COUTURE Homes 尚家生活地產

CSI PROPERTIES 資本策略

資本策略地產有限公司
CSI PROPERTIES LIMITED

Stock Code 股份代號：497

FinanceAsia ASIA'S BEST COMPANIES 2013

FinanceAsia ASIA'S BEST COMPANIES 2014

FinanceAsia ASIA'S BEST COMPANIES 2018

ANNUAL REPORT 年報 2019

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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
Shek Lai Him, Abraham, *GBS, JP*
Lo Wing Yan, William, *JP*

AUDIT COMMITTEE

Cheng Yuk Wo *(Chairman)*
Lam Lee G.
Shek Lai Him, Abraham, *GBS, JP*
Lo Wing Yan, William, *JP*

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
Oversea-Chinese Banking Corporation 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 Taicang Road
Huangpu 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$3,439.2 million for the year ended 31 March 2019, which was mainly generated from sale of properties, representing a decrease of 13.4% from approximately HK$3,969.5 million recorded last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$529.9 million for the year ended 31 March 2019, represented a decrease of 47.5% compared with HK$1,010.2 million reported in 2018.

The decrease in profit was mainly due to the decrease in contribution from joint ventures and the reduction in contract sales during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balances and cash of approximately HK$1,409.8 million (31 March 2018: HK$2,579.5 million). The Group generally financed its operations through its internal resources and bank facilities provided by its principal bankers.

As at 31 March 2019, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK$10,377.7 million (31 March 2018: HK$10,297.7 million) and the Group's ratio of total debt to total assets was 39.4% (31 March 2018: 39.8%) (measured by total external borrowings as a percentage to the total assets 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$365 million that are repayable within one year and contain a repayment on demand clause in the loan agreements are grouped under repayable within one year) usually spread over a period of around 2-5 years with approximately HK$2,122.8 million repayable within one year, HK$6,304.9 million repayable between one to five years, and nil 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	
	2019	2018
Revenue	3,439	3,969
Profit attributable to owners of the Company	530	1,010
Equity attributable to owners of the Company	12,037	11,743
Earnings per share – basic (HK cents)	5.28	10.06
Dividend per share proposed after the end of the reporting year		
– Final dividend (HK cents)	0.72	1.40

Supplementary information of contracted sales highlights:

	%	Recognised contracted sales for the year ended 31 March 2019 HK$'000	Unrecognised contracted sales committed up to 31 March 2019 HK$'000
Group level			
Hong Kong residential properties		2,037,392	885,408
Singapore commercial properties		17,969	–
Hong Kong commercial properties		1,081,600	985,638
Sub-total		3,136,961	1,871,046
Joint ventures and associates			
PRC residential properties	50%	228,372	–
Hong Kong commercial properties	30%	–	1,292,310
Sub-total		228,372	1,292,310
Total		3,365,333	3,163,356
Less: Non-controlling interests		(178,293)	–
Contracted sales attributable to the Group		3,187,040	3,163,356

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 2019.

	2019 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	12,037,070
Add: Attributable revaluation surplus relating to the Group's properties held for sale (1)	7,645,142
Attributable revaluation surplus relating to properties held for sale by joint ventures (1)	1,082,528
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)	20,764,740
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value	HK$2.07

(1) Based on open market valuations as at 31 March 2019 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

	2019 HK$'000	2018 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,898,031	5,960,631
An associate	282,854	282,854
	9,180,885	6,243,485
and utilised by:		
Joint ventures	6,871,427	4,994,926
An associate	177,404	168,798
	7,048,831	5,163,724

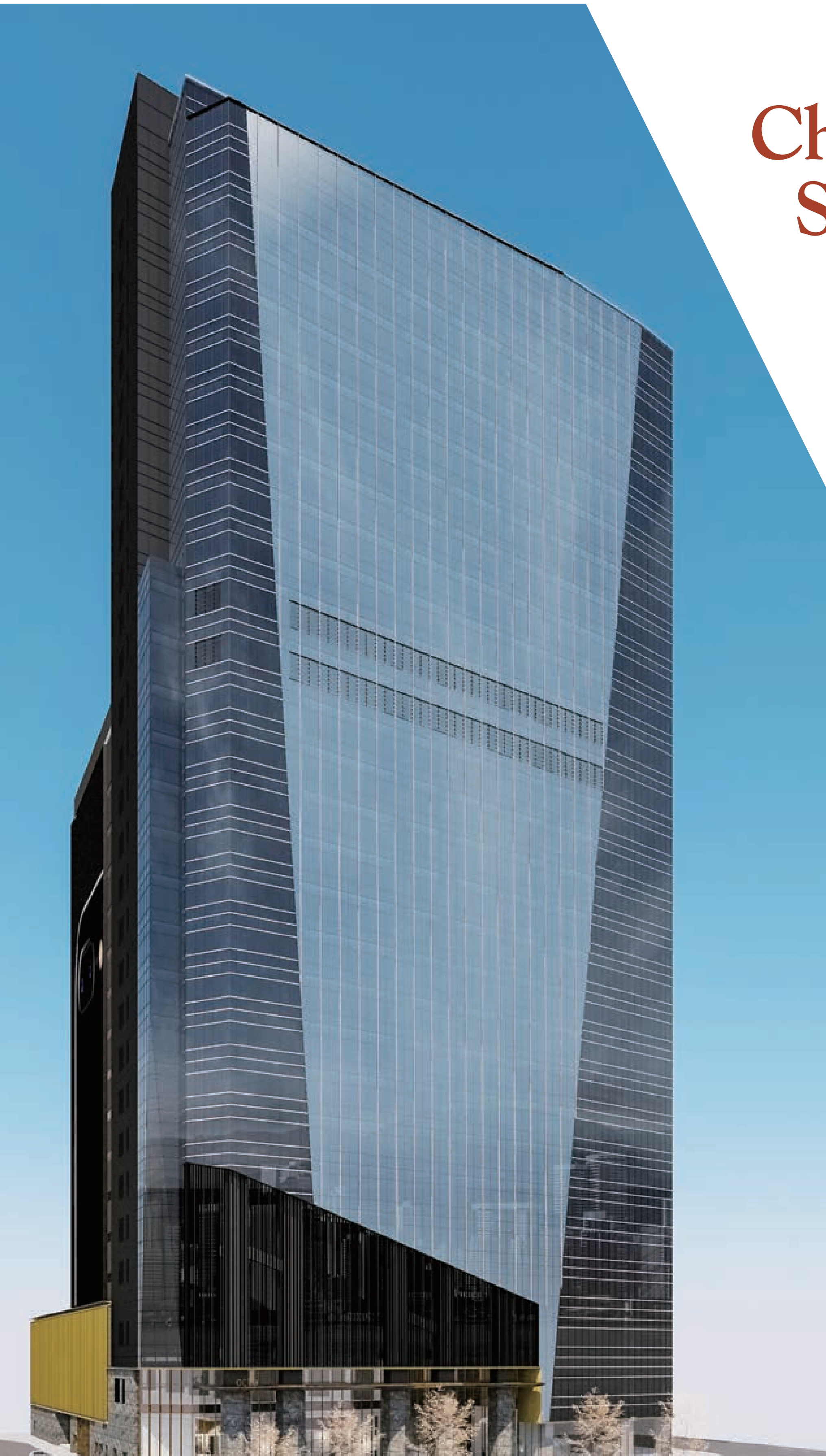
The directors of the Company assessed the risk of default of the joint ventures and an associate at the end of the reporting period and considered the risk to be insignificant and it is unlikely that any guaranteed amount will be claimed by the counterparties. Included in other payables and accruals as at 31 March 2019, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$20,341,000 (2018: HK$3,334,000).

PLEDGE OF ASSETS

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

	2019 HK$'000	2018 HK$'000
Property, plant and equipment	241,369	254,765
Properties held for sale	11,119,219	11,541,551
Investments held for trading	–	263,468
Financial assets at FVTPL	188,477	–
	11,549,065	12,059,784

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

Dear Shareholders,

I am pleased to report that the Group's consolidated profit attributable to shareholders was HK$529.9 million for the fiscal year ended 31 March 2019, and earnings per share was HK5.28 cents.

This fiscal period has been full of challenges in the global macroeconomy. Investment sentiment has been dampened by the continuing US-China trade war disputes throughout the fiscal year. The volatility of the Renminbi, increase in corporate bankruptcies and the slowing down of domestic economy have dampened the investment sentiment in the China market. As a consolation, the recent rate outlook in the US has become more dovish with future Federal Reserve rate cuts likely to happen. This will help to relieve the pressure on the global economies and the real estate market. However, we do believe there will be continual volatilities and challenges in the global markets that will affect the global markets and investment sentiment.

Despite these challenging operating environments, the Group has strived to deliver decent profitability and strengthened the financial position through steady asset disposals on both our residential and commercial projects. As detailed in the later section, we have contracted sales and unrecognised contracted sales commitment up to 31 March 2019 totaling approximately HK$6.5 billion secured from project sales which are recorded in this and the next fiscal year. In addition, through prudent capital management and the replenishment of our landbank, the Group is ready to capture additional landbank opportunities in order to generate solid returns in the future.

In respect of our residential business, we are delighted to have successfully completed the sales of the kau to HIGHLAND, our Kau To Shan villa project. In total, twenty luxurious villas were sold at superior prices and reaffirms Couture Homes' strong ability in selling luxury homes in Hong Kong. In addition, we will also be launching our premium deluxe residential project at the Jardine's Lookout, namely Dukes Place, within this year and we are confident on setting a new milestone for our residential business.

With regard to commercial business, we have acquired quality commercial assets in both the traditional Central Business District ("CBD") in Central and the new growing CBD2 in Kowloon East in order to assemble a strategic presence in both of these key office sub-markets. For our prime commercial site at Gage Street/Graham Street in Central acquired last fiscal year, we have initiated the master planning process for the project which comprises of a 300,000 sq.ft. of Grade A office tower and a 100,000 sq.ft. super luxury hotel tower.

In Kowloon East, market demand for Grade A office space in this office sub-market has stayed strong as we have observed continued decentralisation and consolidation requirements within the Hong Kong office sector. By capitalising on the current strong demand, we have successfully presold over fifty percent of our joint ventured and new Grade A office tower project and we have achieved good profitability to date. In addition, we have added another Grade A office building through joint venture, namely OCTA Tower to further strengthen our portfolio in Kowloon East in order to further capitalise on future opportunities.

I would like to take this opportunity to express my gratitude to my fellow Board members who bring valuable knowledge and insights to the Group, to all of our employees for the strong dedication and efforts during this challenging time, and to all of our business partners and stakeholders for their continuing support throughout the years.

CHUNG CHO YEE, MICO
Chairman

28 June 2019

Management Discussion and Analysis

BUSINESS REVIEW

For the fiscal year ended 31 March 2019, the Group's revenue was HK$3,439.2 million compared with HK$3,969.5 million in the last fiscal year. Consolidated profit for the fiscal year ended 31 March 2019 was HK$668.2 million, a decrease of HK$394.2 million compared with HK$1,062.4 million in the last fiscal year.

Consolidated profit attributable to owners of the Company was HK$529.9 million, representing a decrease of HK$480.3 million compared with HK$1,010.2 million for the last fiscal year. Earnings per share attributable to shareholders was HK5.28 cents compared with HK10.06 cents in the last fiscal year.

The decrease in profit is mainly attributable to the reduction in the booking of contracted sales as revenue and contribution from joint ventures for the fiscal year ended 31 March 2019 as compared to the preceding fiscal year.

Despite the volatile market as a direct consequence of the continued US and China trade war dispute, the Group has delivered solid profitability and strengthened its financial position through steady asset disposals in respect of both the residential and commercial business during the fiscal year. As detailed in the later section, we have sales totaling approximately HK$3.4 billion booked in this fiscal year, with an additional approximately HK$3.2 billion of contracted sales scheduled to be booked in the forthcoming periods. This strong cash inflow will ensure sufficient financial resources for the Group to maintain its robust operation, and allow future prime landbank replenishment when opportunity arises.

COMMERCIAL PROPERTIES

The commercial division had a profitable fiscal year. Significant presales and disposals during the period included the completed sale of a commercial site at Nos. 68 and 70 Electric Road in Tin Hau and the disposal of the last four remaining floors of the Oriental Crystal Commercial Building at No. 46 Lyndhurst Terrace in Central.

We have presold a total of fourteen office floors at our new commercial tower at Nos. 2-4 Shelley Street in Central, with the majority already delivered to end-buyers in April and May 2019 and will be booked in the next fiscal year. In addition, we also had very successful presales of over 50% of our joint venture Kowloon Bay Grade A office tower project with Billion Development and Sino Land at No. 38 Wai Yip Street, which is expected to be handed over to end-buyers during the third and fourth quarter of 2019. Furthermore, we have recently entered into an agreement to dispose of our interests in Nos. 21-27 Ashley Road, Kowloon, with completion expecting to take place near the end of the third quarter of 2019.

In view of the growing demand for prime offices in key locations in Hong Kong, we have acquired sizeable commercial landbank in both the traditional CBD in Central and the new growing CBD in Kowloon East in order to build a strategic presence.

For our prime commercial URA site located at Gage Street/Graham Street in Central and acquired last fiscal year, the Group has increased its stake to 50% interests. Working with world-renowned architectural firm Foster + Partners, we have initiated the master planning process for this large scale mixed use project which comprises a 300,000 sq.ft. Grade A office tower and a 100,000 sq.ft. super luxury hotel tower. The architectural design will seamlessly combine vernacular architecture and materiality together with high-tech futurism to create a new iconic landmark in this area rich with history yet undergoing significant transformation in Central/SOHO. Ongoing site clearance and ground investigation works were being carried out. Demolition work is expected to commence once consent is received at around end of June 2019. We envisage the project to become the new centre of gravity in the vicinity to attract a mixed programme of business, retail, education, local flavor and high-end hospitality, attracting occupants from leading new and old economy companies in addition to high-end business and leisure travelers alike.

In Kowloon East, market demand for Grade A office space has remained buoyant as we have observed strong decentralisation and consolidation requirements in the Hong Kong office sector. In August 2018, the Group, together with three joint venture partners, acquired OCTA Tower, a Grade A office building with a G.F.A. of approximately 680,000 sq.ft. and situated at No. 8 Lam Chak Street in Kowloon Bay. The property is located in the established Kowloon Bay business hub close to MegaBox and adjacent to The Quayside, a Link REIT/Nan Fung Group jointly-developed commercial office development project with top multinational corporate tenants including JP Morgan Bank, etc. OCTA Tower benefits from full and unobstructed view of Victoria Harbour and is primed for value enhancement through comprehensive renovation works and updating the tenancy profiles. PDP London, an internationally-renowned architect firm are leading the design efforts and whereas the renovation works will shortly commence and include the upgrading of the main lobby, glass curtain wall, external façade and office floors. We aim to reposition the prime asset to become a core destination for high paying tenants including banking corporations, Technology, Media and Telecommunications hubs and a co-working operator to improve rental yields.

Furthermore, during the year, we purchased a prime commercial building, the Everest Building, at Nos. 241 and 243 Nathan Road in the heart of Jordan for repositioning and building upgrade. Renovation works include the widening of the entrance hallway and the comprehensive renovation of the lobby and lifts. Additionally, the external façade upgrading works have already commenced, with target completion for the end of calendar year 2019. Following completion of enhancement works, we expect an increase in rental yield by improving retail tenancy rates and upgrading upper floors tenancy with higher yielding tenants via repositioning it as a medical and beauty services themed building. This newly renovated building will drive significant value creation upon the completion of work.

The Nos. 46-48 Cochrane Street site has commenced foundation work for the construction of a new commercial building with G.F.A. of over 30,000 sq. ft. at this prime commercial/entertainment address in Central. The new commercial tower is situated at the core of Central/SOHO district, adjacent to the Central-Mid Levels escalators and next to the newly opened Central Police Station Revitalisation Project now known as "Tai Kwun". Given this prime address, we believe this new Ginza-styled F&B commercial tower will attract strong interest from investors and users with expected completion within the calendar year 2021.

Furthermore, we are also seeing strong performance from our Novotel Hotel at Jordan, with high occupancy rate and superior room rate as a result from the rebound of tourist flow to Hong Kong. With solid rental income annually for this hotel in prime Kowloon, we will continue to drive better operation efficiency while constantly reviewing our options which include possible sale or redevelopment in the future to drive the optimal investment returns.

For the In-Point shopping mall situated at 169 Wujiang Road in Shanghai, we have commenced renovation work to convert into double decker premium street front stores in order to enhance our tenancy profile by attracting premium branded retail tenants post-renovation. Completion of renovation is expected to be by the end of 2019. Due to being located next to the vibrant mixed use "HKRI Taikoo Hui" complex jointly owned by Swire Properties and HKR International, we expect the upgraded project will have significant value creation upon the expected completion of work.

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

COUTURE HOMES – RESIDENTIAL PROPERTY DEVELOPMENT

We have completed the sale of all remaining units of the kau to HIGHLAND, our Kau To Shan villa project at Nos. 39-77 Lai Ping Road in the fiscal year. In total, 20 luxurious villas were sold at superior prices and further reaffirms our reputation as a Hong Kong's most premium and respected residential developer.

The division also sold a prime villa site at No. 81 Perkins Road at Jardine's Lookout in December 2018. The site is situated for new luxurious villa development within this prestigious and exclusive neighborhood.

In addition, our COO Residence project at No. 8 Kai Fat Path in Tuen Mun is nearing building completion. We are optimistic that the 204 residential units presold earlier will be completing sales and booked at the later part of calendar year 2019.

We also have a number of landmark residential projects in Hong Kong to be launched in the future that will be the key focus in the residential market. Firstly, Dukes Place which is our luxury apartment project at No. 47 Perkins Road, Jardine's Lookout will be launched for sale this year. Dukes Place is nestled in the epicenter of this ultra-exclusive neighborhood and when completed will provide 16 spacious apartments with multiple layouts, and a saleable area ranging from approximately 2,850 sq.ft. to over 6,800 sq.ft.. We have appointed internationally-renowned architecture firm PDP London who crafted the whole structure to be of contemporary design complimented by gold trim and natural stone finishes and in such an arrangement with an incomparable amount of space and exclusivity rarely found in Hong Kong. Through further collaboration with world-class interior designers from the U.K., France, Japan and Hong Kong, the beautifully decorated units will capture the heritage of Jardine's Lookout, while incorporating various unique styles and elements from each of the leading designers. The site is also extremely convenient, with short driving distance to key areas like Central and Causeway Bay. We expect that Dukes Place will see good demand and at premium pricing due to its testimony of unparalleled elegance and location in this highly sought-after neighborhood.

The forthcoming launch of Nos. 8-12 Peak Road residences, a joint venture project, will be another prime project within the Couture Homes high-end residential portfolio. The whole estate is being repositioned by way of a complete refurbishment of the façade, internal common spaces and landscaping. Each of the interiors of these tailor-made units will be restyled to modern and trendy contemporary designs and finished with beautiful fixtures and fittings. In addition to the 180 degrees views of Victoria Harbour, this address offers easy accessibility to key areas on Hong Kong Island such as Central which is only a short ten minutes' drive away. We strongly believe that following the renovation, the full value of this project can be extracted with its premium pricing for this prime and notable address on the Peak.

Finally, continuing from the huge success of our kau to HIGHLAND project, we are confident that our other villa project at Lot No. 1909 Fan Kam Road in Sheung Shui will be equally successful following its completion within the calendar year 2020. Comprising six premium villas, and typically measuring G.F.A. of 6,000 sq.ft. each unit will have their own exclusive swimming pool and private garden. Through the collaboration of established international designers, each villa will be offered with exquisite, contemporary furniture and finishes to fully complement its premier status. We feel that this exclusive and highly desirable project will be unrivalled given its location in this exclusive neighbourhood and being situated next to the internationally renowned and world-famous Fanling Golf Course which often hosts golf tournament events held by The Hong Kong Professional Golfers' Association.

For Beijing Legendale, our joint venture luxury residential project at Nos. 90 and 92 JinBao Street and located in prime Beijing, renovation work has already commenced and we are expecting sales of the units to start in calendar year 2020. Our plan is to refurbish the existing structure and includes the external facade and common lobby areas. The interior of each residential unit will also be renovated to provide a bespoke, modern contemporary design and we will achieve this through collaboration with leading interior designers. We are confident that post-renovation, the residences will capture significant price appreciation given its superior location bordering the Wangfujiang in Beijing.

At our Queen's Gate joint venture project in Shanghai, the Group has completed refurbishment of new show flats of Queen's Gate. Sales permit of the third phase has just been obtained and the Group expects sales efforts to commence in second half 2019.

On new acquisition, the Group won in partnership with Sino Land the tender for a MTR residential site at Yau Tong in May 2018. 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 Kowloon East. Master planning is underway and construction work will commence soon for this mass residential project.

These exciting new projects on the horizon further solidify Couture Homes as a recognised leader in supplying distinct and personalised luxury homes in Hong Kong and China. With such strong foundation, we will continue to drive growth of the division by strategically adding premium landbank to the existing portfolio.

SECURITIES INVESTMENT

As at 31 March 2019, the Group held financial assets at fair value through profit or loss ("FVTPL") of approximately HK$2,091.8 million (31 March 2018: available-for-sale investments and investments held for trading of approximately HK$2,017.6 million). The investment portfolio comprises of 81.9% listed debt securities, 3.1% listed equity securities and 15.0% unlisted funds and securities. They are denominated in different currencies with 96.0% in United States dollars and 4.0% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK$21.1 million, comprising HK$12.7 million loss from debt securities, HK$12.9 million loss from equity securities (listed in Hong Kong) and HK$4.5 million arising from profit in change in fair value after application of HKFRS 9. Interest income and dividend income from securities investment increased to approximately HK$157.4 million (31 March 2018: HK$161.6 million).

As at 31 March 2019, approximately HK$188.5 million (31 March 2018: HK$263.5 million) of these listed securities investments are pledged to secure the general banking facilities granted to the Group.

EMPLOYEE

As at 31 March 2019, the total number of employees of the Group was 105, excluding the employees of Novotel Hotel at Jordan (2018: 102, excluding the employees of Novotel Hotel at Jordan). 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.

OUTLOOK

This fiscal year has been full of challenges for the global economies. Global investment sentiment has been dampened by the continuing US-China trade war dispute. The volatility of the renminbi exchange rate and the slowing down of domestic economy in China have also affected the market sentiment in Hong Kong and China. However, with the recent change in the U.S. Federal Reserve's stance on rates from hawkish to dovish and potential rate cuts widely expected in the future, this may help to smoothen the economic slowdown and the effects on the real estate market.

Despite these uncertainties in the market, the Group is well prepared to face the challenges ahead as a leading mid-cap property developer.

On the commercial side of the business, we have developed a pipeline of quality commercial landbank in key Hong Kong CBDs in Central and Kowloon East to capitalise on the strong office demand, especially with the landmark URA Gage Street/Graham Street Grade A office development project. We remain optimistic on the commercial market in Hong Kong due to natural demand growth and will continue to strategically add appropriate landbanks when opportunity arises.

On the high-end residential market, Couture Homes has a number of prime luxury residential projects launching in the next 12 to 18 months. These include the ultra-high-end residential project, the Dukes Place at the Jardine's Lookout, and the premium residences at Nos. 8-12 Peak Road at the Peak. These exciting projects, in conjunction with our strong pipeline of over 20 key commercial and residential projects, will help anchor the drive to new heights for the Group.

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

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

CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2019.

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 2019.

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 four independent non-executive directors ("INEDs") (i.e. Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, *GBS, JP* and Dr. Lo Wing Yan, William, *JP*). 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 39 to 43 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:

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

Note: Shek Lai Him, Abraham, *GBS, JP* was appointed as an independent non-executive director on 20 July 2018.

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, four 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 28 June 2018, 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 confirmations from all directors of their respective training records for the year ended 31 March 2019.

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 four INEDs of the Company, namely, Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, *GBS, JP* and Dr. Lo Wing Yan, William, *JP*. 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 2018 and the interim results of the Company for the six months ended 30 September 2018; approved the remuneration and terms of engagement of the external auditors; reviewed the internal audit plan and approved the remuneration and terms of engagement of the external consultants; reviewed the work progress reports in respect of internal control and risk management and the works performed by the external consultants; and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

Remuneration Committee

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

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

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

Details of emolument paid to the directors for the year 2019 are set out in the notes to the consolidated financial statement on page 106.

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, made recommendations to the Board on the appointment of an INED 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, adopted Dividend Policy and Nomination Policy and approved the 2018 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 48 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 acknowledges its responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining sound and effective risk management and internal control systems to safeguard the interests of shareholders and the Group's assets. The Board recognises that it is ultimately responsible for the Group's risk management and internal control systems; it oversees the management in the design, implementation and monitoring of the risk management and internal control systems and reviews their effectiveness at least annually through the Audit Committee.

Effective risk management is an integral part of the overall achievement of the Group's strategic objectives. To achieve this, the Board ensures that there is a robust and ongoing risk management process in identifying, evaluating and managing significant risks faced by the Group to promote the long-term success of the Group.

Each division of the Company is responsible for identifying, evaluating and managing risks within its divisions taking into account the objectives of such division on a semi-annually basis with mitigation plans to manage those risks. Based on the risk assessment results, the management reviews the principal business risks identified, assesses the effectiveness of control measures to help mitigate, reduce or transfer such risks, monitors the risk management and internal control systems and reports to the Audit Committee for any significant issues identified. The Audit Committee supports the Board in monitoring risk exposure, design and operating effectiveness of the underlying risk management and internal control systems. It oversees regular reviews of the business process and operations reported by the external internal control consultant and regular reports by the external auditors of any control issues identified in the course of their work. The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of the risk management and internal control systems.

The risk management process coupled with our internal controls, ensures that the risks associated with different divisions of the Group are effectively controlled and in line with the Group's risk appetite. To this end, we have a distinct organisation structure with defined lines of authority and control responsibilities. A comprehensive management accounting system is in place to provide financial and operational performance indicators for management's review and relevant financial information for reporting and disclosure purposes. Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Besides, management continues to allocate resources for the risk management and internal control systems to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure to achieve business objectives.

The Board, through the Audit Committee, has delegated the internal audit function to an independent external internal control consultant, Moore Stephens Advisory Services Limited, who has conducted a review on the adequacy and effectiveness of the Group's internal controls over human resources, payroll and treasury management cycles during the year, and included recommendations for improvement and strengthening of the internal controls system. The Board considers that the Group's risk management and internal control systems are effective and adequate. The external internal control consultant also developed a risk-based approach for the internal audit and established a five years' internal audit plan, which is subject to review annually, covers major activities and processes of the Group's operations, businesses and service units. The results of these audit activities are communicated to the Audit Committee and key members of senior management of the Group. Audit issues are tracked, followed up for proper implementation, and their progress are reported to the Audit Committee and senior management of the Group periodically.

Inside Information

With regards to the internal controls and procedures for the handling and dissemination of inside information, the Group complies with under the Part XIVA and relevant parts of the Securities and Future Ordinances and Listing Rules. To be certain that all the staff members in the Group are aware of the inside information handling, the Group's Disclosure policy sets out guidance and procedures to ensure that the inside information of the Group is disseminated to the public completely, accurately and timely. Besides, the Board is responsible to approve the dissemination of the information. The Group also has reasonable measures regarding keeping the sensitive information confidential and ensuring the confidentiality terms are in place in the significant agreements.

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 2019, 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	3.450
Other services	1.052
	4.502

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.

DIVIDEND POLICY

The Board adopted the Dividend Policy during the year which sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to the shareholders of the Company.

The Dividend Policy allows the shareholders of the Company to participate in the Company's profits whilst to retain adequate reserves for future growth. Normally, the Company pays dividends once a year, which is final dividend. The Board may declare special dividends in addition to such dividends as it considers appropriate.

The Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the Board's discretion having regard to determined factors such as operations, earnings, financial conditions, capital expenditure, future development, business conditions and strategies, interest of shareholders, etc.

Subject to the Company's Bye-laws and all the applicable laws, dividends may be paid in cash or be satisfied wholly or partly in the form of allotment of shares of the Company. The Board may also consider the issuance of bonus shares on a basis permitted by the applicable laws and regulations.

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.

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

CSI Properties Limited ("CSI", together with its subsidiaries hereinafter referred to as the "Group" or the "Company") is pleased to present this Environmental, Social and Governance ("ESG") Report in accordance with the ESG Reporting Guide, as set out in Appendix 27 of the Listing Rules governing the Main Board. This report aims to give our stakeholders a more comprehensive understanding of our practices and performance in the context of ESG.

The scope of this report covers the Group's core business in property development, leasing, hotel operation and investment activities during the financial year in Hong Kong.

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

ABOUT CSI PROPERTIES LIMITED

The Group firmly believes in the need to prioritise environmental and social responsibilities and continues to seek ways to improve its environmental management system.

In addition to achieving our business objectives, we recognise our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

STAKEHOLDERS' ENGAGEMENT

On our path towards building sustainable relationships with our stakeholders, we take steps to maintain an ongoing and comprehensive dialogue with our stakeholders to enable them to address their own concerns, interest and expectations, and to help us more accurately evaluate the potential impact of our business activities.

During the period under review, the Group has taken various measures to enhance information transparency and readiness, involving (1) regular communication with shareholders, employees, suppliers, contractors, business partners and customers through emails and telephones, (2) the use of Company website to prompt information update including financial reports, circulars, corporate presentations, announcements and newsletters and (3) the use of an online Q&A drop box that allows collections of queries and exchanges of ideas from our stakeholders.

We will continue to look for innovative means to communicate our messages to and receive direct feedback from our stakeholders. Feedbacks and concerns from the stakeholders are collected through the following channels, which are effective in identifying opportunities for improvement:

Major Stakeholder	Methods of Communication	Major Concerns and Interests
Shareholders and Investors	• Annual and Interim Reports • Annual General Meetings • Corporate Website • Circulars, Corporate Presentations, Announcements and Newsletters	• Profitability • Financial Stability • Sustainable Development • Information Disclosure & Transparency • Compliance • Corporate Governance
Employees	• Trainings and Team Building Activities • Meetings and Briefings • Performance Appraisals • Corporate Activities	• Compensation & Benefits • Career Development and Training Opportunities • Health & Safety Work Environment
Suppliers and Contractors	• Procurement and Tendering Meetings • Phone Calls, Conferences, Emails and Site Visit	• Cooperation on Fair Terms • Integrity and Ethics • Sustainable Relationship • Supply Chain Responsibilities
Business Partners	• Mutual Development Projects • Resource Sharing Activities	• Corporate Synergies • Knowledge, Information and Resources Sharing • Sustainable Relationship
Customers	• Customer Complaint Hotlines • Meetings and Correspondences • Brochures and Leaflets	• Quality Products and Services • Privacy Protection • Integrity and Ethics
Public Community	• Charitable and Volunteering Activities • Community Interactions	• Corporate Social Responsibilities • Community Investment and Charitable Activities
Government and Supervisory Institutions	• Major Meeting and Policy Consultation • Information Disclosures • Meetings and Seminars	• Compliance • Corporate Governance • Environmental Protection • Integrity and Ethics

MATERIALITY ANALYSIS

Throughout the year, the Group has received feedback from key stakeholders through a wide range of communication channels. We also conducted a materiality analysis on the Group's Corporate Social Responsibility ("CSR") agenda to identify major ESG issues.

By doing so, we can also identify areas for improvement in CSR work and develop a more comprehensive, transparent and specific response to improve the quality of this report.

ENVIRONMENT

Despite the insignificant emission impact the Group has made to the environment, we strive to adopt environmental friendly measures and sustainable construction approaches and materials to enhance the sustainability of building environment in Hong Kong, and to reduce energy and resource consumption in our property development projects.

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.

GREEN BUILDING CERTIFICATION

The Group has demonstrated our initiative to sustainable development by integrating green building elements into our property development projects, such as implementing Building Environmental Assessment Method ("BEAM") Plus, to provide a safe, healthy, comfortable, functional and efficient living environment to our tenants and residents.

A number of our projects have been certified the BEAM Plus Certification by the Hong Kong Green Building Councils in recognition of our efforts in reducing the environmental impacts of building and construction work and improving environmental quality.

GREEN DESIGN

In recent years, green buildings have received increasing attention, encouraging the active adoption of green building design by Government and private developers. The Group has embraced this growing trend by promoting green procurement and environmentally friendly construction strategies. For instance, we have introduced open sided sky garden for some of our residential projects to reduce the urban heat island effect through evaporative cooling and mitigate amount of sunlight that reaches the parking lots and the buildings. We believe that this will raise the living standards of our residents and create environmental benefits for the neighboring communities.

During the reporting period, the Group was not aware of any material environmental non-compliance that would have a significant impact on the environment or on our Group. We summaries our efforts in managing energy use, emissions of noise, air and waste at the below sections.

Energy Saving

The Group pursues to utilise and conserve energy more efficiently and as the major means to reduce GHG emission. Our project development team always looks for possible energy-saving opportunities, especially on implement environmentally friendly design in our property development projects.

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.

In addition, 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

Construction and building activities may cause noise nuisance to neighboring districts and are therefore subject to certain statutory requirements and standards under the Noise Control Ordinance ("NCO").

To ensure compliance with the applicable regulations and standards for noise control in Hong Kong, the Group and its contractors have taken proactive participation where applicable in the planning and implementation of noise abatement measures to control noise levels of certain projects during the year, including but not limited to the following:

1) To exercise due care before the commencement of any construction and building work to identify the Noise Sensitive Receiver, being premises that are used for purposes sensitive to noise and requires protection, such as domestic premises, hotels, hospitals and clinics etc.;

2) To reduce noise emission through better planning on building design in residential development and apply more noise protection features where applicable, including specially designed windows and acoustic barrier, to ensure that the residents can enjoy noise-free living conditions;

3) To more carefully arrange our construction schedule to minimise nuisance to nearby residents during the restricted hours as specified under the NCO; and

4) To ensure the environmental noise from our construction activities at daytime and night-time have been controlled at or below the noise control standards as specified under the NCO, i.e. at 70 decibels or below.

During the reporting period, the Group did not commit any offence under the NCO and was not liable to any penalties/fines in relation to the noise control standards and regulations currently in effect.

Air Quality

The operation of our project may have an adverse effect on air quality, which is one of our key concerns on environment protection.

In order to reduce the impact of air pollution with surrounding stakeholders, the Group and its contractors are actively pursuing to continuously improve air quality and GHG emissions and have taken measures where applicable to ensure all emissions from our operations meet the applicable environmental standards and requirements, including but not limited to the installation of monoxide concentration control device for the mechanical ventilation system in the underground car park and in case if high carbon monoxide concentration is detected, localised 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.

Additionally, the Group strives to create a more sustainable business through transparent measurement and reporting of our emissions metrics. One of our many air pollution measures includes regularly monitoring and reporting of greenhouse gases and air pollutants emitted by motor vehicles for commercial purposes.

In view of the Group's business portfolio, the GHG emission produced by the Group is mainly due to direct GHG emissions from combustion of gasoline from private cars of the Group (Scope 1), indirect emissions (Scope 2) resulted from the use of electricity for operation of the Group and other indirect emission (Scope 3) resulted mainly from the air travels by employees for business purposes.

During the reporting period, the emissions of GHGs from our operations were as follows:

Aspects	2017/18		2018/19		
	Unit	Tonnes of CO_2 equivalent	Unit	Tonnes of CO_2 equivalent	Percentage Comparison
Scope 1 Direct GHG Emissions	Tonnes	42.86	Tonnes	39.62	–7.56%
Scope 2 Indirect GHG Emissions	Tonnes	90.29	Tonnes	82.64	–8.47%
Scope 3 Other Indirect GHG Emissions	Tonnes	5.68	Tonnes	19.08	+235.92%
Total	Tonnes	138.83	Tonnes	141.34	+1.81%

During the year, we produced a total of 141.34 tonnes of carbon emissions (mainly carbon dioxide, methane and nitrous oxide) across the Group. The Group actively adopts electricity conversation and energy saving measures to reduce GHG emissions. Our efforts have led to an overall reduction of 10.89 tonnes, or approximately 8.18%, in Scope 1 and 2 GHG emissions, compared with the figures in the last reporting period. Meanwhile, the increase in Scope 3 GHG emission was mainly due to the increase in business activities during the year which led to increase in demand for business travels.

GREEN PROCUREMENT

Our commitment to the environment can be observed in our procurement practices.

When choosing a supplier, a balanced judgment is made not only taken into account the quality of construction materials but also on the environmental and social factors, including its recyclability, reusability, emission as well as energy consumption.

Our choice will be based on the principle of green procurement, giving priority to environmentally friendly products and services whenever practicable. In the procurement process, contractors with ISO 14001 Environmental Management System Certification or other relevant accreditation will be prioritised to ensure that the practices of suppliers are in line with the ISO 14001 standards, which require environmentally friendly considerations on products and services.

Before procuring any construction materials, our project team examines the necessity and manages the amount of materials to avoid any unnecessary consumption. This is done to minimise environmental impact and protect natural resources.

The Group supports the use of products that are conducive to sustainable development. Similar to last year, we used paper certified by the Forest Stewardship Council ("FSC") to support sustainable use of resources when we published our annual report. The FSC certification is a rigorous, credible forestry certification system which track 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.

During the reporting period, we have complied with all applicable environmental laws, regulations and requirements when procuring products and services.

GREEN OPERATION

In addition to taking into consideration the potential impact of our projects on the environment, the Group has adopted a number of energy conservation measures to ensure the most efficient use of electricity in the office area, to reduce emission of GHG and demonstrate our determination to protect our environment:

1) To encourage double-sided printing;

2) To encourage the use of electronic documents to minimise paper printing;

3) To ensure the temperature setting for air-conditioning in our office is between 24 and 26 degrees Celsius when in use;

4) To encourage employees to switch off the lights and air-conditioning after office hours or when it is not in use; and

5) To place recycling boxes for the collection of the used ink and toner cartridges in office area.

In addition, the Group also organised various activities to promote paperless office during the reporting period.

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 for the reporting period:

Aspects	2017/18		2018/19		Percentage
	Unit	Consumption	Unit	Consumption	Comparison
Electricity consumption and intensity per full-time employee	kWh	114,301.00	kWh	104,605.00	–8.48%
	kWh per employee	1,120.60	kWh per employee	996.24	–11.10%
Water consumption and intensity per full-time employee	m^3	60.00	m^3	70.00	+16.67%
	m^3 per employee	0.59	m^3 per employee	0.67	+13.56%

During the year, the total electricity consumed was 104,605 Kilowatt-hour ("kWh") with an intensity of 996.24 kWh per employee. This figure represents a decrease of 8.48% as compared to the total electricity consumed in the last reporting period.

On the other hand, the total water consumption was 70 cubic meters ("m^3"), representing an increase of 16.67% during the year. The Group will continue to assess and record its water consumption data annually and compare it with last year's data to assist the Group in further developing our reduction targets in the future.

Reducing Waste and Promoting Recycling

The waste generated by construction activities has always been a concern in Hong Kong as it takes up a large part of our landfill.

In order to alleviate the waste challenge in Hong Kong, the Group strives to design and implement an effective waste management system focusing on the use of construction materials in a more environmentally friendly manner and to ensure compliance with relevant statutory and contractual standards and requirements.

In order to reduce the consumption of natural resources, the Group encourages our project development team and contractors to take into consideration the reduction of construction waste during the design, planning and implementation phases of our property development projects and has developed a number of waste control measures where applicable during the year, including but not limited to the following:

1) To introduce pre-cast elements in construction which is effective in terms of optimal material requirement and can reduce waste generation on-site;

2) To carry out a more rational planning of our operations and management of construction site to reduce the consumption of natural resources; and

3) To incorporate sustainable designs into our projects, prioritising waste avoidance over disposal, and pre-identifying and using reusable and recyclable construction materials during the planning phase and when carrying out the construction works.

The Group understands that waste management can be effective only if the residence, tenants, customers or any people using the premise will participate in the recycling campaigns. These waste control approaches will apply to all of our upcoming projects and are encouraged to be complied with by our contractors.

In addition, similar to last year, our Group also joined the "Lai See" (Gift Envelop/Red Packet) Reuse & Recycle Program organised by Greeners Action, recycling unused or used Lai See packets to reduce waste and relief the burden of landfill disposal. The Group also joined the "No Straw Campaign" organised by Ocean Park Conservation Foundation, Hong Kong ("OPCFHK") during the year and encourages its employees to change their habit of using plastic straws to further promote green awareness. Many other events were participated by the Group during the year, such as the Mooncake Box Recycling organised by Greeners Actions. 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 during the reporting period.

During the reporting period, the use of non-hazardous waste was as follows:

Aspects	2017/18		2018/19		Percentage
	Unit	Consumption	Unit	Consumption	Comparison
Non-hazardous: Paper	Tonnes	35.92	Tonnes	35.12	-2.23%

Paper is the main source of non-hazardous waste generated from office administration. In this regard, reducing paper use and creating a paperless working environment is one of our main concerns.

We encourage our employees to advocate the effective use of paper, including recycling single-sided printing paper for reuse and using digital technology to replace paper. The total paper usage has been reduced by 2.23% as compared to the last reporting period.

ENVIRONMENTAL PROTECTION EVENTS

The Group has initiated a variety of recycling campaigns during the year.

Ocean Park Conservation Day

In January 2019, the Group joined the Ocean Park Conservation Day, an annual signature event organised by OPCFHK and the Ocean Park, with the aim to raise our employees' awareness about the impact of plastic waste on humans, oceans and wildlife.

CSI plaque installed on the Signature Brick Wall (in front of the popular Sea Life Carousel at Waterfront Plaza) at Ocean Park.

Apart from the interactive games, DIY workshops, face-painting and eco-tours, the event has allowed our employees to learn more about the impact of plastic waste, and how to protect the environment in return.

Biz-Green Dress Day

The "Biz-Green Dress Day" is jointly organised by the Construction Industry Council and the Hong Kong Green Building Council, to promote green lifestyle to drive behavioral and mindset change in response to building a sustainable future. The Group supports this meaningful campaign in its fourth year to save energy and minimise air-conditioning consumption in our office.

Mudflat cleanup

In addition to sponsoring wildlife conservation education for the public, we also encourage our staff to gain hands-on experience for biodiversity preservation.

In November 2018, our staff and their family members joined the "Ha Pak Mudflat Clean-up Program". They helped to preserve the horseshow crabs in Hong Kong by cleaning up the mudflats at Ha Pak Nai, Yuen Long on 3 November 2018.

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 strongly believes that employees are the most valuable asset for its sustainable development.

The Group strictly complies with the Hong Kong Employment Ordinances and other legal employment requirements, avoiding any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfill our responsibilities to employees, respects their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realise the common development of the Group and its employees.

During the year under review, the Group was not aware of any litigation cases regarding labor and employment practices brought against the Group or its employees.

Employment and Employee Welfare

In line with the local employment laws including the Employment Ordinance of Hong Kong and other related labor laws and regulations, the Group prohibits the employment of child labor or any other form of forced and illegal labor. During the recruitment process, all candidates are required to provide identification proof to ensure compliance with the relevant laws and regulations on prohibiting child labor and forced labor. If applicants are found in providing any counterfeiting or forgery information, the Group has right to dismiss the employee immediately.

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.

The Group offers a wide range of incentives, including competitive compensation and benefits, based on individual performances and qualifications of employees, and benchmarked against industry peers on an annual basis.

All of our employees are essentially treated with competitive wages, fixed working hours, sales incentives, commissions, employee share option, proper insurance coverage and statutory holidays. The Group may also distribute bonuses to employees based on their individual performance in recognition of their contributions.

In addition, the Group continues to provide additional supplementary benefits to its employees, including but not limited to medical and dental allowances, employees' compensation for Injury at work, paid paternity and maternity leave, new-born child gift as well as training and education subsidies.

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.

During the reporting period, the Group has complied with local labor laws regarding working hours, overtime, vacation, minimum wage requirements, and compensation and dismissal. In addition, it has not received any complaints or notices from the government authorities for contravention of the above employment practices.

Occupational Health and Safety

The Group attaches great importance to occupational health and safety and strives to maintain a safe and healthy working environment in strict compliance with the relevant laws and regulations, including but not limited to the Occupational Safety and Health Ordinance.

Our policies on occupational health and safety are communicated in the "Employee Handbook" and the code of maintaining a safe and healthy workplace is defined as a shared responsibility of all employees.

We have developed a safety management and reporting mechanism to enhance the occupational health and safety awareness of our employees, their physical fitness and prevent occupational hazards. All employees are required to follow the safety instruction and undertake specific responsibilities under strict rules, and are instructed to report safety hazards, including unsafe equipment, practices or conditions when identified.

During the period under review, the Group has arranged the following events to enhance safety and health consciousness among employees:

1) Free body checks and physical activities are provided to employees during the year to promote a healthy and balanced life style;

2) Seminar on Prevention of Musculoskeletal Disorder & Manulife Wellness Program; and

3) An Internal fire drill training was held on 15 November 2018.

Furthermore, in order to raise staff awareness of occupational health and safety, our Group and its employees have joined and participated in several events during the year, including but not limited to the (1) Joyful@Healthy Workplace Charter under the (Hong Kong) Occupational Safety & Health Council and Department of Health, (2) World No Tobacco Day 2018, (3) HK Paralympic Day 2018, (4) Online mental health platform for the Jockey Club Tour Heart Project and (5) Press to Shock-Save a Life organised by Hong Kong Fire Services Department.

The Group will continue to monitor the health of its employees and may limit or alter the work of employees deemed to be in need of special treatment after medical check-up or other physical examination.

During the year, the Group did not find any cases of non-compliance regarding employee health and safety, nor any work-related fatalities.

Training and Development

The development of employee professional skills is one of the Group's priorities.

The Group has developed a "Training and Development Policy", as included in our "Employee Handbook", to provide a framework for training and development that ensures all employees have necessary competencies to achieve operational excellence and to enrich the employees' knowledge in carrying out their job duties. Equality of opportunity will be provided for all employees to develop their knowledge, skills and abilities through a blend of learning methods including training and education programs, group-sponsored training and work-related courses, on the job learning as well as mentoring and coaching.

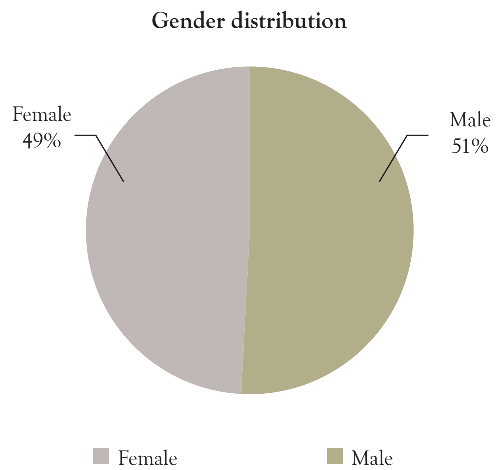
During the period under review, the Group has continued to provide a range of educational sponsorship and examination leave for employees participating in professional programs related to their work. In particular, we have actively encourage our architects and engineers to participate in continuous professional development to maintain and improve their work skills and knowledge.

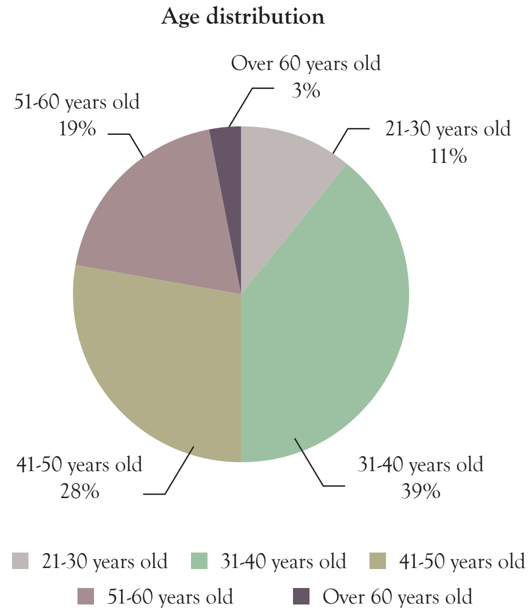
Staff Composition

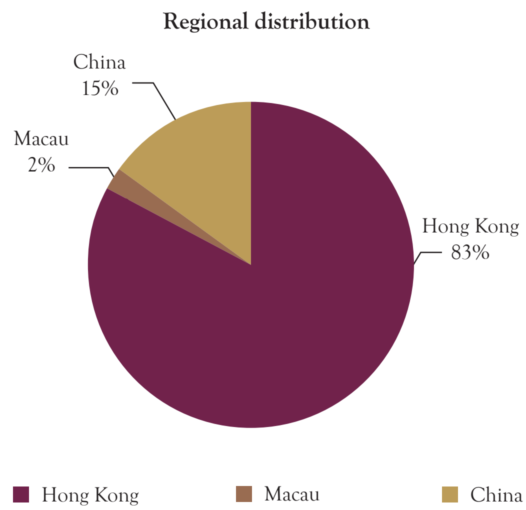
The Group is an equal opportunity employer and recruit employees from the open market.

Our policies related to non-discrimination and diversity practices are communicated in the "Employee Handbook". In addition to stipulating employment arrangements, the handbook also emphasises our principle of equal opportunities in employment, promotion, transfer, dismissal and termination to ensure that all potential and existing employees are treated fairly regardless of race, religion, gender, sexual orientation, family status, physical disability or other biases.

During the year, all employees of the Group are aged 18 or above. The following diagrams illustrate the Group's staff composition as at 31 March 2019:







The Group monitors its employee composition and changes in staff turnover. We regard equal opportunities as prerequisites for the effective utilisation of available competence and for a good working environment.

During the period under review, our employee turnover rate was 11.43%, representing an increase of 65% compared to last year. Geographically, 83% of our staffs are located in Hong Kong, 15% are in China, and 2% are in Macau, which is similar to last year's figures.

The Group is looking for ways to introduce different types of measures to reduce employee turnover, such as strengthening recruitment controls, so that applicants can fully understand the working environment of the Group. We will also focus more on the work pressure of employees and the development prospects of the group so that competitive career platform can be provided to the employees.

OPERATING PRACTICES

Supply Chain Management

The Group places great emphasis on supply chain management as it not only affects the quality of our services and deliverables, but also how we effectively manage the environmental and social risks.

We manage and control the environmental and social risks of the supply chain by establishing a transparent and fair "Tender Invitation Policy", which stipulates our procurement ethics, anti-fraud principles as well as the requirements for both of our long-term or recently engaged supply chain partners. Environmental criteria are taken into consideration during our procurement process. We also encourage our suppliers and contractors to enhance their green practices, minimise environmental impact arising from projects and exercise sound governance of supply chain management.

The policy ensures that only suppliers or contractors with good credit history, profound reputation and high-quality products or services are selected. Monitoring and management controls are also in place to detect and prevent bribery, fraud and other forms of malpractice during the procurement and tendering processes.

In selecting suppliers and contractors, the Group also pays attention to their track record of environmental compliance and commitment to social responsibility. Environmentally and socially responsible suppliers and contractors will be prioritised in the tendering process. During the reporting period, many of our contractors are accredited with ISO 14001 Environmental Management System Certification which assures that the environmental management system of the Group meets the international industry specific environmental standards.

Hotel Management

The Group partners with suppliers that align with our ESG strategy. 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 5 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

The Group understands the potential risks of unethical behavior to our business and does not tolerate any form of bribery, extortion, fraud and money laundering.

All employees employed by the Group must fully comply with our Code of Conduct and Anti-Fraud Policies, as included in our "Employee Handbook", which emphasises the values and principles we uphold in anti-fraud and anti-corruption and guides work practices and employee behaviors. The Employee Handbook covers definitions and requirements concerned with various topics, including but not limited to those related to:

1) Avoidance of Conflict of Interest and Standards of Integrity;

2) Non-Disclosure of Confidential Information;

3) Restrictions on the Offer, Solicitation or Acceptance of Advantages; and

4) Clause of Non-Competition.

Employees found to have breached our Code and policies will be investigated and may be subject to warning, suspension, termination of contract, dismissal and disciplinary discharge.

In addition, "Whistle Blowing Policy" has been established to support the values and principles uphold by the Group and provides employees with guidance and channels for the reporting of fraud, corruption, bribery, criminal offences, conflict of interest and other non-compliances with the laws, regulations and internal controls or other forms of misconducts without fear of adverse consequences.

The policy provides a set of transparent and confidential procedures for dealing with the concerns raised by each employee and is fully supported by senior management, endorsed by the Audit Committee and approved by the Board of Directors.

Suspected non-compliance may be reported to the Department Head or directly to the Compliance Officer, who is also required to notify any concerns to the Audit Committee on a timely basis. According to this policy, the identity of employees who reported in good faith will be kept confidential and protected by the Group without any form of retaliation, harassment or victimisation.

The Group strictly abides by relevant laws and regulations including the Prevention of Bribery Ordinance (Cap 201) and the Companies Ordinance (Cap 622). During the reporting period, there were no violations of laws and regulation related to bribery, extortion, fraud and money laundering.

Community Investment

The Group believes that community support is critical to the success of the Group.

The Group contributes to the society in a variety of ways, including donations. During the reporting period, we have supported a number of charity organisations such as Jordan Barrier-free Access Concern Group, Institute of the Against Elderly Abuse of Hong Kong, Food Angel, and Greeners Action with a total donation amount over HK$0.9 Million.

The Group also encourages and enables our employees to contribute to the community through volunteering:

Run for Paralympians 2019

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 Paralympian ahead of the Asian Para Games and Paralympic Games. In response to their call, our employees have participated in the run on 17 February 2019 to raise awareness and to raise funds for the Hong Kong Paralympian's training preparation needs towards the Asian Para Grams and Paralympic Games.

Suicide Prevention Services ("SPS") Charity Walk 2019

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, employees have participated in the SPS Charity Walk & Carnival 2019 held on 2 March 2019 to help fund raising and public awareness towards caring for suicidal people.

FUTURE APPROACH TO SUSTAINABLE DEVELOPMENT

Going forward, we will explore new opportunities to further integrate sustainability into our business operations whereby we can create sustainable value for our stakeholders and the community as a whole, including but not limited to the below:

1) Continue to incorporate green designs into our property development projects;

2) Operate in a manner that safeguards the health and safety of all of the people with whom we work;

3) Provide a working environment in which all employees are treated fairly and with respect, and are able to realise their full potential; and

4) 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 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 43, 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 22 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 23 to 35 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 55.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK0.72 cents per share for the year ended 31 March 2019 (2018: HK1.40 cents) or an aggregate amount of approximately HK$70.6 million (2018: HK$140.5 million) for the year ended 31 March 2019, subject to the approval of shareholders of the Company at the 2019 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 12 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) for the purpose of determining shareholders who are entitled to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, 29 August 2019 to Tuesday, 3 September 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 28 August 2019; and

(b) for the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 9 September 2019 to Thursday, 12 September 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 6 September 2019.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

BORROWINGS

Details of bank borrowings of the Group are set out in note 26 to the consolidated financial statements.

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 2019, calculated under the Companies Act 1981 of Bermuda (as amended), including contributed surplus and accumulated profits amounted to approximately HK$6,913,277,000 (2018: HK$6,972,404,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 79.6% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 26.9% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 81.3% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 31.4% of the Group's total purchases.

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

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

DIRECTORS

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

Executive Directors:

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

Independent Non-Executive Directors:

Dr. Lam Lee G.
Mr. Cheng Yuk Wo
Hon. Shek Lai Him, Abraham, GBS, JP
(appointed on 20 July 2018)
Dr. Lo Wing Yan, William, JP

At the forthcoming annual general meeting, Mr. Kan Sze Man, Mr. Chow Hou Man and Dr. Lo Wing Yan, William, JP 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

Mr. Kan Sze Man

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 58, Chairman and Executive Director of the Company, joined the Company in 2004. He is a director of certain subsidiaries of the Group. He is also the Chairman of Executive Committee and Nomination Committee, and a member of Remuneration Committee of the Board. Mr. Chung graduated from University College, University of London in the United Kingdom, with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust and an independent non-executive director of HKC (Holdings) Limited, the shares of both of which are listed on the Stock Exchange. Mr. Chung is the brother-in-law of Mr. Kan Sze Man, an executive director of the Company.

Executive Director

Mr. Kan Sze Man, aged 47, 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. Fong Man Bun, Jimmy

Mr. Chow Hou Man, aged 48, joined the Company as Group Chief Financial Officer in 2001. He is a director of certain subsidiaries and associates of the Group and a member of Executive Committee of the Board. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 20 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Fong Man Bun, Jimmy, aged 54, 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 59, 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, 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), Vice Chairman of Pacific Basin Economic Council (PBEC), a member of the Hong Kong Trade Development Council Belt and Road Committee and Convenor of its Digital Silk Road Working Group, 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, the Council on Professional Conduct in Education (CPC), 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 Co., Ltd. and it is also listed on the Shanghai Stock Exchange, Elife Holdings Limited (formerly known as Sino Resources Group Limited), Hang Pin Living Technology Company Limited (formerly known as Hua Long Jin Kong Company Limited), Huarong Investment Stock Corporation Limited, Hsin Chong Group Holdings Limited, Kidsland International Holdings Limited and Mingfa Group (International) Company Limited and Aurum Pacific (China) Group 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 China Real Estate Grp Limited (former name Asia-Pacific Strategic Investments Limited), and Top Global Limited, and JCG Investment Holdings Ltd. (formerly known as 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;); an independent non-executive director of Thomson Medical Group Limited, the shares of which are listed on Singapore Exchange; an independent non-executive director of TMC Life Sciences Berhad, the shares of which are listed on the Main Board of Bursa Malaysia Securities Bhd, 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 Roma Group Limited up to December 2017, and he was also an independent non-executive director of Xi'an Haitiantian Holdings Co., Ltd. up to July 2018 and Imagi International Holdings Limited up to 28 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 58, 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.

Dr. Lo Wing Yan, William, *JP*, aged 58, joined the Group in 2014. He is a member of the Audit Committee of the Board. He is currently the Chairman of Captcha Media Limited, a digital marketing and strategy agency, OtoO Academy Limited, a new retail advisory platform, and Strategenes Limited, a financial and strategy advisory firm in Hong Kong. Dr. Lo is a Founding Governor of the Charles K Kao Foundation for Alzheimer's Disease as well as The Independent Schools Foundation Academy, one of the most well-known independent schools in Hong Kong. He has also been the Chairman of Junior Achievement Hong Kong since 2013. Dr. Lo started his business career at McKinsey & Company and had subsequently held various top management posts at HK Telecom, Cable & Wireless plc, Citibank, WPP plc, China Unicom, I.T Limited, South China Media Group and Kidsland International Holdings Ltd. He is renowned for being the founder of Netvigator, the largest Internet business in Hong Kong, as well as iTV (the predecessor of NowTV), the first interactive and on-demand TV service in the world. Dr. Lo obtained a MPhil degree in Molecular Pharmacology and a PhD degree in Genetic Engineering/Neuroscience, both from Cambridge University, UK. In 1996, he was selected as a "Global Leader for Tomorrow" by the Davos-based renowned global organization World Economic Forum. In 2000, he was selected as one of the top 25 Asia's Digital Elites by the Asia Week magazine. Dr. Lo has held numerous Government appointments during his career and is currently a member of the Cyberport Advisory Panel and a Member of the Hospital Governing Committee of HK Red Cross Blood Transfusion Service. He was a board member of the Broadcasting Authority as well as the Hong Kong Applied Sicence and Technology Research Institute and the Science Park. He was also a founding member of the Growth Enterprise Market (GEM) Listing Committee of the Stock Exchange. In 1999, Dr. Lo was appointed a Justice of the Peace (JP) of HKSAR Government for his contribution to Hong Kong. During the period 2003-2016, Dr. Lo was a Committee Member of Shantou People's Political Consultative Conference.

Dr. Lo is 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.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Director (Continued)

Dr. Lo was an executive director of SMI Holdings Group Limited from 18 January 2019 to 1 April 2019 and Kidsland International Holdings Limited up to December 2018, the shares of both of which are listed on the Stock Exchange.

Hon. Shek Lai Him, Abraham, *GBS, JP*, aged 74, joined the Group in 2018. He is a member of Audit Committee of the Board. Mr. Shek obtained a bachelor degree of arts and a diploma in education in the University of Sydney in May 1969 and March 1970 respectively. He became the honorary fellow of Lingnan University, The Hong Kong University of Science and Technology, The University of Hong Kong and The Education University of Hong Kong in November 2008, June 2014, September 2016 and March 2018 respectively. In addition to his achievements in the academic field, Mr. Shek has also earned certain honorary titles in various ambits. He was appointed as Justice of the Peace in July 1995 and awarded the Silver Bauhinia Star and Gold Bauhinia Star in the Hong Kong Special Administrative Region 2007 and 2013 Honors Lists respectively. He has also been a member of the advisory committee board of the Independent Commission Against Corruption since January 2017. Mr. Shek is currently a member of the Legislative Council for the Hong Kong Special Administrative Region, the Court Member of The Hong Kong University of Science and Technology, the Court and the Council Member of The University of Hong Kong, a non-executive director of Mandatory Provident Fund Schemes Authority of Hong Kong and Chairman and an Independent Member of the Board of Governors of English Schools Foundation.

In addition, Mr. Shek is an independent non-executive director of the following listed companies, all of which are listed on the Stock Exchange: (a) Paliburg Holdings Limited; (b) Lifestyle International Holdings Limited; (c) Chuang's Consortium International Limited; (d) NWS Holdings Limited; (e) Country Garden Holdings Company Limited; (f) SJM Holdings Limited; (g) Chuang's China Investments Limited; (h) Hop Hing Group Holdings Limited; (i) ITC Properties Group Limited; (j) China Resources Cement Holdings Limited; (k) Lai Fung Holdings Limited; (l) Cosmopolitan International Holdings Limited; (m) Goldin Financial Holdings Limited; (n) Everbright Grand China Assets Limited; (o) Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust; and (p) Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust.

Mr. Shek was also an independent non-executive director of the following companies, all of which are listed on the Stock Exchange: (a) ITC Corporation Limited (now known as PT International Development Corporation Limited) up to March 2017; and (b) Midas International Holdings Limited (now known as Magnus Concordia Group Limited) up to January 2018; and (c) MTR Corporation Limited up to May 2019.

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 2019, 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	5,008,562,062 (L)	49.90
	Interest of controlled corporation	The Company	5,005,517,062 (L)	49.87
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	0.24

Notes:

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

(2) Mr. Chung is the beneficial owner of 5,008,562,062 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 5,005,517,062). 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 2019, 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 2019, 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 *(note 1)*	Approximate shareholding percentage (%)
Value Partners Group Limited	Interest of controlled corporation *(note 2)*	702,250,000 (L)	6.99
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

Notes:

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

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

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 2019.

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$14,606,280,000, which represented approximately 55.5% of the Group's total assets as at 31 March 2019.

As at 31 March 2019, 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	26,299	290,000
City Synergy Limited	76,985	58,000
Cleverland Global Limited	135,239	778,375
Eagle Wonder Limited	760,525	840,000
Fame Allied Limited	60,799	55,246
Favour Eternal Limited	5,093	–
Great Maker Limited	523,922	780,000
Leading Avenue Limited	273,947	270,000
Jerwyn Pte. Ltd.	45,726	–
Modern Crescent Limited	422,988	1,031,250
Monti Holdings Limited	18,369	150,000
Ocean Beyond Investments Limited	206,713	–
Sino City Ventures Limited	377,323	757,761
Southwater Investments Limited	2,033,657	3,450,000
Star Trail Limited	98,860	91,000
Success Apex Limited	254,058	166,399
Vital Triumph Limited	96,549	180,000
Wealth Explorer Holdings Limited	8,343	282,854
	5,425,395	9,180,885

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	2,156	955
Current assets	39,488,189	16,331,414
Current liabilities	(11,369,108)	(4,437,738)
Non-current liabilities	(22,764,192)	(9,261,882)
	5,357,045	2,632,749

EMOLUMENT POLICY

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

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

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

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

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

EQUITY-LINKED AGREEMENTS

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

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

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 14 to 22 of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$931,400.

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 160 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 2019.

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 2019

Independent Auditor's Report

Deloitte. 德勤

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 55 to 159, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 (the "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 PHS of HK$12,017,774,000, which comprised of completed properties for sale of HK$8,494,086,000 and PUD of HK$3,523,688,000 as at 31 March 2019. 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, management of the Group makes estimates of the selling prices, the costs to completion in case 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 2019, a reversal of write-down of PHS amounting to approximately HK$11,308,000 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 the 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 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 recent transaction prices of 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 the estimated sale-related taxes; and • evaluating the reasonableness of the assessment performed by 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	How our audit addressed the key audit matter
Impairment assessment of interests in joint ventures and amounts due from joint ventures	
We identified impairment assessment of interests in joint ventures and amounts due from joint ventures as a key audit matter due to its significance to the consolidated statement of financial position, combined with the estimations involved in management's impairment assessment of interests in joint ventures and amounts due from joint ventures. As at 31 March 2019, the carrying amounts of interests in joint ventures and amounts due from joint ventures amounted to HK$4,826,529,000 and HK$4,600,561,000, respectively, as disclosed in note 19 to the consolidated financial statements, the aggregate of which representing approximately 36% 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 loss allowance.	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 evaluating the effectiveness of such process; • assessing the appropriateness of expected credit loss assessment performed by management including the reasonableness of probability of default and loss given default; • for those joint ventures with the underlying assets are PHS (including completed properties for sale and PUD), evaluating the Group's management valuation assessment and the external valuation reports prepared by independent property valuers 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;

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)	
As disclosed in note 3 of the consolidated financial statements, 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 may be impaired. For those joint ventures in which such indication exists, management of the Group assessed the carrying amounts for impairment. 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. For those joint ventures engaged in property holding or development, management of the Group determines the impairment and recoverability with reference to the fair value less costs of disposal of joint ventures which are dependent on the expected market prices of properties held for sale and/or property development projects held by joint ventures. The remaining joint ventures are engaged in provision of loan financing services, management has performed expected credit loss assessments on the loan receivables of joint ventures. As disclosed in note 4 of the consolidated financial statements, the management of the Group determined the loss allowance for amounts due from joint ventures based on default and loss given default rates taking into consideration of historical data adjusted by forward-looking information that is reasonable and supportable. As disclosed in note 19 to the consolidated financial statements, no impairment loss on interests in joint ventures was considered to be necessary by management of the Group and loss allowance on amounts due from joint ventures was considered not material for the year ended 31 March 2019.	• discussing with management of the Group and the external property valuers 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 recent transaction prices of 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 the estimated sale-related taxes; • assessing loss allowance for the amounts due from joint ventures by taking into account of historical data adjusted by the forward-looking information, and the fair values of properties held by the joint ventures 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; and • assessing the reasonableness of probability of default and loss given default rates used in the expected credit loss assessment on amounts due from joint ventures.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 Ms. Chiu Mei Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2019

Consolidated Statement of Profit or Loss

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	5		
Sales of properties held for sale		3,136,961	3,662,059
Rental income		302,219	307,403
Total revenue		3,439,180	3,969,462
Cost of sales and services		(2,374,504)	(3,110,302)
Gross profit		1,064,676	859,160
Income from investments	7	157,369	161,580
(Losses) gains from investments	7	(24,933)	12,964
Other income	8	131,086	93,764
Other gains and losses	9	2,294	26,348
Impairment loss on loan receivables		(40,000)	–
Administrative expenses		(247,065)	(223,944)
Finance costs	10	(326,065)	(287,989)
Share of results of joint ventures		30,375	471,957
Share of results of associates		(9,953)	(4,677)
Profit before taxation		737,784	1,109,163
Income tax expense	11	(69,556)	(46,761)
Profit for the year	12	668,228	1,062,402
Profit attributable to:			
Owners of the Company		529,852	1,010,233
Holders of perpetual capital securities	28	89,700	47,840
Non-controlling interests		48,676	4,329
		668,228	1,062,402
Earnings per share (HK cents)	16		
Basic		5.28	10.06

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	668,228	1,062,402
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(23,352)	28,269
Share of exchange differences of joint ventures, net of related income tax	(104,680)	111,537
	(128,032)	139,806
Total comprehensive income for the year	540,196	1,202,208
Total comprehensive income attributable to:		
Owners of the Company	401,820	1,150,039
Holders of perpetual capital securities	89,700	47,840
Non-controlling interests	48,676	4,329
	540,196	1,202,208

Consolidated Statement of Financial Position

As at 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-Current Assets			
Property, plant and equipment	17	252,055	266,637
Available-for-sale investments	18	–	138,213
Financial assets at fair value through profit or loss ("FVTPL")	18	172,360	–
Loan receivables	21	222,219	135,193
Club memberships		11,915	11,915
Interests in joint ventures	19	4,826,529	4,223,632
Amounts due from joint ventures	19	4,600,561	3,220,780
Interests in associates	20	190,683	251,763
Amounts due from associates	20	4,548	–
Deposits paid for acquisition of property, plant and equipment		64,358	–
		10,345,228	8,248,133
Current Assets			
Loan receivables	21	73,680	51,486
Trade and other receivables	22(a)	480,092	1,132,247
Promissory note receivables	22(b)	30,000	–
Contract costs	22(c)	30,249	–
Amount due from a non-controlling shareholder of a subsidiary	37(b)	2,460	2,460
Properties held for sale	23	12,017,774	11,957,211
Investments held for trading	18	–	1,879,380
Financial assets at FVTPL	18	1,919,470	–
Taxation recoverable		20,025	9,798
Cash held by securities brokers	24	2,899	2,384
Bank balances and cash	24	1,406,878	2,577,148
		15,983,527	17,612,114
Current Liabilities			
Other payables and accruals	25(a)	324,871	1,106,879
Contract liabilities	25(b)	1,041,353	–
Taxation payable		231,741	220,978
Amounts due to joint ventures	19	559,377	722,382
Amounts due to non-controlling shareholders of subsidiaries	37(b)	167,333	198,073
Bank borrowings – due within one year	26	2,122,755	1,358,707
		4,447,430	3,607,019
Net Current Assets		11,536,097	14,005,095
		21,881,325	22,253,228

Consolidated Statement of Financial Position

As at 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
Capital and Reserves			
Share capital	27	80,296	80,296
Reserves		11,956,774	11,662,454
Equity attributable to owners of the Company		12,037,070	11,742,750
Holders of perpetual capital securities	28	1,539,443	1,539,619
Non-controlling interests		37,868	28,190
Total Equity		13,614,381	13,310,559
Non-Current Liabilities			
Bank borrowings – due after one year	26	6,304,952	6,988,999
Guaranteed notes – due after one year	29	1,950,000	1,950,000
Deferred tax liabilities	30	11,992	3,670
		8,266,944	8,942,669
		21,881,325	22,253,228

The consolidated financial statements on pages 55 to 159 were approved and authorised for issue by the Board of Directors on 28 June 2019 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 2019

	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$'000	Retained profits HK$'000	Sub-total HK$'000	Holders of perpetual capital securities HK$'000 (note 28)	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 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
Effect on changes in accounting policies (*note 2*)	-	-	-	-	-	33,019	33,019	-	-	33,019
At 1 April 2018	80,296	2,052,135	6,620	72,579	96,453	9,467,686	11,775,769	1,539,619	28,190	13,343,578
Profit for the year	-	-	-	-	-	529,852	529,852	89,700	48,676	668,228
Exchange differences arising on translation of foreign operations	-	-	-	-	(23,352)	-	(23,352)	-	-	(23,352)
Share of exchange differences of joint ventures	-	-	-	-	(104,680)	-	(104,680)	-	-	(104,680)
Total comprehensive (expense) income for the year	-	-	-	-	(128,032)	529,852	401,820	89,700	48,676	540,196
Dividends recognised as distribution (*note 15*)	-	-	-	-	-	(140,519)	(140,519)	-	-	(140,519)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	(89,700)	-	(89,700)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(38,998)	(38,998)
Issuance cost for perpetual capital securities	-	-	-	-	-	-	-	(176)	-	(176)
At 31 March 2019	80,296	2,052,135	6,620	72,579	(31,579)	9,857,019	12,037,070	1,539,443	37,868	13,614,381

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 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	737,784	1,109,163
Adjustments for:		
Finance costs	326,065	287,989
Depreciation of property, plant and equipment	23,925	18,542
Written off of property, plant and equipment	–	110
Gain on disposal of an available-for-sale investment	–	(55,773)
Loss (gain) on disposal of property, plant and equipment	20	(23,681)
Amortisation of financial guarantee contracts	(5,988)	(3,169)
Decrease in fair value of investments held for trading	–	45,870
Interest income from investments held for trading	–	(150,490)
Dividend income from investments held for trading	–	(686)
Other interest income	(108,133)	(71,461)
Forfeited deposits	(5,468)	(52)
Reversal of write-down of properties held for sale	(11,308)	(68,773)
Reversal of impairment loss on amount due from an associate	–	(1,475)
Share of results of joint ventures	(30,375)	(471,957)
Share of results of associates	9,953	4,677
Decrease in fair value of financial assets at FVTPL	21,095	–
Interest income from financial assets at FVTPL	(144,847)	–
Dividend income from financial assets at FVTPL	(12,522)	–
Loss allowance on loan receivables	40,000	–
Operating cash flows before movements in working capital	840,201	618,834
Decrease in investments held for trading	–	373,524
Increase in other payables and accruals	48,535	174,964
Increase in contract liabilities	188,830	–
(Increase) decrease in properties held for sale	(50,633)	11,118
Decrease (increase) in trade and other receivables	460,545	(1,032,312)
Increase in contract costs	(4,541)	–
(Increase) decrease in cash held by securities brokers	(515)	28,376
Net cash generated from operations	1,482,422	174,504
Interest income received from investments held for trading	–	150,490
Dividend income received from investments held for trading	–	686
Income tax paid	(33,934)	(19,127)
NET CASH FROM OPERATING ACTIVITIES	1,448,488	306,553

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
INVESTING ACTIVITIES		
Investments in joint ventures	(1,295,592)	(2,087,081)
Advances to joint ventures	(1,515,116)	(2,917,262)
Repayments from joint ventures	401,795	2,492,378
Advances to a non-controlling shareholders of subsidiary	–	(2,460)
Repayments from promissory rate receivables	90,000	–
Purchases of property, plant and equipment	(9,393)	(6,609)
Investments in associates	–	(105,696)
(Advance to) repayment from an associate	(1,600)	43,050
Dividends received from joint ventures	363,310	169,678
Interest received	108,133	71,461
Interest income received from financing assets at FVTPL	144,847	–
Dividend income received from financing assets at FVTPL	12,522	–
Loan receivables newly granted	(219,613)	(164,569)
Repayments from loan receivables	70,393	290,843
Proceeds on disposal of property, plant and equipment	30	53,597
Proceeds from disposal of an available-for-sale investment	–	156,688
Investments in available-for-sale investments	–	(50,975)
Investments in financial assets at FVTPL	(66,883)	–
Proceeds on capital refund of available-for-sale investments	–	3,355
Purchase of a club membership	–	(530)
Proceeds on capital refund of financial assets at FVTPL	4,570	–
Deposits paid for acquisition of property, plant and equipment	(64,358)	–
Proceeds on capital refund of an associate	48,179	–
NET CASH USED IN INVESTING ACTIVITIES	(1,928,776)	(2,054,132)

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	NOTES	2019 HK$'000	2018 HK$'000
FINANCING ACTIVITIES			
Repayments of bank borrowings		(2,470,038)	(5,732,332)
Repurchase of guaranteed notes		–	(817,830)
Dividends paid		(140,519)	(162,601)
Dividends paid to non-controlling shareholders of subsidiaries		(38,998)	–
Advances from joint ventures		217,551	563,061
Repayments to joint ventures		(380,556)	(21,207)
Advances from non-controlling shareholders of subsidiaries		19,438	7,341
Repayments to non-controlling shareholders of subsidiaries		(50,178)	–
Loan from a joint venture partner		1,134,289	–
Repayments to a joint venture partner		(1,134,289)	–
New bank borrowings raised		2,603,317	5,748,063
Interest paid		(360,123)	(323,569)
Issuance of perpetual capital securities	28	–	1,560,000
Issuance cost for perpetual capital securities		(176)	(23,371)
Distribution to holders of perpetual capital securities	28	(89,700)	(44,850)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(689,982)	752,705
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,170,270)	(994,874)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,577,148	3,572,022
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		1,406,878	2,577,148

1. GENERAL INFORMATION

CSI Properties Limited (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 43, 19 and 20 respectively.

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

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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.

2.1 HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

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

2.1 HKFRS 15 *Revenue from Contracts with Customers* (Continued)

The Group recognises revenue from the following major source:

- Sales of properties held for sale
- Rental income (not within the scope of HKFRS 15)

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 respectively.

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Others payables and accruals	**Trade and other receivables**	**Contract liabilities**	**Contract costs**
	HK$'000	HK$'000	HK$'000	HK$'000
A 31 March 2018	1,106,879	1,132,247	–	–
Reclassification	(852,523)	(25,708)	852,523	25,708
At 1 April 2018	254,356	1,106,539	852,523	25,708

At the date of initial application of HKFRS 15, pre-sale deposits received for sale of properties of HK$852,523,000 were reclassified to contract liabilities.

The Group incurred incremental prepaid agency fee to intermediaries in connection with obtaining sales of properties contracts with customers. At the date of initial application of HKFRS 15, incremental costs of obtaining contracts of HK$25,708,000 were reclassified to contract costs.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

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

2.1 HKFRS 15 *Revenue from Contracts with Customers* (Continued)

Summary of effects arising from initial application of HKFRS 15 (Continued)

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Current Assets			
Trade and other receivables	480,092	30,249	510,341
Contract costs	30,249	(30,249)	–
Current Liabilities			
Other payables and accruals	324,871	1,041,353	1,366,224
Contract liabilities	1,041,353	(1,041,353)	–

Upon application of HKFRS 15, pre-sale deposits of HK$1,041,353,000 related to the consideration received from sales of properties to customers was reclassified to contract liabilities and prepaid agency fee to intermediaries in connection with obtaining sales of properties contracts with customers of HK$30,249,000 was reclassified to contract costs.

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	HK$'000	HK$'000
Operating Activities			
Increase in contract liabilities	188,830	(188,830)	–
Increase in other payables and accruals	48,535	188,830	237,365
Increase in contract costs	(4,541)	4,541	–
Decrease in trade and other receivables	460,545	(4,541)	456,004

Upon application of HKFRS 15, increase in pre-sale deposits of HK$188,830,000 was reclassified to increase in contract liabilities and increase in prepaid agency fee of HK$4,541,000 was reclassified to increase in contract costs.

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

2.2 HKFRS 9 *Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and other items, and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement.*

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Available-for-sale investments HK$'000	**Investments held for trading** HK$'000	**Financial assets at FVTPL** HK$'000	**Retained profits** HK$'000
At 31 March 2018				
– HKAS 39	138,213	1,879,380	–	9,434,667
Reclassification	(138,213)	(1,879,380)	2,017,593	–
Remeasurement – change in fair value	–	–	33,019	33,019
At 1 April 2018	–	–	2,050,612	9,467,686

(a) Available-for-sale ("AFS") investments

Reclassification of AFS investments to financial assets at FVTPL.

At the date of initial application of HKFRS 9, the Group's equity investments of HK$138,213,000 were reclassified from AFS investments to financial assets at FVTPL. The fair value gains of HK$33,019,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained profits as at 1 April 2018.

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

2.2 HKFRS 9 *Financial Instruments* (Continued)

Summary of effects arising from initial application of HKFRS 9 (Continued)

(b) Equity securities at FVTPL

Investments in equity securities are classified as held for trading under HKAS 39 are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(c) Debt securities at FVTPL

Investments in debt securities are classified as held for trading under HKAS 39 are required to be classified as FVTPL under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the application of HKFRS 9.

(d) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables mainly comprise of rental receivables. To measure the ECL, trade receivables have been assessed individually for debtors.

Loss allowances for other financial assets at amortised cost mainly comprise of loan receivables, other receivables, bank balances, cash held by securities brokers, amounts due from joint ventures and amount due from a non-controlling shareholder of a subsidiary, are measured on 12 month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

For outstanding financial guarantees provided to joint ventures and an associate, the Group considers there has been no significant increase in credit risk since initial recognition and hence the loss allowance is measured on 12m ECL basis.

For bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks. The ECL is not material.

The application of the HKFRS 9 has no significant impact on the provision of impairment of financial assets in the current reporting period and retained profits at 1 April 2018.

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

2.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards, amendments and interpretation

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 March 2018 (Audited)	HKFRS 15	HKFRS 9	1 April 2018 (Restated)
	HK$'000	HK$'000	HK$'000	HK$'000
Non-Current Assets				
Financial assets at FVTPL	–	–	171,232	171,232
AFS investments	138,213	–	(138,213)	–
Current Assets				
Trade and other receivables	1,132,247	(25,708)	–	1,106,539
Contract costs	–	25,708	–	25,708
Investments held for trading	1,879,380	–	(1,879,380)	–
Financial assets at FVTPL	–	–	1,879,380	1,879,380
Current Liabilities				
Other payables and accruals	1,106,879	(852,523)	–	254,356
Contract liabilities	–	852,523	–	852,523
Capital and Reserves				
Retained profits	9,434,667	–	33,019	9,467,686

Note: For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 March 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2018 as disclosed above.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

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

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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

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 AMENDMENTS TO 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.

Other than certain requirements which are also applicable to lessor, 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 2019, the Group has non-cancellable operating lease commitments of HK$3,354,000 as disclosed in note 35. 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$2,370,000 and refundable rental deposits received of HK$69,741,000 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. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right- of-use assets. Adjustments to refundable rental deposits 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. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) – Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

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

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

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

Amendments to HKAS 1 and HKAS 8 *Definition of Material*

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. The amendments also align the definition across all HKFRS Standards and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

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 and by the Hong Kong Companies Ordinance.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *"Share-based Payment"*, leasing transactions that are within the scope of HKAS 17, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, 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 HKFRS 9/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 HKFRS 9/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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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 from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue from properties held for sale is recognised at a point in time when the customer obtains the control of the properties, which is the property stated in the sale and purchase agreement being delivered and its title being passed to the customer.

Deposits received from sales of properties prior to meeting the above criteria for revenue recognition are presented as contract liabilities in the consolidated statement of financial position under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (agency fee) as an asset (contract cost) if it expects to recover these costs. The asset so recognised is subsequently recognised in profit or loss consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully recognised in profit or loss within one year.

Revenue recognition (prior to 1 April 2018)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (prior to 1 April 2018) (Continued)

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

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 deemed cost of the property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 account 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.

Leases

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 terms of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease terms.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) 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 at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit- impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses 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 the "(losses) gains from investments". Dividend or interest income from financial assets is included in the "Income from investments".

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, promissory note receivables, loan receivables, amounts due from joint ventures, associates and a non-controlling shareholder of a subsidiary, cash held by securities brokers and bank balances) and financial guarantee contracts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit- impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKAS 17 "Leases".

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and loan receivables where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets are classified into the following specified categories: financial assets at FVTPL, 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.

(i) Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

(i) Financial assets at FVTPL (Continued)

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 (losses) gains from investments" line item. Fair value is determined in the manner described in note 40(c).

(ii) AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS 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).

(iii) 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, amount due from a non-controlling shareholder of subsidiary, amounts due from joint ventures, cash held by securities brokers and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

(iii) Loans and receivables (Continued)

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

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018)

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 credit period of 0-60 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 April 2018) (Continued)

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

Derecognition of financial assets

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

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.

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 the loss allowance determined in accordance with HKFRS 9 (since 1 April 2018)/HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (before application of HKFRS 9 on 1 April 2018); and

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

Derecognition of financial liabilities

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax is recognised in profit or loss.

Foreign currencies

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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.

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.

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 retained 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 28), 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, and the perpetual capital securities contain no other features meeting the definition of a financial liability. Accordingly, the perpetual capital securities are classified as equity instruments. As at 31 March 2019, the carrying amounts of the perpetual capital securities are HK$1,539,443,000 (2018: HK$1,539,619,000).

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$12,017,774,000 (2018: HK$11,957,211,000) 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 2019, 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 are 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 and the People's Republic of China (the "PRC"). A reversal of write-down of the properties held for sale amounted to approximately HK$11,308,000 (2018: HK$68,773,000) 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 2019, investments in joint ventures with carrying amount of HK$4,826,529,000 (2018: HK$4,223,632,000) 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 2019, the amounts due from joint ventures with carrying amount of HK$4,600,561,000 (2018: HK$3,220,780,000) are measured at amortised cost using the effective interest method, less any loss allowance. 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 is impaired and determined the loss allowance for amounts due from joint ventures based on the ECL assessment by considering the probability of default and loss given default rates taking into consideration of historical data adjusted by forward-looking information that is reasonable and supportable. No impairment loss on interests in joint ventures was considered to be necessary by management of the Group and loss allowance on amounts due from joint ventures was considered not material at 31 March 2019 and 2018.

5. REVENUE

For the year ended 31 March 2019

(i) Disaggregation of revenue

	2019 HK$'000
Sales of properties held for sale – at a point in time	3,136,961
Rental income	302,219
	3,439,180

	Sales of properties held for sale HK$'000
Geographical markets	
Hong Kong	3,118,992
Singapore	17,969
	3,136,961

(ii) Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	2019 HK$'000
Sales of properties held for sale	
Commercial property holding	1,099,569
Residential property holding	2,037,392
Revenue from contracts with customers	3,136,961
Rental income	302,219
Interest income and dividend income	157,369
Revenue disclosed in segment information	3,596,549

(iii) Performance obligations for contracts with customers

Revenue from properties held for sale is recognised at a point in time when the customer obtains the control of the properties, which is the property stated in the sale and purchase agreement being delivered and its title being passed to the customer. The Group receives at least 5% of the contract value as deposits from customers when they sign the preliminary sale and purchase agreements and the balance of purchase price shall be paid upon completion of the sale and purchase of the properties.

5. REVENUE (Continued)

For the year ended 31 March 2019 (Continued)

(iv) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price of HK$1,871,046,000 is allocated to the remaining performance obligations (unsatisfied or partially satisfied) regarding contracts for sales of properties as at 31 March 2019 and the expected timing of recognising revenue are within one year.

For the year ended 31 March 2018

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

	2018 HK$'000
Sales of properties held for sale	3,662,059
Rental income	307,403
	3,969,462

6. SEGMENT INFORMATION

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

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 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.

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.

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 2019					
EXTERNAL REVENUE					
Rental income	295,321	4,589	2,309	–	302,219
Sales of properties held for sale	1,099,569	2,037,392	–	–	3,136,961
Revenue of the Group	1,394,890	2,041,981	2,309	–	3,439,180
Interest income and dividend income	–	–	–	157,369	157,369
	1,394,890	2,041,981	2,309	157,369	3,596,549
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	71,326	635	–	–	71,961
Sales of properties held for sale	–	228,372	–	–	228,372
	71,326	229,007	–	–	300,333
Segment revenue	1,466,216	2,270,988	2,309	157,369	3,896,882
RESULTS					
Share of results of joint ventures *(note)*	33,053	(2,678)	–	–	30,375
Share of results of associates *(note)*	(9,912)	(41)	–	–	(9,953)
Segment profit (loss) excluding share of results of joint ventures and associates	422,591	603,333	(351)	111,533	1,137,106
Segment profit (loss)	445,732	600,614	(351)	111,533	1,157,528
Unallocated other income					50,294
Unallocated other gains and losses					2,294
Central administration costs					(146,267)
Finance costs					(326,065)
Profit before taxation					737,784

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 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 and losses					24,873
Central administration costs					(155,401)
Finance costs					(287,989)
Profit before taxation					1,109,163

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)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) includes the profit earned (loss incurred) by each segment, income and gains (losses) from investments, assets management income, interest income from amounts due from joint venture, reversal of impairment loss on amount due from an associate, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income and amortisation of financial guarantee contracts) and of other gains and losses (primarily gain (loss) on disposal of property, plant and equipment), central administrative costs, finance costs and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2019 HK$'000	2018 HK$'000
Segment assets		
Commercial property holding	15,887,778	13,476,160
Residential property holding	5,935,619	7,002,084
Macau property holding	193,679	193,774
Securities investment	2,218,295	2,047,673
Total segment assets	24,235,371	22,719,691
Property, plant and equipment	252,055	266,637
Taxation recoverable	20,025	9,798
Cash held by securities brokers	2,899	2,384
Bank balances and cash	1,406,878	2,577,148
Other unallocated assets	411,527	284,589
Consolidated total assets	26,328,755	25,860,247
Segment liabilities		
Commercial property holding	657,102	653,698
Residential property holding	1,331,416	1,272,653
Macau property holding	61,485	61,394
Securities investment	23,753	5,850
Total segment liabilities	2,073,756	1,993,595
Guaranteed notes	1,950,000	1,950,000
Bank borrowings	8,427,707	8,347,706
Taxation payable	231,741	220,978
Other unallocated liabilities	31,170	37,409
Consolidated total liabilities	12,714,374	12,549,688

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 2019

	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	1,769,815	3,056,714	–	–	4,826,529	–	4,826,529
Amounts due from joint ventures	3,775,822	824,739	–	–	4,600,561	–	4,600,561
Interests in associates	4,701	185,982	–	–	190,683	–	190,683
Amounts due from associates	–	4,548	–	–	4,548	–	4,548
Net decrease in fair value of financial assets at FVTPL	–	–	–	(24,933)	(24,933)	–	(24,933)
Interests income from amounts due from joint ventures	2,968	25,869	–	–	28,837	49,301	78,138
Interest income from financial assets at FVTPL	–	–	–	144,847	144,847	–	144,847
Depreciation of property, plant and equipment	–	–	–	–	–	(23,925)	(23,925)
Reversal of write-down of properties held for sale	11,308	–	–	–	11,308	–	11,308

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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
Interests income from amounts due from joint ventures	15,565	32,822	–	–	48,387	–	48,387
Interest income from investments held for trading	–	–	–	150,490	150,490	–	150,490
Depreciation of property, plant and equipment	–	–	–	–	–	(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

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, Singapore, 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.

6. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

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

	Revenue from external customers Year ended 31 March		Non-current assets *(note)*	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Hong Kong	3,304,300	3,829,292	4,348,497	3,806,893
PRC	114,602	137,400	997,043	947,054
Macau	2,309	2,770	–	–
Singapore	17,969	–	–	–
	3,439,180	3,969,462	5,345,540	4,753,947

Note: Non-current assets exclude financial instruments.

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.

	2019 HK$'000	2018 HK$'000
Buyer A	713,800	Nil
Buyer B	843,800	Nil
Buyer C	Nil	2,018,000
Buyer D	Nil	690,000
Buyer E	758,000	Nil
	2,315,600	2,708,000

Revenue by type of income

The relevant information is set out in note 5.

7. INCOME AND (LOSSES) GAINS FROM INVESTMENTS

	2019 HK$'000	2018 HK$'000
Income from investments includes the following:		
Interest income from investments held for trading	–	150,490
Interest income from financial assets at FVTPL	144,847	–
Dividend income from		
– investments held for trading	–	686
– AFS investments	–	10,404
– financial assets at FVTPL	12,522	–
	157,369	161,580
(Losses) gains from investments includes the following:		
Net change in fair value of investments held for trading		
– net realised loss	–	(14,249)
– net unrealised loss	–	(31,621)
Net change in fair value of financial assets at FVTPL		
– net realised loss	(3,838)	–
– net unrealised loss	(21,095)	–
Gain on disposal of an AFS investment	–	55,773
Net realised gain on change in fair value of derivative financial instruments	–	3,061
	(24,933)	12,964
	132,436	174,544

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

	2019 HK$'000	2018 HK$'000
Investments held for trading	–	105,306
AFS investments	–	66,177
Derivative financial instruments	–	3,061
Financial assets at FVTPL	132,436	–
	132,436	174,544

8. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Bank interest income	13,443	13,444
Loan interest income	15,401	9,630
Interest income from amounts due from joint ventures	78,138	48,387
Amortisation of financial guarantee contracts	5,988	3,169
Assets management income	2,654	8,908
Consultancy fee income	41	2,415
Government subsidies *(note)*	–	1,747
Forfeited deposits	5,468	52
Promissory note interest income	1,151	–
Others	8,802	6,012
	131,086	93,764

Total interest income of financial assets measured at amortised cost amounts to HK$108,133,000 (2018: HK$71,461,000) for the year ended 31 March 2019.

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 AND LOSSES

	2019 HK$'000	2018 HK$'000
(Loss) gain on disposal of property, plant and equipment	(20)	23,681
Reversal of impairment loss on amount due from an associate	–	1,475
Net exchange gain	2,314	1,192
	2,294	26,348

10. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interests on:		
Bank borrowings	227,841	179,567
Loan from a joint venture partner	41,024	–
Guaranteed notes	95,063	136,159
Total borrowing costs	363,928	315,726
Less: Amounts capitalised in the cost of qualifying assets	(37,863)	(27,737)
	326,065	287,989

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 1.78% to 4.05% (2018: 1.48% to 3.35%) per annum for the year ended 31 March 2019.

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	130,219	53,765
– Overprovision in prior years	(68,989)	(7,511)
Macau Complementary Tax		
– Current year	4	8
	61,234	46,262
Deferred taxation *(note 30)*	8,322	499
	69,556	46,761

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits 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.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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:

	2019 HK$'000	2018 HK$'000
Profit before taxation	737,784	1,109,163
Taxation at Hong Kong Profits Tax rate of 16.5%	121,734	183,012
Tax effect of expenses not deductible for tax purpose	91,329	304,701
Tax effect of income not taxable for tax purpose	(72,595)	(376,029)
Tax effect of share of results of joint ventures	(5,012)	(77,873)
Tax effect of share of results of associates	1,642	772
Tax effect of tax losses not recognised	27,697	21,913
Utilisation of tax losses previously not recognised	(26,250)	(2,224)
Overprovision in prior years	(68,989)	(7,511)
Income tax expense for the year	69,556	46,761

Details of deferred taxation are set out in note 30.

12. PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration *(note 13)*	45,620	58,702
Other staff costs:		
Salaries and other benefits	61,750	51,786
Performance-related incentive bonus	15,598	16,733
Contributions to retirement benefits schemes	4,237	3,750
	81,585	72,269
Total staff costs	127,205	130,971
Auditor's remuneration – audit services	3,450	3,415
Cost of properties held for sale recognised as an expense	2,161,067	3,042,887
Depreciation of property, plant and equipment	23,925	18,542
Written off of property, plant and equipment	–	110
Reversal of write-down of properties held for sale (included in cost of sales)	(11,308)	(68,773)

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of eight (2018: seven) directors were as follows:

For the year ended 31 March 2019

	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$'000	Hon. Shek Lai Him, Abraham HK$'000 *(note ii)*	Total HK$'000
Directors' remuneration									
Fees	–	–	–	–	200	200	200	150	750
Salaries and other benefits	11,877	5,031	3,530	3,780	–	–	–	–	24,218
Performance-related incentive bonus *(note i)*	13,635	2,635	1,873	1,728	–	–	–	–	19,871
Contributions to retirement benefits schemes	18	300	225	238	–	–	–	–	781
	25,530	7,966	5,628	5,746	200	200	200	150	45,620

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

Notes:

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

(ii) Hon. Shek Lai Him, Abraham was newly appointed on 20 July 2018.

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. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, four (2018: four) were directors of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2018: one) individual were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	3,032	1,467
Performance-related incentive bonus *(note)*	443	2,500
Contributions to retirement benefits schemes	161	85
	3,636	4,052

Their emoluments were within the following band:

	2019 Number of employee	2018 Number of employee
HK$3,500,001 to HK$4,000,000	1	–
HK$4,000,001 to HK$4,500,000	–	1

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

15. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Dividends recognised as distribution during the year		
– Final dividend of HK1.40 cents per share in respect of financial year ended 31 March 2018 (2018: Final dividend of HK1.62 cents per share in respect of financial year ended 31 March 2017)	140,519	162,601
Dividends proposed after the end of the reporting period		
– Final dividend of HK0.72 cents per share (2018: Final dividend of HK1.40 cents per share)	70,615	140,519

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:

	2019 HK$'000	2018 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	529,852	1,010,233
Number of shares		
Number of ordinary shares for the purpose 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

	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 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 32)*	(34,525)	–	–	–	–	(34,525)
At 31 March 2018	311,681	20,380	1,361	6,950	44,737	385,109
Additions	–	4,638	4	4,751	–	9,393
Disposal	–	–	(72)	(312)	–	(384)
At 31 March 2019	311,681	25,018	1,293	11,389	44,737	394,118
DEPRECIATION						
At 1 April 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 32)*	(4,609)	–	–	–	–	(4,609)
At 31 March 2018	57,689	13,923	1,023	6,297	39,540	118,472
Provided for the year	15,024	2,001	38	1,665	5,197	23,925
Eliminated on disposal	–	–	(22)	(312)	–	(334)
At 31 March 2019	72,713	15,924	1,039	7,650	44,737	142,063
CARRYING VALUES						
At 31 March 2019	238,968	9,094	254	3,739	–	252,055
At 31 March 2018	253,992	6,457	338	653	5,197	266,637

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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%

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

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING/ FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

AFS investments as at 31 March 2018 which were reclassified as financial assets mandatorily measured at FVTPL upon application of HKFRS 9 on 1 April 2018 comprises:

	2019 HK$'000	2018 HK$'000
Unlisted equity securities, non-current *(note i)*		
– at cost	–	138,213
– at fair value	172,360	–

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING/ FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Investments held for trading as at 31 March 2018 were reclassified as financial assets at FVTPL upon application of HKFRS 9 on 1 April 2018. The financial assets mandatorily measured at FVTPL/investments held for trading are measured at fair value, comprise:

	2019 HK$'000	2018 HK$'000
Listed equity securities *(note ii)*	64,331	78,791
Unlisted mutual funds *(note iii)*	18,011	17,940
Listed debt securities *(note iv)*	1,712,638	1,586,899
Unlisted debt securities *(note v)*	124,490	195,750
	1,919,470	1,879,380
Total and reported as:		
Listed		
Hong Kong	250,232	327,724
Elsewhere	1,526,737	1,337,966
Unlisted	142,501	213,690
	1,919,470	1,879,380
Analysed as:		
Current	1,919,470	1,879,380

Notes:

(i) The unlisted equity securities are measured at cost less impairment at 31 March 2018 and reclassified as financial assets at FVTPL upon application of HKFRS 9 on 1 April 2018. The unlisted equity securities as at 31 March 2019 are measured at fair value.

Included in the unlisted equity securities as at 31 March 2019, the carrying value of HK$86,968,000 (2018: HK$97,106,000) represented a 8.3% (2018: 9.26%) interest in an investee which engaged in loan financing business in Hong Kong.

Included in the unlisted equity securities as at 31 March 2019, the carrying value of HK$5,005,000 (2018: HK$5,005,000) represented a 8.27% (2018: 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 2019, the carrying value of HK$40,727,000 (2018: HK$7,375,000) represented a 5.25% (2018: 5.25%) interest in an investee which engaged in properties holding business in the PRC. The Group received HK$4,570,000 (2018: HK$3,355,000) capital refund from the investee during the current year.

Included in the unlisted equity securities as at 31 March 2019, the carrying value of HK$20,566,000 (2018: HK$13,650,000) represented a 4.94% (2018: 4.94%) interest in an investee which engaged in provision of financial services in the PRC.

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING/ FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

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

(iii) 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.

(iv) The listed debt securities at 31 March 2019 represented bonds with fixed interest of 3.95% to 15% (2018: 3.375% to 10.625%) per annum. The maturity dates of the listed debt securities range from 25 April 2019 to perpetual (2018: 16 May 2018 to perpetual).

(v) The unlisted debt security at 31 March 2018 represented the investment in a 5% senior secured notes due 2018 of US$25,000,000 (equivalent to approximately HK$195,750,000) out of the principal amount of US$516,000,000 issued by a wholly-owned subsidiary of a listed company on the HKSE carried at fair value of HK$195,750,000.

Included in the unlisted debt securities as at 31 March 2019, there is an investment in a 7.5% senior notes due 2019 of US$10,000,000 (equivalent to HK$78,358,000) out of total principal amount of US$300,000,000 issued by a wholly-owned subsidiary of a listed company on the HKSE carried at fair value of HK$83,002,000.

Included in the unlisted debt securities as at 31 March 2019, there is an investment in deferrable guaranteed senior secured tranch B notes due 2019 of US$5,000,000 (equivalent to HK$39,332,000) out of total principal amount of HK$6,370,000,000 issued by C.H.M.T. Peaceful Development Asia Property Limited, a company incorporated under the laws of the BVI with limited liability carried at fair value of HK$40,001,000.

The summary of listed debt securities of financial assets at FVTPL as at 31 March 2019 and 2018 and their corresponding unrealised gain (loss) and interest income for the years ended 31 March 2019 and 2018 are as follows:

	As at 31 March 2019				As at 31 March 2018			
	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	1,617,902	17,906	76,830	1,712,638	1,478,117	–	108,782	1,586,899
Coupon	3.95% to 15%	5.375% to 7.5%	4.5% to 10.625%	3.95% to 15%	3.375% to 9.375%	N/A	4% to 10.625%	3.375% to 10.625%
Maturity	April 2019 – June 2024	May 2019 – Perpetual	May 2019 – October 2021	April 2019 – Perpetual	May 2018 – Perpetual	N/A	June 2018 – Perpetual	May 2018 – Perpetual
Rating	NR to BBB+	BB- to BB+	NR to BB+	NR to BBB+	NR to BBB+	N/A	NR to BBB+	NR to BBB+
Credited (charged) to profit or loss								
Interest income	102,526	956	9,299	112,781	126,678	6,607	17,205	150,490
Unrealised gain (loss)	3,204	154	(16,078)	(12,720)	(35,867)	–	2,006	(33,861)

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING/ FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The five largest listed debt securities held as at 31 March 2019 and 2018 are as follows:

	Market value as at 31 March 2019 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2019 HK$'000	Unrealised gain (loss) for the year ended 31 March 2019 HK$'000
15% notes due October 2021 issued by Cheergain Group Limited	117,073	6.8%	8,044	73
9.375% notes due June 2024 issued by Kaisa Group Holdings Limited	104,844	6.1%	10,969	(4,294)
9% notes due May 2020 issued by Agile Property Holdings Limited	100,754	5.9%	8,775	(1,668)
5.875% notes due August 2020 issued by Greentown China Holdings Limited	91,892	5.4%	5,345	(580)
7.5% notes due March 2020 issued by Country Garden Holdings Company Limited	85,146	5.0%	6,260	(1,435)

18. AVAILABLE-FOR-SALE INVESTMENTS/INVESTMENTS HELD FOR TRADING/ FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	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 Investments 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)

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

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

	2019 HK$'000	2018 HK$'000
Costs of unlisted investments in joint ventures	4,160,559	2,863,268
Share of post-acquisition profits, net of dividend received	(41,038)	183,542
Exchange difference arising on translation	(29,190)	75,490
Deemed capital contribution – financial guarantee contracts	30,687	12,489
Deemed capital contribution – interest-free loans *(note i)*	705,511	1,088,843
	4,826,529	4,223,632
Amounts due from joint ventures included in non-current assets *(note i)*	4,600,561	3,220,780
Amounts due to joint ventures included in current liabilities *(note ii)*	559,377	722,382

Notes:

(i) Included in the amounts due from joint ventures as at 31 March 2019, there are principal amounts of HK$2,812,552,000 (2018: HK$775,596,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (2018: 1% to 3%) per annum and repayable after one year. The remaining amounts with principal of HK$2,604,499,000 (2018: HK$3,514,851,000) 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$2,121,594,000 (2018: HK$2,670,414,000) is determined based on the present value of future cash flows. It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from joint ventures is recognised 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 2019, there are share of loss of joint ventures of HK$333,585,000 (2018: HK$225,230,000) 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 2019 and 2018 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 2019 and 2018, 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
					2019	2018	2019	2018	
Chater Capital Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% (note)	50% (note)	Property holding
Southwater Investments Limited and its subsidiary	Incorporated	BVI	Hong Kong	Ordinary	50%	35%	50% (note)	33% (note)	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.

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.

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

Summarised financial information of material joint ventures (Continued)

Chater Capital Limited

	2019 HK$'000	2018 HK$000
Current assets	2,446,378	3,551,351
Non-current assets	225	299
Current liabilities	(153,351)	(877,302)
Non-current liabilities	–	(310,910)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	141,607	583,379
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(310,910)

As at 31 March 2019, current assets mainly comprised of cash and cash equivalents of HK$141,607,000 (2018: HK$583,379,000) and property held for sale under development of HK$671,754,000 (2018: HK$1,021,101,000). Current liabilities as at 31 March 2019 comprised of advances from customers of nil (2018: HK$456,710,000), and non-current liabilities as at 31 March 2019 represented bank loans of nil (2018: HK$310,910,000).

	2019 HK$'000	2018 HK$'000
Revenue	588,136	576,566
Profit for the year	207,225	148,913
Other comprehensive (expense) income for the year	(148,930)	137,804
Total comprehensive income for the year	58,295	286,717
The above profit for the year include the following:		
Depreciation and amortisation	56	117
Interest income	5,940	7,963

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

Summarised financial information of material joint ventures (Continued)

Chater Capital 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:

	2019 HK$'000	2018 HK$'000
Net assets of the joint venture	2,293,252	2,363,438
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,146,626	1,181,719
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	1,152,186	1,187,279

Southwater Investments Limited

	2019 HK$'000	2018 HK$'000
Current assets	10,557,329	10,381,553
Non-current assets	27	–
Current liabilities	(13,232)	(4,134,214)
Non-current liabilities	(8,343,027)	(6,247,391)

The above amounts of assets and liabilities include the following:

	2019 HK$'000	2018 HK$'000
Cash and cash equivalents	13,758	39,826
Current financial liabilities (excluding trade and other payables and provisions)	(1,240)	(4,121,816)
Non-current financial liabilities (excluding trade and other payables and provisions)	(8,343,027)	(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)

As at 31 March 2019, current assets mainly comprised of cash and cash equivalents of HK$13,758,000 (2018: HK$39,826,000) and property held for sale under development of HK$10,543,509,000 (2018: HK$10,341,710,000). Current liabilities as at 31 March 2019 comprised of a bank loan of HK$4,275,712,000 (2018: HK$4,121,520,000), and non-current liabilities as at 31 March 2019 mainly comprised of loan from shareholders of HK$4,068,555,000 (2018: HK$6,247,391,000).

	2019 HK$'000	2018 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(67,402)	(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:

	2019 HK$'000	2018 HK$'000
Net assets (liabilities) of the joint venture	2,201,097	(52)
Proportion of the Group's ownership interest in the joint venture	50%	35%
	1,100,549	(18)
Deemed capital contribution – financial guarantee contracts	17,250	424
Deemed capital contribution – interest-free loans	–	529,322
Carrying amount of the Group's interest in the joint venture	1,117,799	529,728

Aggregate information of joint ventures that are not individually material

	2019 HK$'000	2018 HK$'000
The Group's share of (loss) profit	(39,536)	397,518
The Group's share of other comprehensive (expense) income	(30,215)	42,635
The Group's share of total comprehensive (expense) income	(69,751)	440,153
Dividends received from joint ventures during the year	363,310	169,678

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

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

	2019 HK$'000	2018 HK$'000
Costs of unlisted investments in associates	196,227	244,406
Share of post-acquisition profits and other comprehensive income, net of dividend received	(9,942)	11
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	3,821	6,769
	190,683	251,763
Amounts due from associates included in non-current assets *(note)*	4,548	–

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$4,548,000 (2018: nil) is determined based on the present value of future cash flows.

During the year ended 31 March 2019, no reversal of impairment loss (2018: HK$1,475,000) was made individually on the amount due from an associate which had been determined by reference to assessment of recoverability by management.

At 31 March 2019 and 2018, 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
					2019	2018	2019	2018	
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 associates would, in the opinion of the directors of the Company, result in particulars of excessive length.

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

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

	2019 HK$'000	2018 HK$'000
Current assets	1,842,785	1,765,203
Current liabilities	(931,877)	(854,069)

As at 31 March 2019, current assets mainly comprised of properties held for sale of HK$1,836,687,000 (2018: HK$1,759,617,000), and current liabilities as at 31 March 2019 comprised of amounts due to shareholders of HK$41,714,000 (2018: HK$11,714,000) and bank borrowings of HK$884,264,000 (2018: HK$839,170,000).

	2019 HK$'000	2018 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(226)	(226)

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

	2019 HK$'000	2018 HK$'000
Net assets of the associate	910,908	911,134
Proportion of the Group's ownership interest in the associate	20%	20%
	182,182	182,227
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	2,019	2,343
Carrying amount of the Group's interest in the associate	184,778	185,147

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

Summarised financial information of material associate (Continued)

Aggregate information of associate that is not individually material

	2019 HK$'000	2018 HK$'000
The Group's share of loss and total comprehensive expense for the year	(9,908)	(4,632)

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

	2019 HK$'000	2018 HK$'000
Loan receivables	295,899	186,679
Analysed as:		
Current portion	73,680	51,486
Non-current portion	222,219	135,193
	295,899	186,679

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 2019, the carrying amount of HK$229,399,000 (2018: HK$166,679,000) 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 2019, the carrying amount of HK$66,500,000 (2018: HK$20,000,000) are loans to independent third parties, which were interest bearing at 10% per annum (2018: 14% per annum), unsecured (2018: 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) with maturity date from April 2019 to July 2038 (2018: September 2018 to February 2038).

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.

21. LOAN RECEIVABLES (Continued)

The Group's loan receivables are denominated in HK$, the functional currency of the relevant group entity. During the year ended 31 March 2019, the range of interest rate on the Group's loan receivables is 2.2% to 14% (2018: 2.2% to 14%) per annum. Including in loan receivables as at 31 March 2019, there were loan receivables with carrying amounts of HK$222,219,000 (2018: HK$135,193,000), 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.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. As at 31 March 2019, HK$40,000,000 (2018: nil) loss allowance was recognised in the profit and loss.

22(a). 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 credit period of 0-60 days (2018: 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:

	2019 HK$'000	2018 HK$'000
Trade receivables:		
0 – 30 days	8,353	9,453
31 – 90 days	1,338	2,421
	9,691	11,874
Prepayments and deposits	36,929	48,391
Deposits for acquiring property held for sale *(note)*	1,817	190,000
Other receivables	431,655	881,982
	480,092	1,132,247

Note: On 20 April 2018, an indirect wholly-owned subsidiary of the Company, Explorer Faith Limited, entered into a sale and purchase agreement with an independent third party to acquire property held for sale at a cash consideration of HK$17,054,000. As at 31 March 2019, deposits for the acquisition amounting to HK$1,817,000 have been paid.

On 9 March 2018, an indirect wholly-owned subsidiary of the Company, Realtime Mission Limited, entered into a sale 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 2019, other receivables mainly comprised of deposits received for the pre-sale of the Group's properties held for sale in the amount of HK$403,445,000 (2018: HK$847,555,000) under the custody of the independent lawyers on behalf of the Group.

22(b). PROMISSORY NOTE RECEIVABLES

On 15 August 2018, an indirect wholly-owned subsidiary of the Company, Hidden Wisdom Limited ("Hidden Wisdom") entered into a sale and purchase agreement with an independent third party (the "Purchaser") to dispose of assets through disposal of subsidiary, Excel Deal Ventures Limited, at a consideration of HK$758,000,000. In order to settle the purchase price, the Purchaser issued a promissory note with principal sum of HK$120,000,000 on 28 December 2018. The note is guaranteed by a personal guarantee, interest bearing at 5% per annum and matured on 28 February 2019, the maturity date of the promissory note was subsequently extended to 31 July 2019.

During the year, promissory note was partially settled at HK$90,000,000 in February 2019 and promissory note interest income of HK$1,151,000 was credited to the profit or loss.

22(c). CONTRACT COSTS

	2019 HK$'000
Incremental costs to obtain contracts	**30,249**

Contract costs capitalised as at 31 March 2019 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of cost of sales in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

23. PROPERTIES HELD FOR SALE

	2019 HK$'000	2018 HK$'000
The Group's carrying amounts of properties held for sale, stated at lower of cost and net realisable value, comprise:		
– Completed properties	**8,494,086**	8,265,708
– Properties under development	**3,523,688**	3,691,503
	12,017,774	11,957,211

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 34.

Valuation of the properties held for sale as at 31 March 2019 and 2018 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$11,308,000 (2018: HK$68,773,000) is recognised in the consolidated statement of profit or loss for the year ended 31 March 2019.

24. 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 0.125% (2018: 0.025% to 0.16%) per annum.

The amounts of the 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:

	2019 HK$'000	2018 HK$'000
United States dollars ("US$")	2,238	1,134

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 0.34% to 2.4% (2018: 0.01% to 1.3%) per annum.

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

	2019 HK$'000	2018 HK$'000
Renminbi ("RMB")	2,309	1,165
US$	77,011	93,525
Euro ("EUR")	14,864	1,646
Great British Pound ("GBP")	26,866	56,751
	121,050	153,087

25(a). OTHER PAYABLES AND ACCRUALS

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

	2019 HK$'000	2018 HK$'000
Rental and related deposits received	92,169	92,908
Receipt in advance for sales of properties	–	852,523
Other tax payables	1,117	2,257
Deferred income of financial guarantee contracts to joint ventures	20,341	3,334
Interest payables	31,369	27,564
Accrued construction costs	106,805	37,029
Accrued consultancy fee	2,195	3,291
Accruals and other payables	70,875	87,973
	324,871	1,106,879

25(b). CONTRACT LIABILITIES

	31 March 2019 HK$'000	1 April 2018* HK$'000
Sales of properties held for sale	1,041,353	852,523

* Deposits received from sales of properties prior to meeting the criteria for revenue recognition are presented as contract liabilities in the consolidated statement of financial position under current liabilities from the application of HKFRS 15.

The Group receives at least 5% of the contract value as deposits from customers when they sign the preliminary sale and purchase agreements. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The deposits and advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

26. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
The carrying amounts of the Group's borrowings are repayable as follows:		
Within one year	1,757,755	1,144,157
More than one year, but not exceeding two years	2,217,431	1,446,548
More than two year, but not exceeding five years	4,087,521	5,493,777
More than five years	–	48,674
	8,062,707	8,133,156
The carrying amounts of the Group's borrowings that contain a repayment on demand clause in the loan agreements are repayable as follow:		
Within one year	365,000	214,550
	8,427,707	8,347,706
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	(2,122,755)	(1,358,707)
	6,304,952	6,988,999
Secured *(note)*	7,210,503	7,043,302
Unsecured	1,217,204	1,304,404
	8,427,707	8,347,706

Note: The secured bank borrowings were secured by certain of the Group's property, plant and equipment, properties held for sale and financial asset at FVTPL (2018: investments held for trading). The carrying amounts of the assets pledged are disclosed in note 34.

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

26. BANK BORROWINGS (Continued)

The bank borrowings carried floating rate interests, of which borrowings amounting to HK$7,674,609,000 as at 31 March 2019 (2018: HK$7,520,249,000) bore interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.2% to 2.15% (2018: HIBOR plus 0.5% to 2.85%) per annum and borrowings amounting to HK$753,098,000 (2018: HK$827,457,000) bore interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2019, the effective interest rates ranged from 1.21% to 4.9% (2018: 1.47% to 4.9%) per annum.

27. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	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.

28. PERPETUAL CAPITAL SECURITIES

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

28. PERPETUAL CAPITAL SECURITIES (Continued)

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) step-up margin which is 3%.

Pursuant to the terms and conditions of these 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 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 2019, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK$89,700,000 (2018: HK$47,840,000).

29. GUARANTEED NOTES

On 8 August 2016, ESL 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.

The guaranteed notes were listed on the Singapore Exchange and the fair value was HK$1,808,570,000 as at 31 March 2019 (2018: HK$1,984,975,000).

30. 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 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
Charge (credit) to consolidated statement of profit or loss for the year	10,362	(2,040)	8,322
At 31 March 2019	19,098	(7,106)	11,992

30. DEFERRED TAXATION (Continued)

As at 31 March 2019, the Group had unused tax losses of approximately HK$489,784,000 (2018: HK$468,646,000) 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$43,072,000 (2018: HK$30,705,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$446,712,000 (2018: HK$437,941,000) due to unpredictability of future profits streams. The unrecognised tax losses in Hong Kong amounted to HK$431,262,000 (2018: HK$408,536,000) can be carried forward indefinitely. The unrecognised tax losses arising from subsidiaries operated in the PRC will expire as follows:

Tax losses expiring in

	2019 HK$'000	2018 HK$'000
2019	–	9,066
2020	2,856	4,733
2021	6,950	7,566
2022	3,633	8,040
2023	–	–
2024	2,011	–
	15,450	29,405

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

31. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2019

Acquisition of Linking Plus Investments Limited

During the year ended 31 March 2019, the Group completed the acquisition of the entire equity interest of Linking Plus Investments Limited through a wholly owned subsidiary for a cash consideration of HK$1,900,000,000 (the "Linking Plus Acquisition"). This transaction has been accounted for as an acquisition of assets and liabilities as the Linking Plus Acquisition does not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transaction was accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property sale business.

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

For the year ended 31 March 2019 (Continued)

Acquisition of Linking Plus Investments Limited (Continued)

The net assets acquired in the Linking Plus Acquisition are as follow:

	HK$'000
Properties held for sale	1,892,813
Other receivables	7,192
Other payables	(5)
	1,900,000
Total consideration satisfied by:	
Cash paid	1,900,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(1,710,000)
Deposits paid in prior year	(190,000)
	(1,900,000)

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

For the year ended 31 March 2018

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)

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

For the year ended 31 March 2018 (Continued)

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. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2019

Disposals of Brisk View Estate Limited, Power Maker Property Limited, Top Force Global Limited, Winner Year Limited, Success Seeker Limited, Dynamic Advantage Limited, Apex Harvest Limited, Action Fast Ventures Limited and Excel Deal Ventures Limited (the "2019 Disposed Subsidiaries").

During the year ended 31 March 2019, the Group disposed of the entire interest in the 2019 Disposed Subsidiaries for a total cash consideration of HK$2,485,930,000. Since the 2019 Disposed Subsidiaries were principally engaged in property development and properties held for sale, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale which were the single predominant asset of the 2019 Disposed Subsidiaries. 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 was regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets and liabilities attributable to the 2019 Disposed Subsidiaries on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Properties held for sale	1,825,702
Other receivables	857
Bank balances and cash	3
Other payables	(879)
Taxation payables	(67,453)
	1,758,230
Transaction cost for disposal of 2019 Disposed Subsidiaries	41,675
Gain on disposal	686,022
Total consideration satisfied by:	
Cash received	2,485,927
Net cash inflow arising on disposal:	
Cash consideration received	2,485,930
Bank balances and cash	(3)
	2,485,927

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

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 2018 Disposed 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.

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

For the year ended 31 March 2018 (Continued)

(b) Disposals of Fast Million Limited, MSA Investors Limited, 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
	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. CONTINGENT LIABILITIES

	2019 HK$'000	2018 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,898,031	5,960,631
An associate	282,854	282,854
	9,180,885	6,243,485
and utilised by:		
Joint ventures	6,871,427	4,994,926
An associate	177,404	168,798
	7,048,831	5,163,724

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 (note 25(a)) as at 31 March 2019, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$20,341,000 (2018: HK$3,334,000).

34. PLEDGE OF ASSETS

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

	2019 HK$'000	2018 HK$'000
Property, plant and equipment	241,369	254,765
Properties held for sale	11,119,219	11,541,551
Investments held for trading	–	263,468
Financial assets at FVTPL	188,477	–
	11,549,065	12,059,784

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

35. OPERATING LEASE AND CAPITAL COMMITMENTS

(a) Operating lease commitments

The Group as lessee

During the year, the Group incurred HK$8,083,000 (2018: HK$2,720,000) minimum lease payments in respect of office premises.

At 31 March 2019, 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:

	2019 HK$'000	2018 HK$'000
Within one year	3,350	9,497
In second to fifth year inclusive	4	4,525
	3,354	14,022

The Group as lessor

Property rental income earned during the year was HK$302,219,000 (2018: HK$307,403,000). Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to five years (2018: two to six years).

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

	2019 HK$'000	2018 HK$'000
Within one year	226,065	205,646
In the second to fifth year inclusive	251,367	143,165
Over five years	–	4,378
	477,432	353,189

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

35. OPERATING LEASE AND CAPITAL COMMITMENTS (Continued)

(b) Commitment

	2019 HK$'000	2018 HK$'000
Commitment in respect of the acquisition of properties held for sale contracted for but not provided in the consolidated financial statements	15,237	1,710,000
Commitment in respect of loan and/or equity contribution to an associate *(note)*	–	597,499
Capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	13,903	–

Note: The investment plan was suspended in the year of 2019.

36. 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$5,018,000 (2018: HK$4,450,000) represented contributions paid and payable to the schemes by the Group at rates specified in the rules of the schemes.

37. RELATED PARTY DISCLOSURES

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

		2019 HK$'000	2018 HK$'000
Joint ventures	Interest income	78,138	48,387
Joint ventures	Assets management income	2,654	8,908
Joint ventures	Sundry income	1,306	–

(b) The amount due from a non-controlling shareholder of subsidiary 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:

	2019 HK$'000	2018 HK$'000
Short-term benefits	48,314	61,969
Post-employment benefits	942	785
	49,256	62,754

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

38. SHARE OPTION SCHEMES

2012 Scheme

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

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

38. SHARE OPTION SCHEMES (Continued)

2012 Scheme (Continued)

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the highest 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 2019 and 2018, none of the share options had been granted.

39. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the amounts due to joint ventures, amounts due to non-controlling shareholders of subsidiaries, bank borrowings and guaranteed notes disclosed in notes 19, 37(b), 26 and 29 net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and retained 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.

40. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at FVTPL		
Financial assets mandatorily measured at FVTPL	2,091,830	–
Investments held for trading	–	1,879,380
At amortised cost		
Trade and other receivables	441,346	–
Loan receivables	295,899	–
Promissory note receivables	30,000	–
Amounts due from joint ventures	4,600,561	–
Amounts due from associates	4,548	–
Amount due from a non-controlling shareholder of a subsidiary	2,460	–
Cash held by securities brokers	2,899	–
Bank balances and cash	1,406,878	–
	6,784,591	–
Loans and receivables		
Trade and other receivables	–	893,856
Loan receivables	–	186,679
Amounts due from joint ventures	–	3,220,780
Amounts due from non-controlling shareholders of subsidiaries	–	2,460
Cash held by securities brokers	–	2,384
Bank balances and cash	–	2,577,148
	–	6,883,307
AFS financial assets		
AFS investments	–	138,213
Financial liabilities		
At amortised cost		
Other payables	22,428	92,908
Amounts due to joint ventures	559,377	722,382
Amounts due to non-controlling shareholders of subsidiaries	167,333	198,073
Guaranteed notes	1,950,000	1,950,000
Bank borrowings	8,427,707	8,347,706
	11,126,845	11,311,069

40. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity and other price 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 24 and 29 respectively.

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

	Assets		Liabilities	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
RMB	2,309	1,165	–	–
US$	77,011	94,659	1,950,000	1,950,000
EUR	14,864	1,646	–	–
GBP	26,866	56,751	–	–

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.

40. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to amounts due from joint ventures, loan receivables, promissory note receivables, financial assets at FVTPL (2018: investments held for trading) and guaranteed notes issued by ESL as set out in notes 19, 21, 22(b), 18 and 29 respectively.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, cash held by securities brokers, loan receivables and bank borrowings as set out in notes 24, 21 and 26 respectively. It is the Group's policy to keep its borrowings (other than guaranteed notes issued) at floating rate of interests so as to minimise the fair value interest rate risk.

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

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, loan receivables 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 (2018: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2018: 50 basis points) for loan receivables and 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 (2018: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2019 would increase/decrease by HK$1,177,000 (2018: HK$2,154,000).

For loan receivables and bank borrowings, if interest rates had been 50 basis points (2018: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2019 would decrease/increase by HK$34,228,000 (2018: HK$34,156,000).

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.

40. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its financial assets at FVTPL (2018: investments in investments held for trading and AFS 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 equity securities, listed equity securities, listed debt securities, unlisted debt securities 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.

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 listed equity securities and the prices of underlying investment portfolio of the respective unlisted equity securities and unlisted mutual funds had been 5% (2018: 5%) higher/lower, post-tax profit for the year ended 31 March 2019 would increase/decrease by HK$10,634,000 (2018: increase/decrease by HK$4,039,000) 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% (2018: 5%) higher/lower, post-tax profit for the year ended 31 March 2019 would increase/decrease by HK$76,700,000 (2018: increase/decrease by HK$74,426,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has increased during the year mainly due to the increase in financial assets at FVTPL.

Credit risk and impairment assessment

As at 31 March 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group disclosed in note 33.

In order to minimise the credit risk, monitoring procedures are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) on financial assets at amortised cost. With respect to financial guarantees provided to banks to secure the banking facilities granted to joint ventures and associates by the Group, the directors of the Company consider the credit risk is limited because the joint ventures and associates have strong financial positions. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

40. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Trade receivables arising from contracts with customers

Trade receivables arise when the properties are delivered to the customers who choose to pay the consideration by bank mortgage and the banks have not paid the mortgage amount.

In order to minimise the credit risk, before accepting the bank mortgage, the Group would assess the credit quality of the banks and the monitoring procedures are carried out to ensure that follow up action is taken to recover these debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Impairment assessment on trade receivables arising from contracts with customers

Since the adoption of HKFRS 9 on 1 April 2018, the Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for trade receivables which are not credit-impaired as at 31 March 2019. Trade receivables from customers are considered to be credit impaired when the customers are in severe financial difficulty and there is no realistic prospect of recovery and are assessed individually for debtors.

Management assessed the expected loss on trade receivables from customers individually, taking into account the historical default experience and forward-looking information, as appropriate.

In addition, based on historical credit loss experience, the directors of the Company are of the opinion that there has been no default occurred for trade receivables aged over 60 days and the probability of default of trade receivables is low since the Group generally receives deposits from customers for leasing of properties.

Bank balances/loan receivables/other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary

The credit risk of bank balances/loan receivables/other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. Further, the Group closely monitors the financial performance of the joint ventures and associates.

The Group had a concentration of credit risk as the loan receivables are advanced to a few independent third parties. As at 31 March 2019, the loan receivables will be matured ranging from April 2019 to July 2038 (2018: September 2018 to July 2038). Loan receivables of HK$229,399,000 (2018: HK$166,679,000) are secured by properties mortgage. The balance are classified as low risk and no ECL is recognised as the Group's exposure to credit losses is minimal considering the underlying value of the properties pledged to the Group. Management had assessed the credit rating of the borrowers for the remaining unsecured loan receivables of HK$66,500,000 (2018: HK$20,000,000) and closely monitor financial status of each borrower.

40. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on bank balances/loan receivables/other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary

The Group assessed the loss allowances for bank balances/loan receivables/other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary on 12m ECL basis except that loan receivables with gross carrying amount of HK$70,000,000 were assessed on lifetime ECL basis. Management of the Group considers the bank balances deposited with the financial institutions with high credit rating to be low credit risk financial assets. Management of the Group considers these bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, loss allowance was considered not material.

In determining the ECL for loan receivables/other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary, management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amounts due from a non-controlling shareholder of a subsidiary is not material. For loan receivables, HK$40,000,000 loss allowance was recognised in the profit and loss.

The following tables show reconciliation of loss allowances that has been recognised for loan receivables:

	2019 **Lifetime ECL** **(not credit-impaired)** HK$'000
At 31 March 2018	–
Impairment losses recognised	40,000
At 31 March 2019	40,000

40. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on bank balances/loan receivables/other receivables/promissory note receivables/cash held by securities brokers/amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary (Continued)

Changes in the loss allowance for loan receivables are mainly due to:

	2019 Increase in Lifetime ECL (not credit-impaired) HK$'000
Advance of loan receivables	40,000

Impairment assessment on financial guarantee contracts

The Group assessed the loss allowances for financial guarantee contracts of HK$9,180,885,000, representing the maximum amount the Group has guaranteed under the respective contracts, on 12m ECL basis. When assessing the ECL, the directors of the Company taken into account the historical default experience and financial strength of the guaranteed entities, as appropriate.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

40. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and financial guarantee contracts, which are subject to ECL assessment:

2019	*Notes*	External credit rating	Internal credit rating	12 month or lifetime ECL	Loss provided HK$'000	Gross carrying amount HK$'000
Financial assets at amortised cost						
Trade receivables	22(a)	N/A	note 2	Lifetime ECL – not credit-impaired	–	9,691
Other receivables	22(a)	N/A	Low risk	12m ECL	–	431,655
Loans receivables	21	N/A	Low risk	12m ECL	–	265,899
			Doubtful	Lifetime ECL – not credit-impaired	40,000	70,000
Promissory note receivables	22(b)	N/A	Low risk	Lifetime ECL	–	30,000
Amounts due from joint ventures	19	N/A	Low risk	12m ECL	–	4,600,561
Amounts due from associates	20	N/A	Low risk	12m ECL	–	4,548
Amount due from a non-controlling shareholder of a subsidiary	37(b)	N/A	Low risk	12m ECL	–	2,460
Cash held by securities brokers	24	N/A	Low risk	12m ECL	–	2,899
Bank balances	24	A to AA+	N/A	12m ECL	–	1,406,878
Other item						
Financial guarantee contracts *(note 1)*	33	N/A	Low risk	12m ECL	–	9,180,885

* The gross carrying amounts disclosed above include the relevant interest receivables which presented in other receivables.

40. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Notes:

1. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

2. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivables individually by past due status of each debtor and consider they are low risk.

As at 31 March 2019, the ECL allowance on the Group's financial assets at amortised cost and financial guarantee contracts are insignificant except for loan receivables.

Investments in listed debt securities

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

The credit quality of the listed debt securities as set out in note 18, 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:

	2019 %	2018 %
Baal/BBB+	1.0	1.0
Baa2/BBB	0.7	0.8
Baa3/BBB-	2.1	3.7
Ba1/BB+	2.0	2.1
Ba2/BB	13.6	8.0
Ba3/BB-	15.3	8.3
B1 to Caa2/B+ to CCC	34.1	30.6
Unrated	31.2	45.5
	100.0	100.0

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.

40. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

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

The table includes both interest and principal cash flows. 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$'000	Total carrying amount at 31 March 2019 HK$'000
31 March 2019									
Non-derivative financial liabilities									
Other payables	–	22,428	–	–	–	–	–	22,428	22,428
Rental deposits	–	69,741	–	–	–	–	–	69,741	69,741
Amounts due to joint ventures	–	559,377	–	–	–	–	–	559,377	559,377
Amounts due to non-controlling shareholders of subsidiaries	–	167,333	–	–	–	–	–	167,333	167,333
Guaranteed notes	4.88	–	23,790	71,370	95,160	1,988,064	–	2,178,384	1,950,000
Bank borrowings	2.90	365,000	497,808	1,493,425	2,400,009	4,324,252	–	9,080,494	8,427,707
		1,183,879	521,598	1,564,795	2,495,169	6,312,316	–	12,077,757	11,196,586
Financial guarantee contracts *(note)*		9,180,885	–	–	–	–	–	9,180,885	20,341

40. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK$'000	1 - 3 months HK$'000	3 months to 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2018 HK$'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

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

40. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

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 2019, the aggregate carrying amounts of these bank borrowings amounted to HK$365,000,000 (2018: 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	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
31 March 2019	93,861	281,584	375,445	365,000
31 March 2018	1,326	218,527	219,853	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.

(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), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

40. FINANCIAL INSTRUMENTS (Continued)

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

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

Financial assets	Fair value as at 31.3.2019 HK$'000	Fair value as at 31.3.2018 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at FVTPL (2018: Held for trading investments)	Listed equity securities in: - Hong Kong: 64,331	Listed equity securities in: - Hong Kong: 78,791	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: - Hong Kong: 185,901 - Elsewhere: 1,526,737	Listed debt securities in: - Hong Kong: 248,933 - Elsewhere: 1,337,966	Level 1	Quoted bid prices in an active market	N/A	N/A
	Unlisted debt security: 124,490	Unlisted debt security: 195,750	Level 2	Quoted bid prices in the over -the-counter markets	N/A	N/A
	Unlisted mutual funds: 18,011	Unlisted mutual funds: 17,940	Level 2	Share of the net asset value of the fund, determined with reference to the fair value of underlying investment portfolio (mainly listed shares) and adjustments of related transaction costs	N/A	N/A
Financial assets at FVTPL	Unlisted equity securities: - Financial asset A: 20,566	N/A (*note*)	Level 2	Adjusted net asset value method, determined with reference to the fair value of underlying investment portfolio (mainly listed shares) and adjustments of related transaction costs	N/A	N/A
	- Financial asset B: 24,099	N/A (*note*)	Level 2	Recent transaction price	N/A	N/A
	- Financial asset C: 86,968	N/A (*note*)	Level 2	Adjusted net asset value method, determined with reference to the fair value of underlying investment portfolio (mainly listed shares) and adjustments of related transaction costs	N/A	N/A
	- Financial asset D: 40,727	N/A (*note*)	Level 2	Adjusted net asset value method, determined with reference to the fair value of underlying investment portfolio (mainly listed shares) and adjustments of related transaction costs	N/A	N/A

Note: Unlisted equity securities were reclassified from AFS investments to financial assets at FVTPL at the date of initial application of HKFRS 9, i.e.1 April 2018. Before 1 April 2018, AFS investments were measured at cost less any identified impairment losses at the end of each reporting period.

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

41. 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 payables HK$'000 (*note 25*)	Dividend payables HK$'000 (*note 15*)	Amounts due to joint ventures HK$'000 (*note 19*)	Bank borrowings HK$'000 (*note 26*)	Guaranteed notes HK$'000 (*note 29*)	Amounts due to non-controlling shareholders of subsidiaries HK$'000 (*note 37(b)*)	Total HK$'000
At 1 April 2017	35,407	–	180,528	8,021,163	2,767,830	163,640	11,168,568
Financing cash flows	(323,569)	(162,601)	541,854	9,416	(817,830)	7,341	(745,389)
Exchange adjustment	–	–	–	82,127	–	–	82,127
Dividend declared	–	162,601	–	–	–	–	162,601
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
Financing cash flows	(360,123)	(179,517)	(163,005)	133,279	–	(30,740)	(600,106)
Exchange adjustment	–	–	–	(53,278)	–	–	(53,278)
Dividend declared	–	179,517	–	–	–	–	179,517
Capitalisation of interest expenses	37,863	–	–	–	–	–	37,863
Interest expenses	326,065	–	–	–	–	–	326,065
At 31 March 2019	31,369	–	559,377	8,427,707	1,950,000	167,333	11,135,786

42. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Investments in subsidiaries	541,828	639,462
Amounts due from subsidiaries	8,531,952	8,184,973
Investments in joint ventures	30,826	10,929
Club memberships	5,200	5,200
Deferred tax assets	7,106	5,066
	9,116,912	8,845,630
Current assets		
Amount due from a joint venture	–	26
Other receivables	4,737	11,298
Loan to a subsidiary	120,000	–
Bank balances and cash	48,807	509,528
	173,544	520,852
Current liabilities		
Other payables and accruals	35,628	22,527
Bank borrowings – due within one year	30,000	30,000
	65,628	52,527
Net current assets	107,916	468,325
	9,224,828	9,313,955
Capital and reserves		
Share capital	80,296	80,296
Reserves *(note)*	8,972,032	9,031,159
Total Equity	9,052,328	9,111,455
Non-current liability		
Bank borrowings – due after one year	172,500	202,500
	9,224,828	9,313,955

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

Note:

Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 *(note)*	Retained profits HK$'000	Total HK$'000
At 1 April 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
Profit and other comprehensive income for the year	–	–	–	81,392	81,392
Dividends recognised as distribution	–	–	–	(140,519)	(140,519)
At 31 March 2019	2,052,135	6,620	134,931	6,778,346	8,972,032

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.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2019 and 2018 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 2019 %	Directly 2018 %	Indirectly 2019 %	Indirectly 2018 %	Principal activities
46 Lyndhurst Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
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 *(note i)*	Hong Kong	HK$100	–	–	–	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

43. 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 2019 %	Directly 2018 %	Indirectly 2019 %	Indirectly 2018 %	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
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
Go Sonic Limited	BVI	US$1	–	–	100	100	Property holding and leasing of properties
Growth Safe Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Handy Global Holdings Limited	BVI	US$1	–	–	100	100	Property investment
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
Linking Plus Investments Limited *(note iii)*	BVI	US$1	–	–	100	–	Property holding and leasing of property

43. 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		
			2019 %	2018 %	2019 %	2018 %	
Mark Well Investment Limited	Hong Kong	HK$100	100	100	–	–	Sale of securities and investment holding
Modern Value Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Premier Era Limited	BVI	US$1	–	–	100	100	Property holding and leasing of properties
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
Surlpus 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

Notes:

(i) The company was disposed of during the year ended 31 March 2019.

(ii) The Company was wholly foreign owned enterprises established in the PRC.

(iii) The company was incorporated during the year ended 31 March 2019.

43. 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 (see note 29 for details).

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, 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:

		Number of subsidiaries	
Principal activities of business	**Principal place of business**	2019	2018
Corporate services	HK	4	2
Investment holding	HK/Macau/PRC	222	232
Inactive	HK	27	26
Securities investment	HK	2	2
		255	262

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 2019 is set out below:

(A) RESULTS

	Year ended 31 March				
	2015	2016	2017	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	745,611	2,201,494	1,868,279	3,969,462	3,439,180
Profit before taxation	281,361	1,711,216	1,367,148	1,109,163	737,784
Income tax expense					
– Current tax and deferred tax	(16,308)	(53,948)	(21,387)	(46,761)	(69,556)
Profit for the year	265,053	1,657,268	1,345,761	1,062,402	668,228
Attributable to:					
Owners of the Company	262,936	1,645,022	1,346,734	1,010,233	529,852
Holders of perpetual capital securities	–	–	–	47,840	89,700
Non-controlling interests	2,117	12,246	(973)	4,329	48,676
	265,053	1,657,268	1,345,761	1,062,402	668,228

(B) ASSETS AND LIABILITIES

	As at 31 March				
	2015	2016	2017	2018	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	12,561,741	18,241,511	23,041,132	25,860,247	26,328,755
Total liabilities	4,294,955	8,560,159	12,271,750	12,549,688	12,714,374
	8,266,786	9,681,352	10,769,382	13,310,559	13,614,381
Equity attributable to:					
Owners of the Company	8,264,720	9,667,111	10,755,312	11,742,750	12,037,070
Holders of perpetual capital securities	–	–	–	1,539,619	1,539,443
Non-controlling interests	2,066	14,241	14,070	28,190	37,868
	8,266,786	9,681,352	10,769,382	13,310,559	13,614,381

Schedule of Properties held by the Group

As at 31 March 2019

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 March 2019 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
	No.45 Barker Road, Hong Kong	Residential	100%	7,766	4,230	434,900
	Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial	100%	3,347	40,152	621,500
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	113,900
	Lot No.1909 in D.D.100 Fan Kam Road, Sheung Shui, New Territories	Residential	92%	68,986	33,109	547,700
	COO Residence, 8 Kai Fat Path, Tuen Mun, N.T.	Residential/ Commercial	100%	12,637	N/A	698,900
	Ground Floor and Yard, Nos. 35 – 49 Hong Keung Street, San Po Kong, Kowloon	Commercial	100%	N/A	5,823	155,000

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

	Location	Use	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Book cost (HK$'000)
(i)	Hong Kong (Continued)					
	No. 348 Nathan Road, Jordan, Kowloon	Commercial	100%	N/A	219,949	2,727,700
	Shop No.1 and Shop No. 2 of G/F of Oriental Crystal Commercial Building, No.46 Lyndhurst Terrace, Hong Kong	Commercial	100%	N/A	2,986	131,800
	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	466,100
	Nos. 160-164 Wellington Street, Sheung Wan, Hong Kong	Commercial	100%	4,206	63,090	764,200
	Everest Building, Nos. 241 and 243 Nathan Road, Kowloon	Commercial	100%	4,908	61,800	1,893,300
(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	601,100
	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	1,598,200
(iii)	Macau					
	Em Macau, Rua do Campo N° 258, Broadway Center 1 Andar C-E, G-J, L-S, AB-AD, 2 Andar D-J, L-V, X, Z-AD, and various carparking spaces	Commercial	100%	N/A	9,347	192,300

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