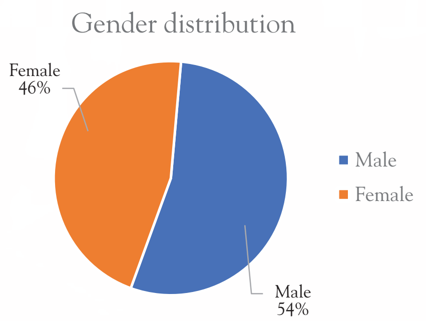
To enable staff to respond swiftly and appropriately to a fire hazard, a fire drill was organised on 16 November 2017.

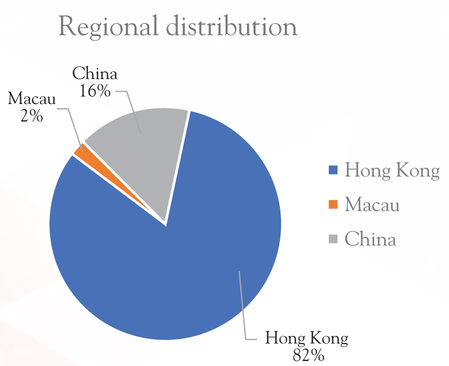
Training and development

We continued to provide a series of educational sponsorships and examination leaves to employees participating in professional courses related to their jobs during the reporting period. In particular, since our business is construction related, we encouraged our architects and engineers to participate in continuous professional development to enhance their job skills and knowledge. Accordingly, a total of 196 training hours were attended by our architects and engineers during the review period.

Staff Composition







The Group is made up of talents from different age groups. Most of our staff members are from the age of 31 – 40, which constitutes 37% of our workforce. The second largest age group, 41 – 50, constitutes 29%. They serve as the backbone of our operations by working diligently to achieve the Group's goals and missions. At the same time, we cultivate youths from the age of 21 – 30 to inherit our visions and develop their career together with the Group. On the top, our management team steers the Group in the right direction to create value for our shareholders and stakeholders. By gender, 46% of our staff is female while 54% is male.

Overall, the diversities in the age and gender of our workforce are consistent with our principle of non-discrimination based on age or gender.

During the review period, we have a staff turnover rate of 6.93%. Geographically, 82% of the staff was located in Hong Kong, 16% in China, and 2% in Macau.

OPERATING PRACTICES

Supply Chain Management

We continued to implement a transparent and fair tender invitation policy and procedure with effective anti-fraud internal control measures to ensure that no fraudulent activities occur between the Group and its suppliers, contractors or consultants. The Group will only engage suppliers or contractors which have good credit history, profound reputation, high-quality products or services, proven track records of environmental compliance and sound commitment to social responsibility.

For suppliers and contractors with a long business relationship with us as well as those which are recently engaged, performance evaluations are conducted from time to time to ensure that the quality of their products or services meets the Group's expected standards. Some of our major contractors are certified by the International Standard Organisation ("ISO") due to their quality management. To maximise the benefits to our stakeholders, we support fair competition among our suppliers to offer their best services or products to the Group. Priority is given to suppliers or contractors who are environmentally and socially responsible.

Hotel Management

Our business partners are indispensable to our value chain as they contribute to our success in the pursuit of service excellence and to the enhancement of our reputation.

The Group is keen on creating sustainability value through long-term partnership with the Accor Hotels Group and has worked with the Accor Hotels Group for more than 4 years. We benefited from their expertise in a variety of professional services in hotel management. Through knowledge and experience, they have continued to improve the environmental footprint of their hotel services and social responsibility, which are in line with our Group's sustainability initiatives.

Anti-corruption and best practices

Our corporate governance framework revolves around the anti-corruption and anti-fraud principles. Apart from the tender invitation policy and internal anti-fraud control measures, our staff handbook provides clear internal guidelines to any potential conflict of interest with the Group, and has provisions for business confidentiality requirements and employees must demonstrate their commitment to honesty and integrity.

A "whistle-blowing policy" is in place to provide a confidential platform for employees to report suspected fraud or non-compliance in our operations. Briefing sessions on the policy have been conducted to explain to employees the reporting procedures in detail.

To the best of our knowledge, there was no case of non-compliance in relation to corruption-related laws and regulations as of 31 March 2018.

Community Investment

As a member of our community, we believe in a strong presence in society in terms of our community work and to participate actively in community services and charitable sponsorship. Our commitment in this regard was reflected by us gaining the "Caring Company" logo from the Hong Kong Council of Social Services for the second year and some of our staff were awarded the status of "Caring Ambassador" during the reporting period. It is our pleasure to share the charitable activities we participated in the following section:

Hong Kong Rehabilitation Power ("HKRP") – Flag Day

We support HKRP in helping individuals with disabilities to achieve economic self-sufficiency, independent living, inclusion and integration into all areas of the society. As a result, many of our staff with their family members participated in the Kowloon Region Flag Day held on 22 April 2017.

Through this event, we were not only making fund raising for those in need but also educated the next generation on the spirit of charity so that they will help even more people in the future.

Run for Paralympians 2018

Organised by the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled, "Run for Paralympians" is a program which is aimed at raising funds to meet the preparatory training needs of the Hong Kong Paralympians ahead of the Asian Para Games and Paralympic Games.

We were pleased to have been invited, and we offered a 10-runner corporate team to take part in the event.

Suicide Prevention Services ("SPS") Charity Walk 2018

SPS is a charity dedicated to "serve people who are suicidal, despairing or distressed by means of befriending and other services supporting them to regain control of their emotions and the will to live on. It also aims at raising general awareness towards suicide and identifying ways in which suicide can be effectively addressed." To support its mission, during the year our staff participated in its charity walk to help fund raising and public awareness towards caring for suicidal people.

Barrier-Free Accessibility

We are aware of the importance of barrier-free access for people with disabilities or the elderlies. Our residential and commercial development project teams do take into consideration the need for barrier-free facilities and wheelchair ramps for the common areas, including lobby, clubhouse and staircase areas, in construction planning.

FUTURE APPROACH TO SUSTAINABLE DEVELOPMENT

In the future, we will:

- continue to incorporate green designs into our property development projects;
- encourage staff to take note of occupational health and safety issues; and
- organise more recreational eco-friendly activities and charitable events for them to join.

Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 44, 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 7 to 9, "Management Discussion and Analysis" on pages 10 to 13 and "Corporate Governance Report" on pages 14 to 21 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 22 to 30 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 People's 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 49.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of 1.40 Hong Kong cents per share for the year ended 31 March 2018 (2017: 1.62 Hong Kong cents) or an aggregate amount of approximately HK$140.5 million (2017: HK$162.6 million) for the year ended 31 March 2018, subject to the approval of shareholders of the Company at the 2018 Annual General Meeting, to the shareholders whose names appear on the register of members of the Company on 14 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 September 2018 to Friday, 14 September 2018, 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 Monday, 10 September 2018.

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 2018, calculated under the Companies Act 1981 of Bermuda (as amended), including contributed surplus and accumulated profits amounted to approximately HK$6,972,404,000 (2017: HK$6,379,702,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 80.8% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 55.1% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 82.3% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 54.9% of the Group's total purchases.

Save as disclosed in Note 38 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.

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

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. 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. Chung Cho Yee, Mico, Mr. Fong Man Bun, Jimmy and Mr. Cheng Yuk Wo 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 57, 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.

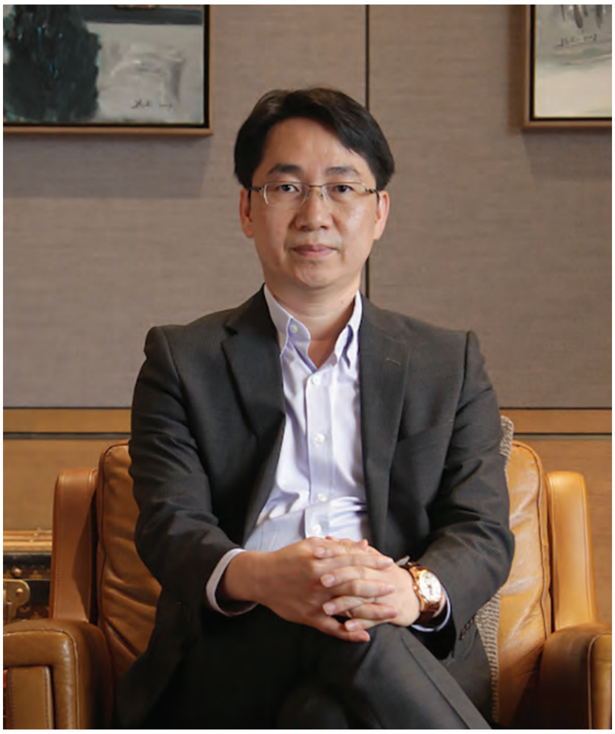
Executive Director

Mr. Kan Sze Man

Mr. Kan Sze Man, aged 46, 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.

DIRECTORS' PROFILE (Continued)

Executive Director (Continued)



Mr. Chow Hou Man

Mr. Chow Hou Man, aged 47, 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

Mr. Fong Man Bun, Jimmy, aged 53, 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 58, 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, direct investment, investment banking and fund management across the telecommunications/media/technology (TMT), consumer/healthcare, infrastructure/real estates, energy/resources and financial services sectors. He is currently the Chairman of Hong Kong Cyberport Management Company Limited, Non-Executive Chairman – Hong Kong and ASEAN Region and Chief Adviser to Macquarie Infrastructure and Real Assets Asia, a member of the Hong Kong Special Administrative Region Government's Committee on Innovation, Technology and Re-Industrialization, the Hong Kong Council on Smoking and Health, the Council on Professional Conduct in Education (CPC), and the Court of the City University of Hong Kong, Convenor of the Panel of Advisors on Building Management Disputes of the Hong Kong Special Administrative Region Government Home Affairs Department, President of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network (ESBN) Executive Council and Chairman of its Task Force on Banking and Finance, Chairman of the Permanent Commission on Economic and Financial Issues of World Union of Small and Medium Enterprises (WUSME), a Board member of Pacific Basin Economic Council (PBEC), a member of the Hong Kong Trade Development Council Belt and Road Committee and the Sir Murray MacLehose Trust Fund Investment Advisory Committee, Honorary Advisor to the Hong Kong Business Angel Network (HKBAN), Honorary Chairman – Asia Pacific of CMA Australia, Chairman of Monte Jade Science and Technology Association of Hong Kong, President of Hong Kong-ASEAN Economic Cooperation Foundation, a Vice President of the Hong Kong Real Property Federation, Special Adviser to the Asia Pacific Real Estates Association, a Board member of the Chinese General Chamber of Commerce of Hong Kong and the Australian Chamber of Commerce in Hong Kong and Macau, a founding Board member and the Honourary Treasurer of the Hong Kong Vietnam Chamber of Commerce, Vice Chairman of the Hong Kong Myanmar Chamber of Commerce, a founding member of the Hong Kong-Korea Business Council, and a member of the Hong Kong-Thailand Business Council. Dr. Lam earlier served as a part-time member of the Hong Kong Special Administrative Region Government's Central Policy Unit, and a member of the Task Force on Industry Facilitation under the Digital 21 Strategy Advisory Committee, the Assessment Panel of the Small Entrepreneur Research Assistance Programme under the Innovation and Technology Fund, the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited, the General Council and the Corporate Governance Committee of the Chamber of Hong Kong Listed Companies, the New Business Committee of the Hong Kong Financial Services Development Council, the Education Bureau School Allocation Committee, and the Legal Aid Services Council.

Dr. Lam is an independent non-executive director of each of Mei Ah Entertainment Group Limited, Vongroup Limited, Glorious Sun Enterprises Limited and Haitong Securities Company Limited and it is also listed on the Shanghai Stock Exchange, Elife Holdings Limited (formerly known as Sino Resources Group Limited), Xi'an Haitiantian Holdings Co., Ltd. (formerly known as Xi'an Haitian Antenna Holdings Co., Ltd.), Hua Long Jin Kong Company Limited (formerly known as Highlight China IoT International Limited), Huarong Investment Stock Corporation Limited, Hsin Chong Group Holdings Limited, and Kidsland International Holdings Limited and a non-executive director of each of Tianda Pharmaceuticals Limited, China Shandong Hi-Speed Financial Group Limited, 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, and Top Global Limited, and China Medical (International) Group Limited and non-executive director of Singapore eDevelopment Limited, the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent director of Sunwah International Limited whose shares are listed on the Toronto Stock Exchange; an independent non-executive director of AustChina Holdings Limited (formerly known as Coalbank Limited), the shares of which are listed on the Australian Securities Exchange; and non-executive director of Adamas Finance Asia Limited, the shares of which are listed on the London Stock Exchange.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Director (Continued)

Dr. Lam was non-executive director of ZH International Holdings Limited up to July 2015, DTXS Silk Road Investment Holdings Company Limited up to December 2015 and Roma Group Limited up to December 2017, and he was also an independent non-executive director of Mingyuan Medicare Development Company Limited up to May 2015, Imagi International Holdings Limited up to January 2016, the shares of all of which are listed on the Stock Exchange, Rowsley Limited up to April 2018, the shares of which are listed on the Singapore Exchange, and Vietnam Equity Holding up to February 2018, the shares of which are listed on the Stuttgart Stock Exchange.

Mr. Cheng Yuk Wo, aged 57, 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, Chia Tai Enterprises International Limited, DTXS Silk Road Investment Holdings Company Limited, Miricor Enterprises Holdings Limited, Somerley Capital Holdings Limited and Kidsland International 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 57, 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 executive of Kidsland International Holdings Limited and an independent non-executive director of Jingrui Holdings Limited, SITC International Holdings Company Limited, Television Broadcasts Limited, Ronshine China Holdings Limited and Hsin Chong Group 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 BOE Varitronix Limited (formerly known as 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 2018, 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	4,853,272,062 (L)	48.35
	Interest of controlled corporation	The Company	4,850,227,062 (L)	48.32
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 4,853,272,062 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 4,850,227,062). 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 2018, 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 2018, 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 High-Dividend Stocks Fund	Beneficial owner	693,800,000 (L)	6.91
Dalton Investments LLC	Investment Manager	698,870,000 (L)	6.96

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 2018.

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$10,510,941,000, which represented approximately 41% of the Group's total assets as at 31 March 2018.

As at 31 March 2018, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK$'000	**Guarantees** HK$'000
Century Bliss Limited	49	290,000
Chater Capital Limited	–	484,777
City Synergy Limited	10,753	–
Cleverland Global Limited	558	778,375
Distinct Global Investments Limited	125,948	–
Eagle Wonder Limited	774,561	690,000
Fame Allied Limited	60,800	55,246
Favour Eternal Limited	113,971	–
Great Maker Limited	490,622	780,000
Leading Avenue Limited	269,561	260,000
Jerwyn Pte. Ltd.	26,671	–
Monti Holdings Limited	1,034	–
Sino City Ventures Limited	15,091	811,232
Southwater Investments Limited	2,186,586	1,540,000
Star Trail Limited	92,360	91,000
Vital Triumph Limited	96,549	180,000
Wealth Explorer Holdings Limited	2,343	282,854
	4,267,457	6,243,484

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	1,457	569
Current assets	30,152,291	12,876,630
Current liabilities	(9,670,234)	(3,997,280)
Non-current liabilities	(14,677,377)	(6,005,649)
	5,806,137	2,874,270

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 39 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 14 to 21 of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$1,029,000.

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 145 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 2018.

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

28 June 2018

Independent Auditor's Report

Deloitte. 德勤

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

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 49 to 144, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, 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.

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 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") and 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$11,957,211,000, of which comprised of completed properties for sale of HK$8,265,708,000 and PUD of HK$3,691,503,000 as at 31 March 2018. 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 PUD, 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 properties. For the year ended 31 March 2018, a reversal of write-down of PHS amounted to approximately HK$68,773,000 has been recognised in the consolidated statement of profit or loss.	Our procedures in relation to assessing the appropriateness of the write-down of PHS included: • evaluating Group management's valuation assessment and the external valuation reports prepared by independent property valuers and on which the management's 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 on the market value and adequacy of the reversal of write-down being made.

KEY AUDIT MATTERS (Continued)

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 interests in joint ventures and amounts due from joint ventures.

As at 31 March 2018, the carrying amounts of interests in joint ventures and amounts due from joint ventures amounted to HK$4,223,632,000 and HK$3,220,780,000 respectively as disclosed in note 19 to the consolidated financial statements, the aggregated of which representing approximately 29% 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 investments are 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 cost using the effective interest method, less any impairment.

How our audit addressed the key audit matter

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 PHS (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 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;

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 (Continued)	
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 2018.	• discussing with 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 • 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 sale 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 Mr. Lau King Pak.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2018

Consolidated Statement of Profit or Loss

For the year ended 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Revenue	5	3,969,462	1,868,279
Cost of sales and services		(3,110,302)	(1,266,931)
Gross profit		859,160	601,348
Income from investments	7	161,580	134,503
Gains (losses) from investments	7	12,964	44,580
Other income	8	93,764	89,444
Other gains	9	26,348	956,571
Administrative expenses		(223,944)	(274,506)
Finance costs	10	(287,989)	(243,084)
Share of results of joint ventures		471,957	53,995
Share of results of associates		(4,677)	4,297
Profit before taxation		1,109,163	1,367,148
Income tax expense	11	(46,761)	(21,387)
Profit for the year	12	1,062,402	1,345,761
Attributable to:			
Owners of the Company		1,010,233	1,346,734
Holders of perpetual capital securities	29	47,840	–
Non-controlling interests		4,329	(973)
		1,062,402	1,345,761
Earnings per share (HK cents)	16		
Basic		10.06	13.42

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Profit for the year	1,062,402	1,345,761
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	28,269	(22,404)
Share of other comprehensive income (expense) of joint ventures:		
Share of exchange differences of joint ventures	111,537	(38,882)
Others	–	1,587
	139,806	(59,699)
Total comprehensive income for the year	1,202,208	1,286,062
Total comprehensive income (expense) attributable to:		
Owners of the Company	1,150,039	1,286,233
Holders of perpetual capital securities	47,840	–
Non-controlling interests	4,329	(171)
	1,202,208	1,286,062

Consolidated Statement of Financial Position

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Non-Current Assets			
Property, plant and equipment	*17*	266,637	154,455
Available-for-sale investments	*18*	138,213	191,508
Loan receivables	*21*	135,193	46,813
Club memberships		11,915	11,385
Interests in joint ventures	*19*	4,223,632	1,604,511
Amounts due from joint ventures	*19*	3,220,780	2,804,860
Interests in associates	*20*	251,763	152,303
Amounts due from associates	*20*	–	38,129
		8,248,133	5,003,964
Current Assets			
Loan receivables	*21*	51,486	266,140
Trade and other receivables	*22*	1,132,247	106,087
Amounts due from non-controlling shareholders of subsidiaries	*38(b)*	2,460	–
Properties held for sale	*23*	11,957,211	11,752,540
Investments held for trading	*24*	1,879,380	2,298,774
Taxation recoverable		9,798	10,845
Cash held by securities brokers	*25*	2,384	30,760
Bank balances and cash	*25*	2,577,148	3,572,022
		17,612,114	18,037,168
Current Liabilities			
Other payables and accruals	*26*	1,106,879	940,529
Taxation payable		220,978	194,889
Amounts due to joint ventures	*19*	722,382	180,528
Amounts due to non-controlling shareholders of subsidiaries	*38(b)*	198,073	163,640
Bank borrowings – due within one year	*27*	1,358,707	1,324,437
Guaranteed notes – due within one year	*30*	–	817,830
		3,607,019	3,621,853
Net Current Assets		14,005,095	14,415,315
		22,253,228	19,419,279

Consolidated Statement of Financial Position

As at 31 March 2018

	NOTES	2018 HK$'000	2017 HK$'000
Capital and Reserves			
Share capital	*28*	80,296	80,296
Reserves		11,662,454	10,675,016
Equity attributable to owners of the Company		11,742,750	10,755,312
Holders of perpetual capital securities	*29*	1,539,619	–
Non-controlling interests		28,190	14,070
Total Equity		13,310,559	10,769,382
Non-Current Liabilities			
Bank borrowings – due after one year	*27*	6,988,999	6,696,726
Guaranteed notes – due after one year	*30*	1,950,000	1,950,000
Deferred tax liabilities	*31*	3,670	3,171
		8,942,669	8,649,897
		22,253,228	19,419,279

The consolidated financial statements on pages 49 to 144 were approved and authorised for issue by the Board of Directors on 28 June 2018 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 2018

	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$'000	Sub-total HK$'000	Perpetual capital securities HK$'000 *(note 29)*	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 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 (loss) 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 (expenses) 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
Profit for the year	–	–	–	–	–	–	1,010,233	1,010,233	47,840	4,329	1,062,402
Exchange differences arising on translation of foreign operations	–	–	–	–	28,269	–	–	28,269	–	–	28,269
Share of exchange differences of joint ventures	–	–	–	–	111,537	–	–	111,537	–	–	111,537
Total comprehensive income for the year	–	–	–	–	139,806	–	1,010,233	1,150,039	47,840	4,329	1,202,208
Acquisition of assets through acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	9,791	9,791
Dividends recognised as distribution *(note 15)*	–	–	–	–	–	–	(162,601)	(162,601)	–	–	(162,601)
Distribution to holders of perpetual capital securities	–	–	–	–	–	–	–	–	(44,850)	–	(44,850)
Issuance of perpetual capital securities	–	–	–	–	–	–	–	–	1,560,000	–	1,560,000
Issuance cost for perpetual capital securities	–	–	–	–	–	–	–	–	(23,371)	–	(23,371)
At 31 March 2018	80,296	2,052,135	6,620	72,579	96,453	–	9,434,667	11,742,750	1,539,619	28,190	13,310,559

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 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	1,109,163	1,367,148
Adjustments for:		
Finance costs	287,989	243,084
Depreciation of property, plant and equipment	18,542	37,057
Written off of property, plant and equipment	110	–
Gain on disposal of an available-for-sale investment	(55,773)	–
Gain on disposal of property, plant and equipment	(23,681)	(955,461)
Gain on disposal of subsidiaries	–	(930)
Amortisation of financial guarantee contracts	(3,169)	(2,705)
Decrease (increase) in fair value of investments held for trading	45,870	(44,580)
Interest income from investments held for trading	(150,490)	(133,025)
Dividend income from investments held for trading	(686)	(851)
Other interest income	(71,461)	(73,711)
Reversal of write-down of properties held for sale	(68,773)	(41,695)
Reversal of impairment loss on amount due from an associate	(1,475)	–
Share of results of joint ventures	(471,957)	(53,995)
Share of results of associates	4,677	(4,297)
Operating cash flow before movements in working capital	618,886	336,039
Decrease (increase) in investments held for trading	373,524	(440,530)
Increase in other payables and accruals	174,912	692,572
Decrease (increase) in properties held for sale	11,118	(1,918,687)
Increase in trade and other receivables	(1,032,312)	(28,038)
Decrease (increase) in cash held by securities brokers	28,376	(26,777)
Net cash from (used in) operations	174,504	(1,385,421)
Interest income received from investments held for trading	150,490	133,025
Dividend received from investments held for trading	686	851
Income tax paid	(19,127)	(5,391)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	306,553	(1,256,936)

	NOTE	2018 HK$'000	2017 HK$'000
INVESTING ACTIVITIES			
Investments in joint ventures		(2,087,081)	(5)
Advances to joint ventures		(2,917,262)	(1,628,739)
Repayments from joint ventures		2,492,378	179,398
Advances to non-controlling shareholders of subsidiaries		(2,460)	–
Purchases of property, plant and equipment		(6,609)	(2,488)
Investments in associates		(105,696)	(3,707)
Repayment from (advance to) an associate		43,050	(38,534)
Dividends received from joint ventures		169,678	88,640
Interest received		71,461	73,711
Loan receivables newly granted		(164,569)	(302,504)
Proceeds on maturity of loan receivables		290,843	12,416
Proceeds on disposal of property, plant and equipment		53,597	1,389,744
Proceeds from disposal of an available-for-sale investment		156,688	–
Investments in available-for-sale investments		(50,975)	(142,393)
Proceeds on capital refund of available-for-sale investments		3,355	11,300
Purchase of a club membership		(530)	–
NET CASH USED IN INVESTING ACTIVITIES		(2,054,132)	(363,161)
FINANCING ACTIVITIES			
Repayments of bank borrowings		(5,732,332)	(238,286)
Repurchase of guaranteed notes		(817,830)	(222,300)
Dividends paid		(162,601)	(198,032)
Advances from joint ventures		541,854	160,398
Advances from non-controlling shareholders of subsidiaries		7,341	62,808
Issuance of guaranteed notes		–	1,919,710
New bank borrowings raised		5,748,063	435,282
Interest paid		(323,569)	(252,689)
Issuance of perpetual capital securities	29	1,560,000	–
Issuance cost for perpetual capital securities		(23,371)	–
Distribution to holders of perpetual capital securities		(44,850)	–
NET CASH FROM FINANCING ACTIVITIES		752,705	1,666,891
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(994,874)	46,794
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,572,022	3,525,228
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		2,577,148	3,572,022

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 of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 44, 19 and 20 respectively.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

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

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. 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 cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following 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.

A reconciliation between the opening and closing balances of these items is provided in note 42. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 42, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
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 9	Prepayment Features with Negative Compensation[2]
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 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]

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 2021

Except for the new and revised HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and revised HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

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

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 financial assets are measured at their fair value at 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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

Equity securities classified as available-for-sale investments carried at cost less impairment as disclosed in note 18; these securities qualified for designation as measured at FVTOCI under HKFRS 9, however, the Group plans not to elect the option for designating these securities to be measured at FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Accordingly, the fair value change of these financial assets as at 1 April 2018 would be adjusted to opening accumulated profits as at 1 April 2018.

Amount due from joint ventures and associates as disclosed in notes 19 and 20 respectively are currently measured at amortised cost. The Group will continue to measure the amounts due at amortised cost that is held within a business model whose objective is to hold assets in order to collect contractual cash flows if the contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount or otherwise, and at fair value through profit or loss. Any remeasurement, if any, would be adjusted to opening accumulated profits as at 1 April 2018.

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

HKFRS 9 "Financial Instruments" (Continued)

Classification and measurement (Continued)

Debt instruments classified as loan receivables carried at amortised cost as disclosed in note 21: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.

All other financial assets and financial liabilities will also continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would have no significant change as compared to the accumulated amount recognised under HKAS 39.

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

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

HKFRS 15 "Revenue from Contracts with Customers" (Continued)

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 Group is principally engaged in the business of property development and property investment. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

Accounting for property development

Timing of revenue recognition

Currently, sales of properties are recognised when the significant risks and rewards of ownership of the properties are transferred to the purchasers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured.

Upon the adoption of HKFRS 15, revenue from the sale of properties will be recognised when control over the properties is transferred to the purchasers. Judgement will be required to assess whether control transfers over time or at a point of time.

The Group has assessed that the sale agreements used by the Group are standardised to a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met for the sales of properties. The Group expects to recognise the sale of properties at the point in time at which the Group delivers the properties to the purchasers. The Group does not anticipate that the application of HKFRS 15 will have a material impact on the timing of revenue recognised in the respective periods.

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.

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

HKFRS 16 "Leases" (Continued)

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, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

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 2018, the Group has non-cancellable operating lease commitments of HK$14,022,000 as disclosed in note 36. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of HK$3,392,000 and refundable rental deposits received of HK$66,950,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposit received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

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 on HKSE (the "Listing Rules") 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation (Continued)

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, 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".

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

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. 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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.

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.

Revenue recognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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.

Service income, including consulting fee income, is recognised when services are provided.

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.

Completed properties held for sale

Completed 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 held 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 costs to completion in cases for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments, 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in income and gains (losses) from investments line item. Fair value is determined in the manner described in note 41(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 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, loan receivables, amounts due from non-controlling shareholders of subsidiaries, amounts due from joint ventures, amounts due from 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

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.

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

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

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

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 receivables, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

A financial instrument issued by a group entity, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, is classified as an equity instrument and is initially recorded at the proceeds received.

Perpetual capital securities issued by the Group that have the above characteristics are classified as equity instruments.

Financial liabilities at amortised cost

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

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 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 consideration received and receivable 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.

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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 taxation' 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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.

Impairment on tangible and intangible assets

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

Recoverable amount is the higher of fair value less costs 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 39 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 profits.

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.

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Perpetual capital securities

Pursuant to the terms of the perpetual capital securities (as defined in note 29), a wholly-owned subsidiary of the Company, as an issuer of the perpetual capital securities, can at its option redeem the perpetual capital securities and at its discretion defer distributions on the perpetual capital securities. However, in those cases, the Company and the issuer will not be able to declare or pay any dividends to their ordinary shareholders if any distributions on the perpetual capital securities are unpaid or deferred. In the opinion of the directors of the Company, this restriction does not result in the Group having the obligation to redeem the perpetual capital securities or to pay distributions on the perpetual capital securities. Accordingly, the perpetual capital securities are classified as equity instruments. As at 31 March 2018, the carrying amounts of the perpetual capital securities are HK$1,539,619,000 (2017: nil).

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Write-down of properties held for sale

As explained in note 3, the Group's properties held for sale with carrying amount of HK$11,957,211,000 (31 March 2017: HK$11,752,540,000) 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, management of the Group makes estimates of the selling prices, the costs to completion in cases 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 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 of 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 2018, 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 growing property markets in Hong Kong. A reversal of write-down of the properties held for sale amounted to approximately HK$68,773,000 (2017: HK$41,695,000) has been recognised in the consolidated statement of profit or loss.

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

As at 31 March 2018, investments in joint ventures with carrying amount of HK$4,223,632,000 (31 March 2017: HK$1,604,511,000) 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 profit or loss and other comprehensive income of the joint ventures, less impairment loss with respect to the Group's investments in joint ventures. As at 31 March 2018, the amounts due from joint ventures with carrying amount of HK$3,220,780,000 (31 March 2017: HK$2,804,860,000) are measured at amortised cost 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 at 31 March 2018 (2017: nil).

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2018 HK$'000	2017 HK$'000
Rental income and hotel operation income *(Note)*	**307,403**	281,107
Sales of properties held for sale	**3,662,059**	1,587,172
	3,969,462	1,868,279

Note: This comprises of rental income from properties during the year (2017: rental income from properties and hotel operation income).

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"), 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.

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 and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong, Singapore and 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.

During the current year, in view of the continuing significance of the revenue of associates and joint ventures, the CODM also considered the share of revenue of associates and joint ventures for the purpose of allocating resources and assessing performance of each segment.

Consequently, the comparative segment information for the year ended 31 March 2017 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.

6. SEGMENT INFORMATION (Continued)

Segment revenue 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 2018					
EXTERNAL REVENUE					
Rental income	290,908	13,725	2,770	–	307,403
Sales of properties held for sale	807,459	2,854,600	–	–	3,662,059
Revenue of the Group	1,098,367	2,868,325	2,770	–	3,969,462
Interest income and dividend income	–	–	–	161,580	161,580
	1,098,367	2,868,325	2,770	161,580	4,131,042
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	35,869	612	–	–	36,481
Sales of properties held for sale	1,124,400	470,250	–	–	1,594,650
	1,160,269	470,862	–	–	1,631,131
Segment revenue	2,258,636	3,339,187	2,770	161,580	5,762,173
RESULTS					
Share of results of joint ventures *(Note)*	386,478	85,479	–	–	471,957
Share of results of associates *(Note)*	(4,632)	(45)	–	–	(4,677)
Segment profit (loss) excluding share of results of joint ventures and associates	423,978	436,318	(1,671)	165,306	1,023,931
Segment profit (loss)	805,824	521,752	(1,671)	165,306	1,491,211
Unallocated other income					36,469
Unallocated other gains					24,873
Central administration costs					(155,401)
Finance costs					(287,989)
Profit before taxation					1,109,163

6. SEGMENT INFORMATION (Continued)

Segment revenue 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 2017					
EXTERNAL REVENUE					
Rental income and hotel operation income	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
	700,928	1,165,385	1,966	134,503	2,002,782
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	27,461	1,547	–	–	29,008
Sales of properties held for sale	–	1,139,878	–	–	1,139,878
	27,461	1,141,425	–	–	1,168,886
Segment revenue	728,389	2,306,810	1,966	134,503	3,171,668
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
Unallocated other gains					922
Central administration costs					(170,601)
Finance costs					(243,084)
Profit before taxation					1,367,148

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.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Segment profit (loss) includes the profit earned (loss incurred) by each segment, interest income from investments held for trading, dividend income, fair value change of investments, net realised gain on change in fair value of derivative financial instruments, gain on disposal of an available-for-sale investment, reversal of impairment loss on amount due from an associate, reversal of write-down of properties held for sale, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income) and of other gains, central administrative costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2018 HK$'000	2017 HK$'000
Segment assets		
Commercial property holding	13,476,160	9,565,686
Residential property holding	7,002,084	6,887,998
Macau property holding	193,774	193,663
Securities investment	2,047,673	2,508,450
Total segment assets	22,719,691	19,155,797
Property, plant and equipment	266,637	154,455
Taxation recoverable	9,798	10,845
Cash held by securities brokers	2,384	30,760
Bank balances and cash	2,577,148	3,572,022
Other unallocated assets	284,589	117,253
Consolidated total assets	25,860,247	23,041,132
Segment liabilities		
Commercial property holding	653,698	170,039
Residential property holding	1,272,653	1,035,403
Macau property holding	61,394	61,129
Securities investment	5,850	15,404
Total segment liabilities	1,993,595	1,281,975
Guaranteed notes	1,950,000	2,767,830
Bank borrowings	8,347,706	8,021,163
Taxation payable	220,978	194,889
Other unallocated liabilities	37,409	5,893
Consolidated total liabilities	12,549,688	12,271,750

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than property, plant and equipment, taxation recoverable, 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.

Other segment information

For the year ended 31 March 2018

	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	1,351,245	2,872,387	–	–	4,223,632	–	4,223,632
Amounts due from joint ventures	2,873,364	347,416	–	–	3,220,780	–	3,220,780
Interests in associates	67,193	184,570	–	–	251,763	–	251,763
Net decrease in fair value of investments held for trading	–	–	–	45,870	45,870	–	45,870
Gain on disposal of an available-for-sale investment	–	–	–	(55,773)	(55,773)	–	(55,773)
Net realised gain on change in fair value of derivative financial instruments	–	–	–	(3,061)	(3,061)	–	(3,061)
Depreciation	–	–	–	–	–	18,542	18,542
Reversal of impairment loss on amount due from an associate	(1,475)	–	–	–	(1,475)	–	(1,475)
Reversal of write-down of properties held for sale	(68,773)	–	–	–	(68,773)	–	(68,773)

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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	13,863	–	–	–	13,863	23,194	37,057
Reversal of write-down of properties held for sale	(41,695)	–	–	–	(41,695)	–	(41,695)

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)*	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Hong Kong	3,829,292	1,768,362	3,806,893	1,322,484
PRC	137,400	97,951	947,054	600,057
Macau	2,770	1,966	–	113
	3,969,462	1,868,279	4,753,947	1,922,654

Note: Non-current assets exclude financial instruments.

6. SEGMENT INFORMATION (Continued)

Information about major tenants and buyers of properties

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

	2018 HK$'000	2017 HK$'000
Buyer A	Nil	500,000
Buyer B	Nil	500,000
Buyer C	2,018,000	Nil
Buyer D	690,000	Nil
	2,708,000	1,000,000

Revenue by type of income

The relevant information is set out in note 5.

7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2018 HK$'000	2017 HK$'000
Income from investments includes the following:		
Interest income from investments held for trading	150,490	133,025
Dividend income from		
– investments held for trading	686	851
– available-for-sale investments	10,404	627
	161,580	134,503
Gains (losses) from investments includes the following:		
Net change in fair value of investments held for trading		
– net realised (loss) gain	(14,249)	470
– net unrealised (loss) gain	(31,621)	44,110
Gain on disposal of an available-for-sale investment	55,773	–
Net realised gain on change in fair value of derivative financial instruments	3,061	–
	12,964	44,580
	174,544	179,083

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

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

	2018 HK$'000	2017 HK$'000
Investments held for trading	105,306	178,456
Available-for-sale investments	66,177	627
Derivative financial instruments	3,061	–
	174,544	179,083

8. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	13,444	22,170
Loan interest income	9,630	4,931
Interest income from amounts due from joint ventures	48,387	46,610
Amortisation of financial guarantee contracts	3,169	2,705
Assets management income	8,908	9,890
Consultancy fee income	2,415	–
Government subsidies *(Note)*	1,747	–
Others	6,064	3,138
	93,764	89,444

Note: The amounts represent the government subsidies received as reimbursement of operating expenses incurred, for which no condition is required to be fulfilled.

9. OTHER GAINS

	2018 HK$'000	2017 HK$'000
Other gains comprise:		
Gain on disposal of property, plant and equipment	23,681	955,461
Gain on disposal of subsidiaries	–	930
Reversal of impairment loss on amount due from an associate	1,475	–
Net exchange gain	1,192	180
	26,348	956,571

10. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on:		
Bank borrowings	179,567	149,113
Guaranteed notes	136,159	119,610
Total borrowing costs	315,726	268,723
Less: Amounts capitalised in the cost of qualifying assets	(27,737)	(25,639)
	287,989	243,084

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 1.48% to 3.35% (2017: 2.05% to 3.22%) per annum for the year ended 31 March 2018.

11. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	53,765	24,947
– Overprovision in prior years	(7,511)	(1,242)
Macau Complementary Tax		
– Current year	8	7
	46,262	23,712
Deferred taxation *(note 31)*	499	(2,325)
	46,761	21,387

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

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

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

11. INCOME TAX EXPENSE (Continued)

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

	2018 HK$'000	2017 HK$'000
Profit before taxation	1,109,163	1,367,148
Taxation at Hong Kong Profits Tax rate of 16.5%	183,012	225,579
Tax effect of expenses not deductible for tax purpose	304,701	18,283
Tax effect of income not taxable for tax purpose	(376,029)	(237,449)
Tax effect of share of results of joint ventures	(77,873)	(8,909)
Tax effect of share of results of associates	772	(709)
Tax effect of tax losses not recognised	21,913	27,365
Utilisation of tax losses previously not recognised	(2,224)	(1,528)
Overprovision in prior years	(7,511)	(1,242)
Effect of different tax rates of group entities operating in other jurisdictions	–	(3)
Income tax expense for the year	46,761	21,387

12. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration *(note 13)*	58,702	68,493
Other staff costs:		
Salaries and other benefits	51,786	38,738
Performance-related incentive bonus	16,733	12,430
Contributions to retirement benefits schemes	3,750	2,974
	72,269	54,142
Total staff costs	130,971	122,635
Auditor's remuneration	3,415	3,472
Cost of properties held for sale recognised as an expense	3,042,887	1,217,224
Depreciation of property, plant and equipment	18,542	37,057
Gain on disposal of property, plant and equipment	(23,681)	(955,461)
Written off of property, plant and equipment	110	–
Reversal of write-down of properties held for sale (included in cost of sales)	(68,773)	(41,695)

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of seven (2017: eight) directors were as follows:

For the year ended 31 March 2018

	Executive Directors				Independent Non-executive Directors			
	Mr. Chung Cho Yee, Mico HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Fong Man Bun, Jimmy HK$'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	–	–	–	–	200	200	200	600
Salaries and other benefits	11,519	4,850	3,395	3,638	–	–	–	23,402
Performance-related incentive bonus *(Note i)*	23,800	4,500	3,200	2,500	–	–	–	34,000
Contributions to retirement benefits schemes	18	273	192	217	–	–	–	700
	35,337	9,623	6,787	6,355	200	200	200	58,702

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

Notes:

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

(ii) Mr. Wong Chung Kwong retired on 16 August 2016.

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 (2017: four) were directors of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2017: one) individual were as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	1,467	2,472
Performance-related incentive bonus *(Note)*	2,500	812
Contributions to retirement benefits schemes	85	164
	4,052	3,448

Their emoluments were within the following band:

	2018 Number of employee	2017 Number of employee
HK$3,000,001 to HK$3,500,000	–	1
HK$4,000,001 to HK$4,500,000	1	–

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

15. DIVIDENDS

	2018 HK$'000	2017 HK$'000
Dividends recognised as distribution during the year		
– Final dividend of HK1.620 cents per share in respect of financial year ended 31 March 2017 (2017: Final dividend of HK1.973 cents per share in respect of financial year ended 31 March 2016)	**162,601**	198,032
Dividends proposed after the end of the reporting period		
– Final dividend of HK1.400 cents per share (2017: Final dividend of HK1.620 cents per share)	**140,519**	162,601

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:

	2018 HK$'000	2017 HK$'000
Earnings		
Earnings for the purposes of basic earnings per share: (profit for the year attributable to owners of the Company)	**1,010,233**	1,346,734
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share (in thousands)	**10,037,090**	10,037,090

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 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 33)*	(575,000)	–	(8,958)	(1,103)	–	–	(585,061)
At 31 March 2017	–	192,228	13,842	1,290	7,240	44,737	259,337
Additions	–	–	6,538	71	–	–	6,609
Transferred from properties held for sale	–	154,141	–	–	–	–	154,141
Written-off	–	(163)	–	–	(290)	–	(453)
Disposal of subsidiaries *(note 33)*	–	(34,525)	–	–	–	–	(34,525)
At 31 March 2018	–	311,681	20,380	1,361	6,950	44,737	385,109
DEPRECIATION							
At 1 April 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 33)*	(145,257)	–	(5,339)	(375)	–	–	(150,971)
At 31 March 2017	–	54,317	13,646	980	5,306	30,633	104,882
Provided for the year	–	8,034	277	43	1,281	8,907	18,542
Eliminated on written-off	–	(53)	–	–	(290)	–	(343)
Eliminated on disposal of subsidiaries *(note 33)*	–	(4,609)	–	–	–	–	(4,609)
At 31 March 2018	–	57,689	13,923	1,023	6,297	39,540	118,472
CARRYING VALUES							
At 31 March 2018	–	253,992	6,457	338	653	5,197	266,637
At 31 March 2017	–	137,911	196	310	1,934	14,104	154,455

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 buildings 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 35.

18. AVAILABLE-FOR-SALE INVESTMENTS

	2018 HK$'000	2017 HK$'000
Available-for-sale investments comprise:		
Unlisted equity securities, at cost	138,213	191,508
Analysed for reporting purposes as:		
Non-current	138,213	191,508

Note: The unlisted equity securities are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value measurements is so significant or the probabilities of the various estimates cannot be reasonably assessed that the directors of the Company are of the opinion that the fair values cannot be measured reliably.

Included in the unlisted equity securities as at 31 March 2017, the carrying value of HK$100,915,000 represented a 25% interest in an investee which engaged in property investment and development business in Australia. The investment was not an associate of the Group although it owned 25% ownership interest in the investee. The Group had no significant influence over the investee as it did not have representation on its board of directors, nor right to nominate any board of directors. It was therefore classified as an available-for-sale investment. During the year ended 31 March 2018, the Group disposed of the whole investment with carrying value of HK$100,915,000 at a consideration of AUD26,115,000 (equivalent to approximately HK$156,688,000). Accordingly, a gain on disposal of HK$55,773,000 was recognised to profit or loss during the current year.

Included in the unlisted equity securities as at 31 March 2018, the carrying value of HK$97,106,000 (31 March 2017: HK$47,106,000) represented a 9.26% (2017: 5.35%) interest in an investee which engaged in loan financing business in Hong Kong, which the Group further invested HK$50,000,000 during the current year.

Included in the unlisted equity securities as at 31 March 2018, the carrying value of HK$5,005,000 (31 March 2017: HK$5,005,000) represented a 8.27% (2017: 8.27%) interest in MC Founder Limited ("MC Founder"). MC Founder is incorporated in Hong Kong and engaged in the trading of mobile phones business.

Included in the unlisted equity securities as at 31 March 2018, the carrying value of HK$7,375,000 (31 March 2017: HK$10,730,000) represented a 5.25% (2017: 5.25%) interest in an investee which engaged in properties holding business in the PRC. The Group received HK$3,355,000 (2017: HK$8,406,000) capital refund from the investee during the current year.

Included in the unlisted equity securities as at 31 March 2018, the carrying value of HK$13,650,000 (31 March 2017: HK$13,650,000) represented a 4.94% (2017: 4.94%) interest in an investee which engaged in provision of financial services in the PRC (31 March 2017: further investment of HK$2,827,000).

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

	2018 HK$'000	2017 HK$'000
Costs of unlisted investments in joint ventures	2,863,268	710,677
Share of post-acquisition profits, net of dividend received	183,542	215,037
Exchange difference arising on translation	75,490	(31,139)
Deemed capital contribution – financial guarantee contracts	12,489	11,738
Deemed capital contribution – interest-free loans *(Note i)*	1,088,843	698,198
	4,223,632	1,604,511
Amounts due from joint ventures included in non-current assets *(Note i)*	3,220,780	2,804,860
Amounts due to joint ventures included in current liabilities *(Note ii)*	722,382	180,528

Notes:

(i) Included in the amounts due from joint ventures as at 31 March 2018, there are principal amounts of HK$775,596,000 (31 March 2017: HK$829,739,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% (2017: 1% to 3%) per annum and repayable after one year. The remaining amounts with principal of HK$3,514,851,000 (31 March 2017: HK$2,912,162,000) are unsecured, non-interest bearing and have no fixed repayment terms. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK$2,670,414,000 (31 March 2017: HK$2,213,963,000) is determined based on the present value of future cash flows. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised as part of the interests in the joint ventures. All the balances 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 as at 31 March 2018, there are share of loss of joint ventures of HK$225,230,000 (31 March 2017: HK$238,842,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations.

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

(iii) Valuation of the properties held for sale held by joint ventures as at 31 March 2018 and 2017 were carried out by the independent property valuers with reference to open market value and the market evidence of transaction prices for similar properties in the same locations and conditions.

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

As at 31 March 2018 and 2017, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activities
					2018	2017	2018	2017	
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	PRC	Ordinary and Non-voting	65%	65%	50% *(Note)*	50% *(Note)*	Property holding
Southwater Investments Limited and its subsidiary	Incorporated	BVI	Hong Kong	Ordinary	35%	N/A	33% *(Note)*	N/A	Property development

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 investments in these entities are treated as joint ventures because major decisions relating to relevant activities 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

	2018 HK$'000	2017 HK$000
Current assets	3,551,351	2,515,161
Non-current assets	299	369
Current liabilities	(877,302)	(756,860)
Non-current liabilities	(310,910)	(504,448)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	583,379	977,917
Current financial liabilities (excluding trade and other payables and provisions)	–	(2,028)
Non-current financial liabilities (excluding trade and other payables and provisions)	(310,910)	(504,448)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$583,379,000 (31 March 2017: HK$977,917,000) and property held for sale under development of HK$1,021,101,000 (31 March 2017: HK$1,293,572,000). Current liabilities as at 31 March 2018 comprised of advances from customers of HK$456,710,000 (31 March 2017: HK$353,237,000), and non-current liabilities as at 31 March 2018 represented bank borrowings of HK$310,910,000 (31 March 2017: HK$504,448,000).

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

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited (Continued)

	2018 HK$'000	2017 HK$'000
Revenue	576,566	1,990,348
Profit for the year	148,913	184,748
Other comprehensive income (expense) for the year	137,804	(67,948)
Total comprehensive income for the year	286,717	116,800
The above profit for the year include the following:		
Depreciation and amortisation	117	117
Interest income	7,963	1,911

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

	2018 HK$'000	2017 HK$'000
Net assets of the joint venture	2,363,438	1,254,222
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,181,719	627,111
Deemed capital contribution – financial guarantee contracts	1,006	1,006
Deemed capital contribution – interest-free loans	4,554	4,554
Carrying amount of the Group's interest in the joint venture	1,187,279	632,671

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

Summarised financial information of material joint ventures (Continued)

Vastness Investment Limited

	2018 HK$'000	2017 HK$'000
Current assets	17,433	309,560
Non-current assets	40,620	170,957
Current liabilities	(12,707)	(101,827)
Non-current liabilities	–	(394)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	16,305	29,643

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$16,305,000, and non-current assets comprised of loan receivable due over 1 year of HK$40,616,000.

As at 31 March 2017, current assets mainly comprised of cash and cash equivalents of HK$29,643,000 and property held for sale of HK$250,978,000, and non-current assets comprised of investment properties of HK$116,000,000.

	2018 HK$'000	2017 HK$'000
Revenue	363,935	289,409
Profit and total comprehensive income for the year	161,226	35,700
Dividends received from the joint venture during the year	167,418	85,000

	2018 HK$'000	2017 HK$'000
The above profit for the year include the following:		
Depreciation and amortisation	6	266

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:

	2018 HK$'000	2017 HK$'000
Net assets of the joint venture	45,346	378,296
Proportion of the Group's ownership interest in the joint venture	50%	50%
Carrying amount of the Group's interest in the joint venture	22,673	189,148

Eagle Wonder Limited

	2018 HK$'000	2017 HK$'000
Current assets	1,983,448	1,755,656
Current liabilities	(1,527,799)	(1,324,417)
Non-current liabilities	(774,561)	(677,952)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	3,972	10,507
Current financial liabilities (excluding trade and other payables and provisions)	(1,502,474)	(1,304,068)
Non-current financial liabilities (excluding trade and other payables and provisions)	(774,561)	(677,952)

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

Summarised financial information of material joint ventures (Continued)

Eagle Wonder Limited (Continued)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$3,972,000 (31 March 2017: HK$10,507,000) and property held for sale under development of HK$1,979,325,000 (31 March 2017: HK$1,745,131,000). Current liabilities as at 31 March 2018 mainly comprised of bank borrowings of HK$986,100,000 (31 March 2017: HK$852,100,000), and non-current liabilities as at 31 March 2018 represented shareholders' loan of HK$774,561,000 (31 March 2017: HK$677,952,000).

	2018 HK$'000	2017 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(72,199)	(64,318)

	2018 HK$'000	2017 HK$'000
The above loss for the year include the following:		
Interest expense	72,016	64,204

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

	2018 HK$'000	2017 HK$'000
Net liabilities of the joint venture	(318,912)	(246,713)
Proportion of the Group's ownership interest in the joint venture	60%	60%
	(191,347)	(148,028)
Deemed capital contribution – financial guarantee contracts	2,760	2,760
Share of net liabilities by amount due from the joint venture	191,347	148,028
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

	2018 HK$'000	2017 HK$'000
Current assets	392,110	779,612
Current liabilities	–	(413,782)
Non-current liabilities	–	(400,000)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	–	5,842
Current financial liabilities (excluding trade and other payables and provisions)	–	(413,738)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(400,000)

As at 31 March 2018, current assets mainly comprised of amounts due from shareholders of HK$347,007,000.

As at 31 March 2017, current assets mainly comprised of cash and cash equivalents of HK$5,842,000 and property held for sale of HK$773,721,000. Current liabilities as at 31 March 2017 comprised of amount due to shareholders of HK$413,738,000, and non-current liabilities as at 31 March 2017 represented bank borrowings of HK$400,000,000.

	2018 HK$'000	2017 HK$'000
Revenue	1,179,883	–
Profit (loss) and total comprehensive income (expense) for the year	426,280	(1,670)

	2018 HK$'000	2017 HK$'000
The above profit (loss) for the year include the following:		
Income tax credit	–	20

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:

	2018 HK$'000	2017 HK$'000
Net assets (liabilities) of the joint venture	392,110	(34,170)
Proportion of the Group's ownership interest in the joint venture	50%	50%
	196,055	(17,085)
Deemed capital contribution – financial guarantee contracts	1,700	1,700
Deemed capital contribution – interest-free loans	50,078	50,078
Share of net liabilities by amount due from the joint venture	–	17,085
Carrying amount of the Group's interest in the joint venture	247,833	51,778

Great Maker Limited

	2018 HK$'000	2017 HK$'000
Current assets	3,729,070	3,244,776
Current liabilities	(1,900,296)	(1,611,686)
Non-current liabilities	(1,829,193)	(1,633,363)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	15,196	20,078
Current financial liabilities (excluding trade and other payables and provisions)	(1,635,406)	(1,603,406)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,829,193)	(1,633,363)

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

Summarised financial information of material joint ventures (Continued)

Great Maker Limited (Continued)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$15,196,000 (31 March 2017: HK$20,078,000) and property held for sale under development of HK$3,473,445,000 (31 March 2017: HK$3,224,583,000). Current liabilities as at 31 March 2018 comprised of amount due to shareholders of HK$1,635,406,000 (31 March 2017: HK$1,603,406,000), and non-current liabilities as at 31 March 2018 represented bank borrowings of HK$1,829,193,000 (31 March 2017: HK$1,633,363,000). The property redevelopment projects were in early stage and no significant profit or loss was incurred during the years ended 31 March 2018 and 2017.

	2018 HK$'000	2017 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(146)	(248)

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

	2018 HK$'000	2017 HK$'000
Net liabilities of the joint venture	(419)	(273)
Proportion of the Group's ownership interest in the joint venture	30%	30%
	(126)	(82)
Deemed capital contribution – financial guarantee contract	1,716	1,716
Deemed capital contribution – interest-free loans	118,768	116,444
Share of net liabilities by amount due from the joint venture	126	82
Carrying amount of the Group's interest in the joint venture	120,484	118,160

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

Summarised financial information of material joint ventures (Continued)

Best Catch Ventures Limited

	2018 HK$'000	2017 HK$'000
Current assets	402,331	941,567
Current liabilities	(24,871)	(309,397)
Non-current liabilities	–	(646,750)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	25,360	19,120
Current financial liabilities (excluding trade and other payables and provisions)	–	(299,642)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(646,750)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$25,360,000 and amounts due from shareholders of HK$376,971,000.

As at 31 March 2017, current assets mainly comprised of cash and cash equivalents of HK$19,120,000 and property held for sale of HK$918,000,000. Current liabilities as at 31 March 2017 comprised of amounts due to shareholders of HK$299,642,000, and non-current liabilities as at 31 March 2017 represented bank borrowings of HK$646,750,000.

	2018 HK$'000	2017 HK$'000
Revenue	1,336,000	27,320
Profit and total comprehensive income for the year	392,039	6,990

	2018 HK$'000	2017 HK$'000
The above profit for the year include the following:		
Interest expense	15,909	14,545

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:

	2018 HK$'000	2017 HK$'000
Net assets (liabilities) of the joint venture	377,460	(14,580)
Proportion of the Group's ownership interest in the joint venture	40%	40%
	150,984	(5,832)
Deemed capital contribution – financial guarantee contracts	501	501
Deemed capital contribution – interest-free loans	29,014	29,014
Share of net liabilities by amount due from the joint venture	–	5,832
Carrying amount of the Group's interest in the joint venture	180,499	29,515

Cleverland Global Limited

	2018 HK$'000	2017 HK$'000
Current assets	2,088,831	1,896,069
Current liabilities	(1,742)	(1,025,937)
Non-current liabilities	(909,743)	(907,909)

The above amounts of assets and liabilities include the following:

	2018 HK$'000	2017 HK$'000
Cash and cash equivalents	32,007	6,703
Current financial liabilities (excluding trade and other payables and provisions)	(956)	(1,025,270)
Non-current financial liabilities (excluding trade and other payables and provisions)	(909,743)	(907,909)

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

Summarised financial information of material joint ventures (Continued)

Cleverland Global Limited (Continued)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$32,007,000 (31 March 2017: HK$6,703,000) and property held for sale of HK$2,048,553,000 (31 March 2017: HK$1,872,751,000). Current liabilities as at 31 March 2018 mainly comprised of amount due to shareholders of HK$956,000 (31 March 2017: HK$1,025,270,000), and non-current liabilities as at 31 March 2018 represented bank borrowings of HK$909,743,000 (31 March 2017: HK$907,909,000).

	2018 HK$'000	2017 HK$'000
Revenue	70	1,610
Profit (loss) and total comprehensive income (expense) for the year	1,131	(25,828)

The above profit (loss) for the year include the following:

	2018 HK$'000	2017 HK$'000
Interest expense	–	15,876

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

	2018 HK$'000	2017 HK$'000
Net assets (liabilities) of the joint venture	1,177,346	(37,777)
Proportion of the Group's ownership interest in the joint venture	65%	65%
	765,275	(24,555)
Deemed capital contribution – financial guarantee contracts	1,682	1,682
Deemed capital contribution – interest-free loans	161,318	161,318
Share of net liabilities by amount due from the joint venture	–	24,555
Carrying amount of the Group's interest in the joint venture	928,275	163,000

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

Summarised financial information of material joint ventures (Continued)

Sino City Ventures Limited

	2018 HK$'000	2017 HK$'000
Current assets	**2,040,458**	2,412,048
Current liabilities	**(66,946)**	(1,303,588)
Non-current liabilities	**(1,185,647)**	(1,126,380)

The above amounts of assets and liabilities include the following:

	2018 HK$'000	2017 HK$'000
Cash and cash equivalents	**62,833**	751,434
Current financial liabilities (excluding trade and other payables and provisions)	**(59,608)**	(1,293,670)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(1,185,647)**	(1,126,380)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$62,833,000 (31 March 2017: HK$751,434,000) and property held for sale of HK$1,902,554,000 (31 March 2017: nil). Current liabilities as at 31 March 2018 comprised of amount due to shareholders of HK$9,686,000 (31 March 2017: HK$1,277,901,000), and non-current liabilities as at 31 March 2018 represented bank borrowings of HK$1,185,647,000 (31 March 2017: HK$1,126,380,000).

	2018 HK$'000	2017 HK$'000
Revenue	**–**	–
Loss for the year	**(36,197)**	(10,377)
Other comprehensive income (expense) for the year	**65,592**	(7,551)
Total comprehensive income (expense) for the year	**29,395**	(17,928)

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)

The above loss for the year include the following:

	2018 HK$'000	2017 HK$'000
Interest expense	1,150	5,995

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

	2018 HK$'000	2017 HK$'000
Net assets (liabilities) of the joint venture	787,865	(17,920)
Proportion of the Group's ownership interest in the joint venture	65%	65%
	512,112	(11,648)
Deemed capital contribution – financial guarantee contracts	1,208	1,208
Deemed capital contribution – interest-free loans	3,647	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	516,967	207,525

Southwater Investments Limited

During the year, the Group entered into agreement with independent third parties to set up Southwater Investments Limited, a joint venture company which principally engaged in property development business in Hong Kong.

	2018 HK$'000
Current assets	10,381,553
Current liabilities	(4,134,214)
Non-current liabilities	(6,247,391)

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

Summarised financial information of material joint ventures (Continued)

Southwater Investments Limited (Continued)

The above amounts of assets and liabilities include the following:

	2018 HK$'000
Cash and cash equivalents	39,826
Current financial liabilities (excluding trade and other payables and provisions)	(4,121,816)
Non-current financial liabilities (excluding trade and other payables and provisions)	(6,247,391)

As at 31 March 2018, current assets mainly comprised of cash and cash equivalents of HK$39,826,000 and property held for sale of HK$10,341,710,000. Current liabilities as at 31 March 2018 comprised of bank borrowings of HK$4,121,520,000, and non-current liabilities as at 31 March 2018 mainly comprised of loan from shareholders of HK$6,247,391,000.

	2018 HK$'000
Revenue	–
Loss and total comprehensive expense for the period	(52)

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

	2018 HK$'000
Net liabilities of the joint venture	(52)
Proportion of the Group's ownership interest in the joint venture	35%
	(18)
Deemed capital contribution – financial guarantee contracts	424
Deemed capital contribution – interest-free loans	529,322
Share of net liabilities by amount due from the joint venture	18
Carrying amount of the Group's interest in the joint venture	529,746

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

Summarised financial information of material joint ventures (Continued)

Aggregate information of joint ventures that are not individually material

	2018 HK$'000	2017 HK$'000
The Group's share of profit (loss)	8,079	(547)
The Group's share of other comprehensive expense	–	–
The Group's share of total comprehensive income (expense)	8,079	(547)
Dividends received from a joint venture during the year	2,260	3,640

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

	2018 HK$'000	2017 HK$'000
Costs of unlisted investments in associates	244,406	138,710
Share of post-acquisition profits and other comprehensive income, net of dividend received	11	928
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	6,769	12,088
	251,763	152,303
Amounts due from associates included in non-current assets *(Note)*	–	38,129

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

Note: The amounts are unsecured, non-interest bearing and repayable on demand. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK$6,769,000 (31 March 2017: HK$49,958,000) is determined based on the present value of future cash flows.

During the year ended 31 March 2018, a reversal of impairment loss of HK$1,475,000 (2017: nil) was made individually on the amount due from an associate which had been determined by reference to assessment of recoverability by management.

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

At 31 March 2018 and 2017, the Group had interest 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 power held		Principal activities
					2018	2017	2018	2017	
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20%	20%	Property investment and development

The above table lists the associate 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.

Summarised financial information of 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.

Wealth Explorer

	2018 HK$'000	2017 HK$'000
Current assets	1,765,203	1,725,624
Current liabilities	(3,185)	(1,014)
Non-current liabilities	(850,884)	(1,050,750)

As at 31 March 2018, current assets mainly comprised of properties held for sale of HK$1,759,617,000 (31 March 2017: HK$1,719,423,000), and non-current liabilities as at 31 March 2018 comprised of amounts due to shareholders of HK$11,714,000 (31 March 2017: HK$229,214,000) and bank borrowings of HK$839,170,000 (31 March 2017: HK$821,536,000).

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

Summarised financial information of material associate (Continued)

Wealth Explorer (Continued)

	2018 HK$'000	2017 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(226)	(509)

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

	2018 HK$'000	2017 HK$'000
Net assets of the associate	911,134	673,860
Proportion of the Group's ownership interest in the associate	20%	20%
	182,227	134,772
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	2,343	11,098
Carrying amount of the Group's interest in the associate	185,147	146,447

Aggregate information of associate that is not individually material

	2018 HK$'000	2017 HK$'000
The Group's share of (loss) profit and total comprehensive (expense) income for the year	(4,632)	4,399

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

	2018 HK$'000	2017 HK$'000
Loan receivables	**186,679**	312,953
Analysed as:		
Current portion	**51,486**	266,140
Non-current portion	**135,193**	46,813
	186,679	312,953

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 as at 31 March 2018, the carrying amount of HK$166,679,000 (2017: HK$75,953,000) is mortgage loans over the properties held by the purchasers and are receivable by instalments over a period of not more than 20 years.

Included in the loan receivables as at 31 March 2018, the carrying amount of HK$20,000,000 (2017: HK$20,000,000) is a loan to an independent third party, which was interest bearing at 14% per annum unsecured and guaranteed by the borrower's ultimate holding company and a personal guarantee from a substantial shareholder of the borrower's ultimate holding company. As at 31 March 2017, the carrying amount of HK$217,000,000 was a loan to a joint venture partner, which was interest bearing at 5% per annum, unsecured and guaranteed by the borrower's controlling shareholder. The loan was fully settled during the year.

Before granting loans, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits granted 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 2018, the range of interest rate on the Group's loan receivables is 2.2% to 14% (2017: 2.5% to 12%) per annum. Including in loan receivables as at 31 March 2018, there were loan receivables with carrying amounts of HK$135,193,000 (2017: HK$46,813,000), which was repayable in twenty years from the drawdown date, and hence was 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 at the amount of principal outstanding plus accrued interest.

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

21. LOAN RECEIVABLES (Continued)

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 when 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.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. As at 31 March 2018 and 2017, no impairment loss was identified.

22. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables. Rental receivables are billed and receivable based on the terms of tenancy agreement. The Group allows an average credit period of 0-60 days (2017: 0-60 days) to its tenants. The ageing analysis of the trade receivables, presented based on the debit note date for rental receivables which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2018 HK$'000	2017 HK$'000
Trade receivables:		
0 – 30 days	9,453	7,644
31 – 90 days	2,421	1,115
	11,874	8,759
Prepayments and deposits	48,391	61,731
Deposits for acquiring property held for sale *(Note)*	190,000	–
Other receivables	881,982	35,597
	1,132,247	106,087

Note: On 9 March 2018, an indirect wholly-owned subsidiary of the Company, Realtime Mission Limited, entered into a sales and purchase agreement with an independent third party to acquire property held for sale at a cash consideration of HK$1,900,000,000. As at 31 March 2018, deposits for the acquisition amounting to HK$190,000,000 have been paid.

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

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

As at 31 March 2018, other receivables mainly comprised of deposits received for the pre-sale of the Group's properties held for sale in the amount of HK$847,555,000 (2017: nil) under the custody of the independent lawyers on behalf of the Group.

23. PROPERTIES HELD FOR SALE

	2018 HK$'000	2017 HK$'000
The Group's carrying amounts of properties held for sale, stated at lower of cost and net realisable value, comprise:		
– Completed properties	8,265,708	9,725,052
– Properties under development	3,691,503	2,027,488
	11,957,211	11,752,540

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

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 35.

Valuation of the properties held for sale as at 31 March 2018 and 2017 were carried out by the independent property valuers 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$68,773,000 (2017: HK$41,695,000) is recognised in the consolidated statement of profit or loss for the year ended 31 March 2018.

24. INVESTMENTS HELD FOR TRADING

Investments held for trading, at fair values, comprise:

	2018 HK$'000	2017 HK$'000
Listed equity securities *(Note i)*	78,791	57,207
Unlisted mutual funds *(Note ii)*	17,940	17,794
	96,731	75,001
Listed debt securities *(Note iii)*	1,586,899	2,223,773
Unlisted debt security *(Note iv)*	195,750	–
	1,879,380	2,298,774
Total and reported as:		
Listed		
Hong Kong	327,724	481,041
Elsewhere	1,337,966	1,799,939
Unlisted	213,690	17,794
	1,879,380	2,298,774

24. INVESTMENTS HELD FOR TRADING (Continued)

Notes:

(i) The fair value was based on the quoted bid 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 funds 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 at 31 March 2018 represented bonds with fixed interest of 3.375% to 10.625% (31 March 2017: 1.05% to 12%) per annum. The maturity dates of the listed debt securities range from 16 May 2018 to perpetual (31 March 2017: 4 May 2017 to perpetual). Their fair values were determined based on quoted bid prices available from the market.

(iv) The unlisted debt security at 31 March 2018 represented the US$25,000,000 (equivalent to approximately HK$195,750,000) investment in a 5% senior secured notes due 2018 in the principal amount of US$516,000,000 issued by a wholly-owned subsidiary of a listed company on The Stock Exchange of Hong Kong Limited. The fair value was determined based on quoted bid prices in the over-the-counter markets.

The summary of listed debt securities of financial assets at fair value through profit or loss as at 31 March 2018 and 2017 and their corresponding unrealised gain (loss) and interest income for the years ended 31 March 2018 and 2017 are as follows:

	As at 31 March 2018				As at 31 March 2017			
	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	1,478,117	–	108,782	1,586,899	1,706,319	383,681	133,773	2,223,773
Coupon	3.375% to 9.375%	N/A	4% to 10.625%	3.375% to 10.625%	3.875% to 12%	1.05% to 1.5%	2.75% to 10.625%	1.05% to 12%
Maturity	May 2018 – Perpetual	N/A	June 2018 – Perpetual	May 2018 – Perpetual	August 2017 – March 2024	May 2017 – September 2017	May 2017 – Perpetual	May 2017 – Perpetual
Rating	NR to BBB+	N/A	NR to BBB+	NR to BBB+	NR to BBB+	BBB to A1	NR to BBB+	NR to A1

	For the year ended 31 March 2018				For the year ended 31 March 2017			
	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	126,678	6,607	17,205	150,490	118,922	234	13,869	133,025
Unrealised (loss) gain	(35,867)	–	2,006	(33,861)	24,208	(65)	2,731	26,874

24. INVESTMENTS HELD FOR TRADING (Continued)

The five largest listed debt securities held as at 31 March 2018 and 2017 are as follows:

	Market value as at 31 March 2018 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2018 HK$'000	Unrealised loss for the year ended 31 March 2018 HK$'000
3.85% notes due May 2018 issued by Greenland Global Investment Limited	155,805	9.8%	5,222	(195)
9.375% notes due June 2024 issued by Kaisa Group Holdings Limited	109,138	6.9%	6,646	(7,921)
9% notes due May 2020 issued by Agile Property Holdings Limited	102,422	6.5%	8,336	(3,502)
5.875% notes due August 2020 issued by Greentown China Holdings Limited	92,472	5.8%	4,479	(2,806)
7.5% notes due March 2020 issued by Country Garden Holdings Company Limited	86,580	5.5%	8,795	(2,471)

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

Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in note 35.

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

Cash held by securities brokers are short-term deposits which carried variable interest rates ranging from 0.025% to 0.16% (2017: 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:

	2018 HK$'000	2017 HK$'000
United States dollars ("US$")	1,134	26,963

Bank balances and cash comprised bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carried variable interest rates ranging from 0.01% to 1.3% (2017: 0.02% to 1.35%) 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:

	2018 HK$'000	2017 HK$'000
Renminbi ("RMB")	1,165	7,919
US$	93,525	662,613
Euro ("EUR")	1,646	1,646
Great British Pound ("GBP")	56,751	1,216
	153,087	673,394

26. OTHER PAYABLES AND ACCRUALS

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

	2018 HK$'000	2017 HK$'000
Rental and related deposits received	92,908	93,571
Receipt in advance for sales of properties	852,523	690,000
Other tax payables	2,257	4,287
Deferred income of financial guarantee contracts to joint ventures	3,334	6,458
Accrued construction costs	37,029	47,215
Accrued consultancy fee	3,291	12,208
Accruals and other payables	115,537	86,790
	1,106,879	940,529

27. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
The carrying amounts of the Group's borrowings are repayable as follows:		
Within one year	**1,144,157**	1,109,887
More than one year, but not exceeding two years	**1,446,548**	2,638,981
More than two year, but not exceeding five years	**5,493,777**	3,912,827
More than five years	**48,674**	144,918
	8,133,156	7,806,613
The carrying amounts of the Group's borrowings that contain a repayment on demand clause in the loan agreements are repayable as follow:		
More than one year, but not exceeding two years	**214,550**	214,550
	8,347,706	8,021,163
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	**(1,358,707)**	(1,324,437)
	6,988,999	6,696,726
Secured *(Note)*	**6,608,904**	6,271,654
Unsecured	**1,738,802**	1,749,509
	8,347,706	8,021,163

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 35.

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$7,520,249,000 as at 31 March 2018 (31 March 2017: HK$7,260,857,000) bore interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.5% to 2.85% (2017: HIBOR plus 0.5% to 2.85%) per annum and borrowings amounting to HK$827,457,000 (2017: HK$760,306,000) bore interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2018, the effective interest rates ranged from 0.6% to 4.9% (2017: 0.9% to 4.9%) per annum.

28. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	10,037,089,676	80,296

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

29. PERPETUAL CAPITAL SECURITIES

On 20 September 2017, a wholly-owned subsidiary of the Company, Estate Sky Limited ("ESL"), issued senior perpetual capital securities, with an aggregate principal amount of US$200,000,000 (equivalent to approximately HK$1,560,000,000) ("Senior Perpetual Capital Securities "), of which the Company is the guarantor. As at 31 March 2018, the proceeds from the issuance of the Senior Perpetual Capital Securities after netting off the issuance cost is approximately US$197,004,000 (equivalent to approximately HK$1,536,629,000).

The distribution rate for the first five years up to 20 September 2022 is 5.75% per annum, which is paid semi-annually in arrears on 20 March and 20 September of each year ("Distribution Payment Date"). ESL may defer any interest at its own discretion and is not subject to any limit as to the number of times distributions and arrears of distribution can be deferred. The deferred interest is interest bearing at the current distribution rate during the interest deferral period.

The Senior Perpetual Capital Securities have no fixed maturity and are callable at ESL's option, on 20 September 2022 or on any Distribution Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred distribution interest payments.

After 20 September 2022, the distribution rate will be reset every five years to a percentage per annum equal to the sum of (i) the U.S. Treasury Benchmark Rate which is the rate in percent per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue; (ii) the initial spread which is 4.005% and (iii) the step-up margin which is 3%.

Pursuant to the terms and conditions of these Senior Perpetual Capital Securities, ESL has no contractual obligation to repay its principal or to pay any distribution and deferred interest unless compulsory distribution payment event (which at the discretion of the issuer) has occurred. Details of which are set out in the Company's announcements published on the HKSE dated 13 and 14 September 2017, and announcement published on the Singapore Exchange dated 21 September 2017. Accordingly, the Senior Perpetual Capital Securities are classified as equity and subsequent distribution payment will be recorded as equity distribution to the owners of the Company.

During the year ended 31 March 2018, the profit attributable to holders of the Senior Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK$47,840,000.

30. GUARANTEED NOTES

On 9 January 2013, a wholly-owned subsidiary of the Company, ESL, 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) which carried interest at 6.5% per annum, and payable semi-annually in arrears. During the year ended 31 March 2018, the guaranteed notes were fully repaid.

On 8 August 2016, ESL further issued guaranteed notes, 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 mature on 8 August 2021.

31. DEFERRED TAXATION

The following is 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 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
Charge (credit) to consolidated statement of profit or loss for the year	2,299	(1,800)	499
At 31 March 2018	8,736	(5,066)	3,670

As at 31 March 2018, the Group had unused tax losses of approximately HK$486,418,000 (2017: HK$437,202,000) available for offset against future profits and 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$30,705,000 (2017: HK$19,797,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$455,713,000 (2017: HK$417,405,000) 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	2018 HK$'000	2017 HK$'000
2018	–	18,616
2019	9,066	10,919
2020	4,733	5,018
2021	7,566	6,184
2022	8,040	6,442
	29,405	47,179

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

32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2018

(a) Acquisition of Garhing Investment Company' Limited

During the year ended 31 March 2018, the Group completed the acquisition of the entire equity interest of Garhing Investment Company' Limited through a wholly-owned subsidiary for a cash consideration of HK$383,619,000 (the "Garhing Acquisition"). This transaction has been accounted for as acquisition of assets as the Garhing 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 acquisition of properties held for sale in the ordinary course of the Group's property business.

The net assets acquired in the Garhing Acquisition are as follow:

	HK$'000
Properties held for sale	385,185
Other receivables	108
Other payables	(1,674)
	383,619
Total consideration satisfied by:	
Cash paid	383,619
Net cash outflow arising on acquisition:	
Cash consideration paid	(383,619)

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

For the year ended 31 March 2018 (Continued)

(b) Acquisition of Winner Year Limited

During the year ended 31 March 2018, the Group completed the acquisition of 91% equity interest of Winner Year Limited and its subsidiaries through a wholly-owned subsidiary for a cash consideration of HK$381,369,000 (the "Winner Year Acquisition"). This transaction has been accounted for as acquisition of assets as the Winner Year 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 acquisition of properties under development in the ordinary course of the Group's property business.

The net assets acquired in the Winner Year Acquisition are as follow:

	HK$'000
Properties under development	644,162
Other receivables	54
Bank balances and cash	9,061
Other payables	(25)
Shareholder's loan	(301,025)
Bank borrowings	(235,000)
	117,227
Assignment of 91% of total shareholder's loan *(Note)*	273,933
	391,160
Total consideration satisfied by:	
Cash paid	381,369
Add: Non-controlling interests (9% in Winner Year Limited)	9,791
	391,160
Net cash outflow arising on acquisition:	
Cash consideration paid	(381,369)
Bank balances and cash	9,061
	(372,308)

Note: As part of the acquisition arrangement, the consideration paid by the Group included an amount of HK$273,933,000 (91% of total shareholder's loan of HK$301,025,000) as consideration for the assignment of shareholder's loan to Winner Year Limited.

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

For the year ended 31 March 2017

(c) 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 had been accounted for as acquisition of assets as the Go High Acquisition did not meet the definition of a business combination. The assets acquired and liabilities assumed did not constitute a business. The transaction was accounted for as 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 were as follow:

	HK$'000
Properties held for sale	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)

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

For the year ended 31 March 2017 (Continued)

(d) 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 had been accounted for as acquisition of assets as the Glad & Nice Acquisition did not meet the definition of a business combination. The assets acquired and liabilities assumed did not constitute a business. The transaction was accounted for as 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 were as follow:

	HK$'000
Properties held for sale	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.

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

For the year ended 31 March 2017 (Continued)

(e) 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 had been accounted for as an acquisition of assets as the Flourish Time and Joyous Era Acquisition did not meet the definition of a business combination. The assets acquired and liabilities assumed did 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 were as follow:

	HK$'000
Properties held for sale	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.

33. DISPOSAL OF ASSETS THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2018

(a) Disposals of Golden Well Ventures Limited, Smart Tide Limited, Smart Future Holdings Limited, Ever Front Holdings Limited, Brilliant Plus Ventures Limited, Glad & Nice Limited, Ever Novel Limited, Best Falcon Development Limited, Font Max Development Limited, Craft Success Property Limited, Dynamic Gain Investment Limited, Glamour Field Ventures Limited, Gold Sky Worldwide Limited, Dreamers World Equity Limited, Mark Pro Development Limited, Apex Globe Property Limited, Cosmo Hub Ventures Limited, Champion Devotion Holdings Limited and Horizon Avenue Holdings Limited (the "2018 Disposed Subsidiaries").

During the year ended 31 March 2018, the Group disposed of the entire interest in the 2018 Disposed Subsidiaries for a total cash consideration of HK$1,552,233,000. Since the 2018 Disposed Subsidiaries were principally holding properties held for sale, which represented its single predominant asset, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale. Accordingly, the Group accounted for the disposal of the relevant 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$1,497,459,000 was accounted for as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets and liabilities attributable to the 2018 Disposed Subsidiaries on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	29,916
Properties held for sale	1,290,687
Other receivables	542
Bank balances and cash	15
Other payables	(983)
	1,320,177
Transaction cost for disposal of subsidiaries	48,454
Gain on disposal	183,602
Total consideration satisfied by:	
Cash received	1,552,233
Net cash inflow arising on disposal:	
Cash consideration received	1,552,233
Bank balances and cash	(15)
	1,552,218

The above gain on disposal of HK$183,602,000, included the gain of HK$23,681,000 attributable to the disposal of property, plant and equipment which is included in the other gains recognised in profit or loss during the current year.

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

For the year ended 31 March 2018 (Continued)

(b) Disposals of Fast Million Limited, MSA Investors Ltd., Wealth Engine Limited, Innovator World Limited, Privilege Year Limited, Million Base Properties Limited, Million Basis Property Limited, Garhing Investment Company, Limited and White Pacific Limited (the "Fast Million Group").

During the year ended 31 March 2018, the Group disposed of the entire equity interest of the Fast Million Group for a cash consideration of HK$2,165,900,000. Since the disposed subsidiaries were principally holding properties held for sale, which represented its single predominant asset, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale. Accordingly, the Group accounted for the disposal of the relevant 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$2,018,000,000 was accounted for 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:	
Properties held for sale	1,670,461
Trade and other receivables	149,262
Tax recoverable	59
Other payables	(2,888)
	1,816,894
Transaction cost for disposal of subsidiaries	2,008
Gain on disposal	346,998
Total consideration	2,165,900
Total consideration satisfied by:	
Cash received	2,018,000
Other receivables	147,900
	2,165,900
Net cash inflow arising on disposal:	
Cash consideration received	2,018,000

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

For the year ended 31 March 2017

(c) 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 holding properties held for sale, which represented its single predominant asset, the Group is principally selling, and the buyer was principally acquiring, the properties held for sale. Accordingly, the Group accounted for the disposal of the relevant 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 accounted for 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 sale	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 recognised in profit or loss during the year ended 31 March 2017.

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

For the year ended 31 March 2017 (Continued)

(d) Disposals of Future Radiance Limited, Sky Accord Limited, Prime North Limited, Century Unicorn Limited, Trinity Value Limited, Flourish Time Limited and Joyous Eva 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 holding properties held for sale, which represented its single predominant asset, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale. Accordingly, the Group accounted for the disposal of the 2017 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 was accounted for 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 sale	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

34.CONTINGENT LIABILITIES

	2018 HK$'000	2017 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	**5,960,631**	4,760,047
An associate	**282,854**	282,854
	6,243,485	5,042,901
and utilised by:		
Joint ventures	**4,994,926**	3,519,573
An associate	**168,798**	165,684
	5,163,724	3,685,257

The directors of the Company assessed the risk of default of the joint ventures and an associate at the end of the reporting period and considered 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 as at 31 March 2018, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$3,334,000 (31 March 2017: HK$6,458,000).

35.PLEDGE OF ASSETS

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

	2018 HK$'000	2017 HK$'000
Property, plant and equipment	**254,765**	131,853
Properties held for sale	**11,541,551**	10,676,750
Investments held for trading	**263,468**	336,983
	12,059,784	11,145,586

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.

36. OPERATING LEASE AND OTHER COMMITMENTS

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK$2,720,000 (2017: HK$6,932,000) minimum lease payments in respect of office premises.

At 31 March 2018, 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:

	2018 HK$'000	2017 HK$'000
Within one year	9,497	6,662
In second to fifth years inclusive	4,525	11,096
	14,022	17,758

The Group as lessor

Property rental income earned during the year was HK$307,403,000 (2017: HK$281,107,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to six years (2017: two to six years).

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

	2018 HK$'000	2017 HK$'000
Within one year	205,646	236,500
In the second to fifth years inclusive	143,165	236,060
Over five years	4,378	4,000
	353,189	476,560

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

(b) Other commitments

	2018 HK$'000	2017 HK$'000
Other commitment in respect of the acquisition of properties held for sale contracted for but not provided in the consolidated financial statements	1,710,000	347,400
Other commitment in respect of loan and/or equity contribution to an associate	597,499	–

37.RETIREMENT BENEFITS 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 Group also operates a defined contribution retirement scheme for all qualifying employees in Macau. The assets of the scheme are held separately from those of the Group in funds under control of independent trustees. The retirement scheme cost recognised in profit or loss represents contributions payable to funds by the Group at rates specified in the rules of the scheme. Where there are employees of the Group who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The Group is required to contribute a certain percentage of its payroll 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 the required contributions under the schemes.

The retirement benefits scheme contributions relating to the MPF Scheme, stated-managed retirement benefits schemes and defined contribution retirement scheme in Macau charged to the current year consolidated statement of profit or loss of HK$4,450,000 (2017: HK$3,653,000) represented contributions paid and payable to the schemes by the Group at rates specified in the rules of the schemes.

38.RELATED PARTY DISCLOSURES

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

		2018 HK$'000	2017 HK$'000
Joint venture	Sales of properties held for sale	–	21,507
Joint venture	Assets management income	8,908	9,560
Joint venture	Interest income	48,387	46,610

(b) The amounts due from (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 respectively.

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

	2018 HK$'000	2017 HK$'000
Short-term benefits	61,969	71,098
Post-employment benefits	785	843
	62,754	71,941

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

39. 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.

As at 31 March 2018 and 2017, none of the share options had been granted.

40. 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, 38(b), 27 and 30 net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and accumulated profits.

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

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Financial assets at fair value through profit or loss		
Investments held for trading	1,879,380	2,298,774
Loans and receivables		
Trade and other receivables	893,856	44,356
Loan receivables	186,679	312,953
Amounts due from joint ventures	3,220,780	2,804,860
Amounts due from associates	–	38,129
Amounts due from non-controlling shareholders of subsidiaries	2,460	–
Cash held by securities brokers	2,384	30,760
Bank balances and cash	2,577,148	3,572,022
	6,883,307	6,803,080
Available-for-sale financial assets		
Available-for-sale investments	138,213	191,508
Financial liabilities		
At amortised cost		
Other payables	92,908	73,580
Amounts due to joint ventures	722,382	180,528
Amounts due to non-controlling shareholders of subsidiaries	198,073	163,640
Guaranteed notes	1,950,000	2,767,830
Bank borrowings	8,347,706	8,021,163
	11,311,069	11,206,741

41. 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 risks), 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$, EUR and GBP arising from foreign currency bank balances and cash, cash held by securities brokers and guaranteed notes as set out in notes 25 and 30 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	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
RMB	1,165	7,919	–	–
US$	94,659	689,576	1,950,000	2,767,830
EUR	1,646	1,646	–	–
GBP	56,751	1,216	–	–

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

The Group has not formulated a policy to hedge the foreign currency risk.

(ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to amounts due from joint ventures, amounts due from associates, amounts due from non-controlling shareholder of subsidiaries, loan receivables, investments held for trading and guaranteed notes issued by ESL as set out in notes 19, 20, 38(b), 21, 24 and 30 respectively.

The Group is also exposed to cash flow interest rate risk in relation to amounts due from joint ventures, variable-rate bank balances, cash held by securities brokers and bank borrowings as set out in notes 19, 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.

41. 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 (2017: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2017: 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 (2017: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2018 would increase/decrease by HK$2,154,000 (2017: HK$3,008,000).

For bank borrowings, if interest rates had been 50 basis points (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2018 would decrease/increase by HK$34,852,000 (2017: HK$33,488,000).

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

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its investments in investments held for trading and available-for-sale investments. 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 unlisted available-for-sale investments, listed equity securities, listed debt securities, unlisted debt security and unlisted mutual funds quoted in the open markets. 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.

41. 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% (2017: 5%) higher/lower, post-tax profit for the year ended 31 March 2018 would increase/decrease by HK$4,039,000 (2017: increase/decrease by HK$3,131,000) 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% (2017: 5%) higher/lower, post-tax profit for the year ended 31 March 2018 would increase/decrease by HK$74,426,000 (2017: increase/decrease by HK$92,843,000) as a result of the changes in fair value of debt securities.

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

Credit risk management

As at 31 March 2018, 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 debt securities at fair value through profit or loss and each items of loans and receivables as stated in the consolidated statement of financial position; and

- the amount of financial guarantee contracts in relation to corporate guarantees issued by the Group as disclosed in note 34.

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.

41. 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 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:

	2018 %	2017 %
A1/A+	–	12.0
A2/A	–	5.3
Baa1/BBB+	1.0	–
Baa2/BBB	0.8	–
Baa3/BBB-	3.7	–
Ba1/BB+	2.1	2.7
Ba2/BB	8.0	7.9
Ba3/BB-	8.3	12.8
B1 to Caal/B+ to CCC+	30.6	40.7
Unrated	45.5	18.6
	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 2018, the Group has concentration of credit risk on bank balances as 55% (2017: 59%) of balances are placed in one (2017: 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 90% (2017: 77%) of the amounts due from joint ventures are due from five (2017: 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 51% (2017: 69%) of the total loan receivables as at 31 March 2018 was due from two borrowers (2017: one). The balance due from the borrowers are in an aggregate amount of HK$94,997,000 (2017: HK$217,000,000) as at 31 March 2018, 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 investment in listed debt securities, bank balances, amounts due from joint ventures and loan receivables as at 31 March 2018 and 2017.

41. 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 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 borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise the rights.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of reporting period.

	Weighted average interest rate %	On demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2018 HK$'000
31 March 2018									
Non-derivative financial liabilities									
Other payables	–	92,908	–	–	–	–	–	92,908	92,908
Amounts due to joint ventures	–	722,382	–	–	–	–	–	722,382	722,382
Amounts due to non-controlling shareholders of subsidiaries	–	198,073	–	–	–	–	–	198,073	198,073
Guaranteed notes	4.88	–	11,883	47,531	95,063	2,235,187	–	2,389,664	1,950,000
Bank borrowings	2.47	214,550	25,128	1,244,669	1,619,292	5,904,748	54,689	9,063,076	8,347,706
		1,227,913	37,011	1,292,200	1,714,355	8,139,935	54,689	12,466,103	11,311,069
Financial guarantee contracts *(Note)*		6,243,485	–	–	–	–	–	6,243,485	3,334

41. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2017 HK$'000
31 March 2017									
Non-derivative financial liabilities									
Other payables	–	73,580	–	–	–	–	–	73,580	73,580
Amounts 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)*		5,042,901	–	–	–	–	–	5,042,901	6,458

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

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2018, the aggregate carrying amounts of these bank borrowings amounted to HK$214,550,000 (2017: 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 borrowings 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 2018	1,326	218,527	–	–	–	219,853	214,550
31 March 2017	601	1,803	216,954	–	–	219,358	214,550

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.

41. FINANCIAL INSTRUMENTS (Continued)

(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.

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

Some of the Group's financial assets 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 are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at 31.3.2018 HK$'000	Fair value as at 31.3.2017 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
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: 78,791	Listed equity securities in: – Hong Kong: 57,207	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: – Hong Kong: 248,933 – Elsewhere: 1,337,966	Listed debt securities in: – Hong Kong: 423,834 – Elsewhere: 1,799,939	Level 1	Quoted bid prices in an active market	N/A	N/A
	Unlisted debt security: 195,750	Unlisted debt security: nil	Level 2	Quoted bid prices in the over-the-counter markets	N/A	N/A
	Unlisted mutual funds: 17,940	Unlisted mutual funds: 17,794	Level 2	Redemption price provided by the investment fund managers which was determined with reference to the quoted market value of the underlying assets of the funds	N/A	N/A

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

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

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable HK$'000 (Note 26)	Dividend payable HK$'000 (Note 15)	Amounts due to joint ventures HK$'000 (Note 19)	Bank borrowings HK$'000 (Note 27)	Guaranteed notes HK$'000 (Note 30)	Amount due to non-controlling shareholders of subsidiaries HK$'000 (Note 38(b))	Total HK$'000
At 1 April 2017	35,407	–	180,528	8,021,163	2,767,830	163,640	11,168,568
Exchange adjustment	–	–	–	82,127	–	–	82,127
Dividend declared	–	162,601	–	–	–	–	162,601
Financing cash flows	(323,569)	(162,601)	541,854	9,416	(817,830)	7,341	(745,389)
Acquired through acquisition of a subsidiary	–	–	–	235,000	–	27,092	262,092
Capitalisation of interest expenses	27,737	–	–	–	–	–	27,737
Interest expenses	287,989	–	–	–	–	–	287,989
At 31 March 2018	27,564	–	722,382	8,347,706	1,950,000	198,073	11,245,725

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current assets		
Investments in subsidiaries	639,462	407,569
Amounts due from subsidiaries	8,184,973	6,384,855
Investments in joint ventures	10,929	12,408
Club memberships	5,200	5,200
	8,840,564	6,810,032
Current assets		
Amount due from a joint venture	26	–
Other receivables	16,364	7,414
Bank balances and cash	509,528	1,983,568
	525,918	1,990,982
Current liabilities		
Other payables and accruals	22,527	19,761
Bank borrowings – due within one year	30,000	30,000
	52,527	49,761
Net current assets	473,391	1,941,221
	9,313,955	8,751,253
Capital and reserves		
Share capital	80,296	80,296
Reserves *(Note)*	9,031,159	8,438,457
Total Equity	9,111,455	8,518,753
Non-current liability		
Bank borrowings – due after one year	202,500	232,500
	9,313,955	8,751,253

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

Note:

Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 *(Note)*	Accumulated profits HK$'000	Total HK$'000
At 1 April 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
Dividends recognised as distribution	–	–	–	(198,032)	(198,032)
At 31 March 2017	2,052,135	6,620	134,931	6,244,771	8,438,457
Profit and other comprehensive income for the year	–	–	–	755,303	755,303
Dividends recognised as distribution	–	–	–	(162,601)	(162,601)
At 31 March 2018	2,052,135	6,620	134,931	6,837,473	9,031,159

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

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly 2018 %	Directly 2017 %	Indirectly 2018 %	Indirectly 2017 %	Principal activities
46 Lyndhurst Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property 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
Capital Strategic Property (Shanghai) Limited *(Note ii)*	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 management service
Clear Luck Group Limited	BVI	US$1	–	–	100	100	Property holding
Couture Homes Limited	BVI	US$1	100	100	–	–	Investment holding

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly 2018 %	Directly 2017 %	Indirectly 2018 %	Indirectly 2017 %	Principal activities
CSI Financial Holdings Limited	Hong Kong	HK$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK$2	100	100	–	–	Provision of management service
Eagle Shore Limited	BVI	US$1	–	–	100	100	Sales of securities and investment holding
Earn Centre Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Earthmark Limited	BVI	US$1	100	100	–	–	Loan financing
Estate Sky Limited	BVI	US$1	100	100	–	–	Bond issuer
Excel Deal Ventures Limited *(Note i)*	BVI	US$1	–	–	100	–	Property development
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	–	–	93	93	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	BVI	US$1	–	–	100	100	Investment holding
Highland Management Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
Hoyden Holdings Limited	BVI	US$1	–	–	100	100	Property development
ICC Financial Limited	Hong Kong	HK$1	–	–	100	100	Money Lending
Mark Well Investment Limited	Hong Kong	HK$100	100	100	–	–	Sale of securities and investment holding

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2018 %	2017 %	2018 %	2017 %	
Modern Value Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Shanghai Huajian Business Management Company Limited *(Note ii)*	PRC	Registered and paid-up capital RMB350,195,000	–	–	100	100	Property holding and leasing of property
Surplus King Centre Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Surplus King Hotel Enterprises Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of properties
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 and leasing of properties

Note:

(i) The company was incorporated during the year ended 31 March 2018.

(ii) These companies are wholly foreign owned enterprises established in the PRC.

44. 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 ESL which had issued guaranteed notes of US$250,000,000 (details are set out in note 30).

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

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

Principal activities of business	Principal place of business	Number of subsidiaries 2018	2017
Corporate services	HK	2	5
Investment holding	HK/Macau/PRC	232	268
Inactive	HK	26	10
Securities investment	HK	2	7
		262	290

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 2018 is set out below:

(A) RESULTS

	Year ended 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000
Revenue	2,578,071	745,611	2,201,494	1,868,279	3,969,462
Profit before taxation	871,302	281,361	1,711,216	1,367,148	1,109,163
Income tax expense					
– Current tax and deferred tax	(52,040)	(16,308)	(53,948)	(21,387)	(46,761)
Profit for the year	819,262	265,053	1,657,268	1,345,761	1,062,402
Attributable to:					
Owners of the Company	815,489	262,936	1,645,022	1,346,734	1,010,233
Holders of perpetual capital securities	–	–	–	–	47,840
Non-controlling interests	3,773	2,117	12,246	(973)	4,329
	819,262	265,053	1,657,268	1,345,761	1,062,402

(B) ASSETS AND LIABILITIES

	As at 31 March				
	2014 HK$'000	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000
Total assets	11,847,028	12,561,741	18,241,511	23,041,132	25,860,247
Total liabilities	4,069,375	4,294,955	8,560,159	12,271,750	12,549,688
	7,777,653	8,266,786	9,681,352	10,769,382	13,310,559
Equity attributable to:					
Owners of the Company	7,773,512	8,264,720	9,667,111	10,755,312	11,742,750
Holders of perpetual capital securities	–	–	–	–	1,539,619
Non-controlling interests	4,141	2,066	14,241	14,070	28,190
	7,777,653	8,266,786	9,681,352	10,769,382	13,310,559

Schedule of Properties held by the Group

As at 31 March 2018

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2018 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. and 51 Carparks, Capital Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	16,606	149,500
	Nos. 21 and 21A Ashley Road, Kowloon, Hong Kong	Commercial	100%	N/A	30,000	384,900
	Nos. 23 and 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
	Rural Building Lot No. 544, Hong Kong	Residential	100%	7,766	4,230	389,200
	Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial	100%	3,347	40,152	482,100
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	113,900
	Shatin Town Lot No. 562, Villas in kau to HIGHLAND, Nos.39-77 Lai Ping Road, Sha Tin, N.T.	Residential	92%	N/A	40,695	719,700
	Lot No. 1909 in D.D. 100 Fan Kam Road Sheung Shui, New Territories	Residential	92%	68,986	33,109	378,600
	COO Residence, 8 Kai Fat Path, Tuen Mun, N.T.	Residential/ Commercial	100%	12,637	80,700	583,300

Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK$'000)
(i) Hong Kong (Continued)					
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	2,729,100
Shop No.1, Shop No. 2 of G/F, 1/F, 8/F, 25-26/F of Oriental Crystal Commercial Building, No.46 Lyndhurst Terrace, Hong Kong	Commercial	100%	N/A	12,197	297,800
Nos. 46 and 48 Cochrane Street, the remaining portion of Inland Lot Nos. 4462, 4463 and 4464, Hong Kong	Commercial	100%	2,118	31,767	441,500
Nos. 68 and 70 Electric Road, Nos. 2C and 2D Lau Li Street, Hong Kong	Commercial	100%	3,465	51,947	662,300
Nos. 160-164 Wellington Street, Sheung Wan, Hong Kong	Commercial	100%	4,206	63,090	752,900
No. 81 Perkins Road, Jardine's Lookout, Hong Kong	Residential	100%	9,185	5,511	698,000

Schedule of Properties held by the Group

As at 31 March 2018

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, No 169 Wujiang Road and No. 1 Lane 333 Shimen Road, Jing'an District, Shanghai, PRC	Commercial	100%	149,017	122,441	643,600
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	1,623,900
(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	60%	N/A	9,347	192,300

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