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

ANNUAL REPORT 年報
2020

FinanceAsia ASIA'S BEST COMPANIES 2013

FinanceAsia ASIA'S BEST COMPANIES 2014

FinanceAsia ASIA'S BEST COMPANIES 2018

CONTENTS

Corporate Information

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

Independent Non-Executive Directors:
Lam Lee G.
Cheng Yuk Wo
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
Bank of Communications Co., Ltd., Hong Kong Branch
Chong Hing Bank Limited
DBS Bank (Hong Kong) Limited
Fubon 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
Registered Public Interest Entity Auditors
35/F., One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL REGISTRARS
MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
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$3,710.0 million for the year ended 31 March 2020, which was mainly generated from sale of properties, representing an increase of 7.9% from approximately HK$3,439.2 million recorded last year.

The Group reported a consolidated profit attributable to the equity shareholders of the Company of HK$1,155.6 million for the year ended 31 March 2020, represented an increase of 118.1% compared with HK$529.9 million reported in 2019.

The increase in profit was mainly due to the increase in contributions from joint ventures projects and the increase in sales of commercial properties in Hong Kong during the year.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balances and cash of approximately HK$2,675.2 million (31 March 2019: HK$1,409.8 million). The Group generally financed its operations through its internal resources and banking facilities provided by its principal bankers.

As at 31 March 2020, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK$11,252.2 million (31 March 2019: HK$10,377.7 million) and the Group's ratio of total debt to total assets was 41.5% (31 March 2019: 39.4%) (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$736.0 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$1,811.9 million repayable within one year, HK$7,516.1 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	
	2020	2019
Revenue	3,710	3,439
Profit attributable to owners of the Company	1,156	530
Equity attributable to owners of the Company	12,884	12,037
Earnings per share – basic (HK cents)	11.77	5.28
Dividend per share proposed after the end of the reporting year		
– Final dividend (HK cents)	0.50	0.72

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 2020.

	2020 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	12,884,114
Add: Attributable revaluation surplus relating to the Group's properties held for sale [(1)]	5,138,577
Attributable revaluation surplus relating to properties held for sale by joint ventures [(1)]	1,386,202
Net assets attributable to owners of the Company as if the properties held for sale and interests in joint ventures were stated at open market value [(2)]	19,408,893
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value	HK$1.98

(1) Based on open market valuations as at 31 March 2020 carried out by independent firms of qualified professional valuers not connected to the Group or actual transaction price.

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

EMPLOYEE

As at 31 March 2020, the total number of employees of the Group was 104, excluding the employees of Novotel Hotel at Jordan (2019: 105, 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.

CONTINGENT LIABILITIES

	2020 HK$'000	2019 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,736,144	8,898,031
An associate	282,854	282,854
	9,018,998	9,180,885
and utilised by:		
Joint ventures	7,273,690	6,871,427
An associate	183,066	177,404
	7,456,756	7,048,831

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 2020, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$18,728,000 (2019: HK$20,341,000).

PLEDGE OF ASSETS

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

	2020 HK$'000	2019 HK$'000
Property, plant and equipment	224,819	241,369
Properties held for sale	10,966,083	11,119,219
Financial assets at FVTPL	289,328	188,477
	11,480,230	11,549,065

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

Chairman's Statement

Dear Shareholders,

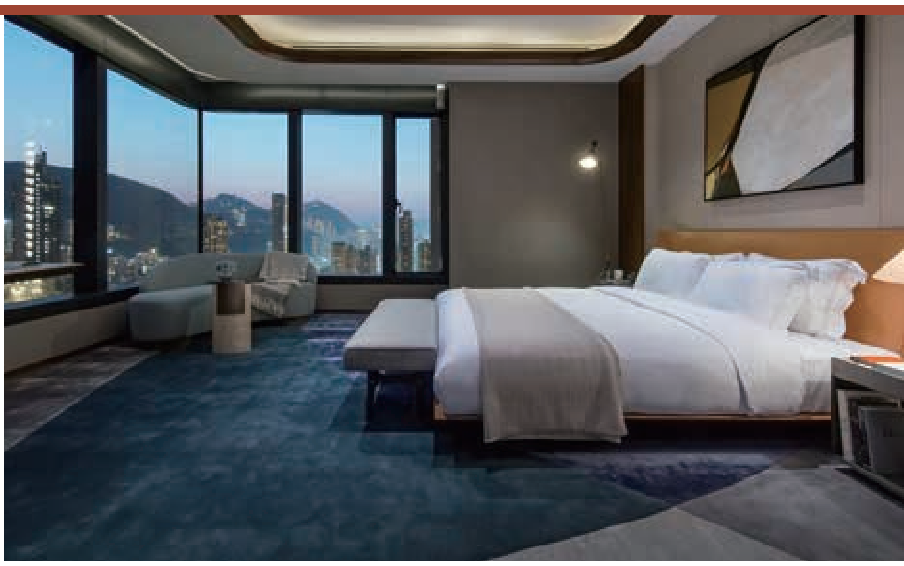
I am pleased to report that the Group's consolidated profit attributable to shareholders was HK$1,155.6 million for the fiscal year ended 31 March 2020, and earnings per share was HK11.77 cents.

This fiscal year has been a challenging period for the management team. The social incidents locally and the ongoing disputes and tensions between the US and China continued to unsettle the Hong Kong economy in 2019. The global outbreak of COVID-19 at the beginning of 2020 adds further to the enormous uncertainties on an already fragile global economy.

Despite these challenges, the Group has continued to deliver profitability via well-timed disposals to strengthen its financial position. As detailed in the later section, we achieved sales of properties totalling approximately HK$5.2 billion in the year. In addition, through careful capital management, the Group has maintained a solid balance sheet so as to capitalise on prime landbank when opportunities arise.

In respect of our residential business, we have successfully completed and delivered the COO Residence, our mass residential project in Tuen Mun. In addition, we have launched the sales of Dukes Place, our premium deluxe residential project at the Jardine's Lookout. With magnificent market reviews, we have made solid sales from this project in spite of the current challenging macro environment. This is a testimony to the superb quality and artisan works of Couture Homes' products. In addition, other exciting projects to be launched in the fiscal year 2020/2021 will also include the residences at Nos. 8-12 Peak Road and the luxury house at No.45 Barker Road, both with magnificent view of the Victoria Harbour. We anticipate these projects will be great contributors to our profitability in the future.

Chairman's Statement



With regards to the commercial business, we have made solid enhancement on our existing portfolio. Our prime commercial site at Gage Street/Graham Street in Central acquired last fiscal year, the master planning process for the project, which comprises a 300,000 sq.ft. of Grade A office tower and a 100,000 sq.ft. super luxury hotel is well underway. We also have other commercial projects at Cochrane Street and Wellington Street in Central which are currently under construction. These projects will form a strategic core for us in the prime Central area when the commercial market normalises in Hong Kong.

For our Kowloon East portfolio, the refurbishment and upgrading of our joint-ventured Grade A office building, namely "Harbourside HQ", is nearing completion and will further enhance the valuation of this fine project. In addition, we have seen successful sale and delivery for over fifty percent of our joint-ventured Grade A office project located on Wai Yip Street and achieved good profitability for the Group.

Looking ahead, we believe there will be volatilities and challenges as a result of the various black swan events which are prolonging the current global economic and pandemic turmoil. The management team will be prudent in managing the strong balance sheet and strengthening the professional team and portfolio, whilst carefully navigating the Group out of this storm. Last but not least, 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

29 June 2020

Management Discussion and Analysis

BUSINESS REVIEW

The Group's profit attributable to owners of the Company for the year ended 31 March 2020 amounted to HK$1,155.6 million, compared to HK$529.9 million last year. Earnings per share was HK11.77 cents, compared to HK5.28 cents last year.

The Group's revenue for the year was HK$3,710.0 million, representing an increase of HK$270.8 million, compared to HK$3,439.2 million last year. Consolidated profit for the year amounted to HK$1,243.7 million, compared to HK$668.2 million last year. The increase in profit in comparison to last year was mainly attributable to the increase in sales of commercial properties in Hong Kong and the increase in contributions from joint venture projects.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures, was HK$5,198.2 million (2019: HK$3,365.3 million).

Commercial Properties

During the financial year, the commercial division had significant commercial property sales which mainly comprise of three projects, namely Nos. 21, 21A, 23, 25 and 27 Ashley Road in Tsim Sha Tsui, 13 office floors of Nos. 2-4 Shelley Street in Central and over 50% strata sales of Capital Tower, a Grade A office joint venture project with Sino Land Company Limited ("Sino Land") and Billion Development and Project Management Limited located at No. 38 Wai Yip Street, Kowloon Bay.

The Group has a number of strategic commercial projects that will be our key revenue drivers in the upcoming years. Gage Street/Graham Street, Central is a joint venture URA commercial development project which will deliver a Grade A office tower, super luxury hotel and retail shops with a combined gross floor area of 433,500 square feet. The project is currently undergoing the master planning process. Foundation works commenced in the second quarter of 2019 and are expected to be completed in the first quarter of 2021, with the whole development expected to be completed by 2024. Each of the Group and its partner, Wing Tai Properties Limited, has proven on multiple occasions the ability to curate unforgettable experiences and spaces. Therefore, we are confident that with its prime location and highly experienced team, the project will be a nexus in the area for offices, hospitality, retail, F&B and culture.

Nos. 46-48 Cochrane Street, Central, is a commercial development project located at the heart of SOHO district, and is situated immediately across from the Central Police Station Revitalisation Project and now known as "Tai Kwun". The SOHO district is world famous for its restaurants, bars, art galleries and comedy clubs and therefore is also highly frequented by tourists, expatriates and locals alike, hence the Group's decision to make the project a Ginza-style F&B destination that offers a New York meatpacking district inspired design theme. Despite construction interruptions due to coronavirus, the project is progressing according to schedule. Currently, foundation works have been completed and construction on the superstructure has already commenced. Once completed, the project will have a gross floor area of approximately 32,000 square feet.

Management Discussion and Analysis

In Kowloon East, we, together with our joint venture partners, have successfully rebranded our prime office tower located at No. 8 Lam Chak Street in Kowloon Bay as the "Harbourside HQ" (formerly known as "OCTA Tower"). In order to unlock its full potential, the building is undergoing substantial enhancement works to the main lobby, entrance hallway, lifts, washrooms and lift lobbies. The Group hired internationally renowned architecture firm, PDP London to lead the process which is scheduled to be completed by the third quarter of 2020. Following the improvement works, the Group's target is to attract high paying tenants from the banking, insurance, and technology, media and telecommunications sectors in order to create further value by improving the rental yield.

Everest Building is located at Nos. 241 and 243 Nathan Road in Jordan. The building is situated on the junction of Nathan Road and Jordan Road and is located directly opposite to Jordan MTR station. In addition, Everest Building is also a fifteen-minute walk from the high-speed railway station which provides fast and frequent access to Mainland China. The area is also well known to both the locals and mainland tourists for its high density of clinic and medical centres. Everest Building's proximity to both the MTR and highspeed railway network, the "golden mile" (Jordan Road) and the area's reputation for medical services create high consistent levels of organic foot traffic. The Group is strategically targeting to make the majority of Everest Building's tenant mix towards the medical services industry. The Group appreciates that medical clinics have historically been very secure long-term tenants. To accommodate this new strategy, the building is undergoing improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms benefitting medical clinic tenants.

The performance of Novotel Hotel in Jordan has been adversely impacted by a significant drop in tourists and business travelers caused initially by the social unrest and then the global coronavirus pandemic. In particular, achievable room rates and overall occupancy have declined. Despite these micro and macro challenges, the Group is diligently reducing operational expenses whilst exploring redevelopment options.

The Group's repositioning works to the In-Point shopping mall at No. 169 Wujiang Road in Shanghai has recently been completed. The upgrades made to the already super prime located mall created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. Post tenancy upgrade, the Group aims to achieve significant value creation and we are well positioned to generate strong rental returns in the future.

The commercial division achieved great success in this fiscal year. Significant disposals and bookings of previous contracted sales were completed. In addition to the projects listed above, the Group is continuing its efforts on value enhancement works to our other projects so as to ensure a steady disposal pipeline in the near future.

Couture Homes – Residential Property Development

The Group is proud to have launched a number of landmark residential projects in this fiscal year, all of which stand to generate exceptional profitability in the future. Dukes Place at No. 47 Perkins Road in Jardine's Lookout is our newly launched joint venture luxury residential apartment project. Nestled in the heart of this quiet ultra-high net-worth neighborhood, Dukes Place offers a unique combination of super luxury simplexes, duplexes, garden villas and a penthouse. This mix of different units creates a wide range of options in both layouts and size which range from approximately 2,850 square feet to over 6,800 square feet. To fully highlight the potential this project radiates, the Group hired renowned architecture firm, PDP London, to work on the façade along with world-class interior designers from UK, France, Japan and Hong Kong. Each of these interior designers were tasked to design a distinct unit and each of them have been able to fully capture the Group's high standards of perfection in their own unique way. Up to date, the Group has entered into contract for sale for 6 units out of a total of 16 units. Dukes Place is truly the symbol of elegance and opulence in this highly sought-after neighborhood.

Nos. 8-12 Peak Road is a joint venture refurbishment project of ultra-high-end residential apartments and also the redevelopment of one detached house. This project is blessed with full and virtually unobstructed 180 degree views of Victoria Harbour. Once completed, it will be amongst the most desired projects for connoisseurs looking for the best home that the prestigious Peak can offer. The interiors of these tailor-made units will be a combination of contemporary and classical. Local Hong Kong interior design icon Mr. Joseph Fung, who has won numerous international accolades, is responsible for two stunning units. Given the interest to date, we are confident that this immaculate ultra-luxury residential project will be a tremendous success and solidify our renowned reputation for developing ultra-luxury residential projects.

Our residential project at No. 333 Fan Kam Road in Sheung Shui comprises of six luxurious villas with each premium villa providing a gross floor area of more than 6,000 square feet. Each villa also benefits from an exquisite and private garden and swimming pool, setting the benchmark for the true dream country houses. The project will soon be unrivalled in this exclusive neighborhood which is situated under a three-minute drive from the acclaimed Fanling Golf Club.

In addition, Couture Homes team is very pleased to announce the successful handover of all of the 204 presold residential units of our COO Residence project at No. 8 Kai Fat Path at the end of this fiscal year. The returns we have achieved from this mass residential development site in the heart of Tuen Mun had been very positive and contributed positively to the Group's overall result. In the future, the Group plans to build on this experience and expand more into the mass market residential sector.

Our Yau Tong MTR residential project in joint venture with Sino Land is progressing according to schedule. Currently, the master planning process is well underway and construction will commence soon. The Group is very excited to be working with Sino Land on our first MTR project. We hope this will also serve as a stepping stone for the Group into the mass market residential sector.

"Knightsbridge" (formerly known as "Beijing Legendale") is located at Nos. 90 and 92 Jinbao Street, Beijing, and is the Group's first luxury residential joint venture project in the country's capital city. This project is very unique, its façade design is a classical European style which is not common to the locality. The renovation works include upgrading of the façade and common areas, and the fitting out of the interiors of the show units and they are nearing completion allowing sales to commence soon. Through collaboration with leading interior designers, the Group believes that a bespoke contemporary design would be befitting for this landmark project. The Group believes that the project's new design coupled with its location that borders the Wangfujiang in Beijing is well placed to capture a significant price appreciation when sales campaign commences.

Queen's Gate is a stunning residential development in Shanghai. The façade of the project is simplistically elegant with a contemporary British style. The Group and its joint venture partner are pleased to announce that we have sold the majority of the 44 villas and 96 apartments and we remain confident that the remaining units will soon be sold, marking a successful completion of the whole project.

The Group's senior management is very pleased with the performance and progress of our residential projects made in the year under report. Aside from the projects mentioned above, the Group also has a solid pipeline of other residential projects which will be revealed to the market in due course.

Securities Investment

As at 31 March 2020, the Group held financial assets at fair value through profit or loss ("FVTPL") of approximately HK$2,343.3 million (31 March 2019: financial assets at FVTPL of approximately HK$2,091.8 million). The investment portfolio comprises of 88.4% listed debt securities (mostly issued by PRC-based real estate companies), 1.9% listed equity securities and 9.7% unlisted funds and securities. They are denominated in different currencies with 97.2% in United States dollars and 2.8% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK$221.1 million, comprising HK$185.3 million of net fair value loss from debt securities, HK$11.9 million of net fair value loss from unlisted mutual funds, HK$23.4 million of net fair value loss from equity securities (listed in Hong Kong) and HK$0.5 million arising from net fair value loss of unlisted equity securities.

Interest income and dividend income from securities investment increased to approximately HK$172.0 million (31 March 2019: HK$157.4 million).

As at 31 March 2020, approximately HK$289.3 million (31 March 2019: HK$188.5 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

EMPLOYEE

As at 31 March 2020, the total number of employees of the Group was 104, excluding the employees of Novotel Hotel at Jordan (2019: 105, 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

As the full effect of the 2019 novel coronavirus ("COVID-19") on the global economy remains to unfold, general commercial activities would likely remain weak. Nonetheless, low interest rate environment would appear to stay for quite some time and perhaps even beyond signs of the COVID-19 having been contained. As such, we remain cautiously optimistic on the prospect of the commercial sector in the medium term, in particular in prime areas such as Central and Tsim Sha Tsui.

On the residential side, recent first hand sales figures in the mass market sector have been encouraging. We believe this sector will continue to outperform given the disparity in local residential supply and demand. For the higher-end sector, sales of units in our Dukes Place also indicate the resilience of this sector amidst both local and global events.

Although we now face difficult and challenging times ahead, the Group remains optimistic in our near-term prospect. With a strong balance sheet and highly experienced senior management and project management team, the Group is well positioned to capture opportunities which may be presented to us in these times of turmoil.

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") as set out 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 has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out 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 2020.

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 2020.

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 42 to 46 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	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
	Attendance/Number of meetings held during the year				
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	3/3	4/4	1/1	1/1
Cheng Yuk Wo	4/4	3/3	4/4	1/1	1/1
Lo Wing Yan, William, *JP*	4/4	3/3	N/A	N/A	1/1
Shek Lai Him, Abraham, *GBS, JP*	4/4	3/3	N/A	N/A	1/1

Chairman and Chief Executive

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

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

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.

Furthermore, according to Code A.5.5(2) of the CG Code, an explanatory statement should set out in the circular to shareholders and/or if the proposed INED will be holding their seventh (or more) listed company directorship, why the board believes the individual would still be able to devote sufficient time to the Board. The Company explained in the 2019/2020 interim report why it believed a retiring INED who was acting as a director of six other listed companies at the same time and still is able to devote sufficient time to the Board.

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 2020.

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 2019 and the interim results of the Company for the six months ended 30 September 2019; approved the remuneration and terms of engagement of the external auditors; reviewed the internal audit plan; 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, package and the discretionary bonus of the directors and senior management of the Company.

Details of emolument paid to the directors for the year 2020 are set out in the notes to the consolidated financial statement on page 104.

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).

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.

The Board also adopted the Nomination Policy which sets out the approach and procedures for the Board to nominate and select of Directors. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to his/her Skills and Experience; Commitment; Independence; Reputation for integrity. The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Company's Bye-laws and other applicable rules and regulations.

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 re-appointment of directors and succession planning of the Company 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 disclosure requirements in the Corporate Governance Report and approved the 2019 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 52 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 organization 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 Advisory Services Limited (formerly known as Moore Stephens Advisory Services Limited), who has conducted a review on the adequacy and effectiveness of the Group's lease and property management income, accounts receivable and collection and acquisitions cycles for the year 2019-2020, 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.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

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 2020, 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	3.792
Other services	0.953
	4.745

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.

SHAREHOLDERS' RIGHTS (Continued)

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

INTRODUCTION

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 Environmental, Social and Governance 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 current 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.

SCOPE OF REPORT

The Group continues to seek ways to improve its environmental management systems we prioritise our environmental and social responsibilities.

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 daily operations.

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

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 dropbox 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 • Environmental Protection • Family Harmony
Suppliers and Contractors	• Procurement and Tendering Meetings • Phone Calls, Conferences, Emails, 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

Throughout the year, the Group has received feedback from key stakeholders through a wide range of communication channels. We also conducted a materiality analysis of 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.

AREAS OF CONCERN

The Group is principally engaged in the business of property development and property investment, the impact on the environment is relatively small. However, redevelopment projects may pose significant environmental risks compare to other businesses. The Group has actively paid attention to reduce the use of natural resources in operations, and implement environmental control measures wherever practicable to minimise its impact on the environment.

In addition, in carrying out our business, the Group always pays attention to cooperate with companies that strive to minimise environmental impact and have good operating practices.

The following sections provide more information about the Group's practices in the areas of the environment, investment practices, employees' engagement and development, good operating practices and our contribution to the community.

A. ENVIRONMENTAL ASPECTS

A1 Emissions

Despite the Group's minimal impact on the environment, we aim to implement environmentally friendly initiatives and sustainable construction strategies and materials procurement strategy to improve construction environment sustainability in Hong Kong, and to reduce energy and resource used in our property development projects.

The Group has set out the objectives and measures for environmental protection which includes the design, materials procurement and development procedures for minimizing greenhouse gas ("GHG") emissions, hazardous and non-hazardous waste generation.

GREEN BUILDING CERTIFICATION

The Group has demonstrated our sustainable development initiative by incorporating green building elements into our property development programs, such as the introduction of a Building Environmental Assessment Method ("BEAM") Plus, to provide our tenants and residents with a clean, stable, comfortable, functional and productive living environment.

Some of our projects have been accredited the BEAM Plus Certification by the Hong Kong Green Building Council in recognition of our efforts to reduce the environmental effects of design and development work and to improve environmental quality.

GREEN DESIGN

Green buildings have gained growing attention in recent years, prompting the Government and private developers to aggressively embrace green building design.

By supporting green procurement and environmentally friendly construction approaches, the Group has adopted this growing trend. For example, for some of our residential projects, we have implemented open- sky garden to reduce the impact of urban heat by means of evaporative cooling and reducing the amount of sunlight entering the parking lots and buildings. It is believed that this will increase our residents living standards and produce 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 summarise our efforts in managing energy use, noise control, air quality and waste at the below sections.

Energy Saving

The Group aims to use and save resources more effectively, and as the key means of reducing GHG emissions. Our project development team is always looking for potential energy-saving opportunities, particularly in our property development projects to incorporate environmentally friendly design.

In compliance with the Building Energy Code, our project team carefully considered the need for indoor illumination and the appropriate lighting power density for living areas. The separate lighting control switches allow users to switch only when they need the lighting zones. Automatic lighting control was also mounted in other areas to automatically control the illumination, in order to prevent excessive use of electricity.

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

The Group follows the Noise Control Ordinance ("NCO") which managed by the Government. 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 in order to ensure compliance with the applicable regulations and standards for noise control in Hong Kong, 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

For air quality which is one of our key concerns on environment protection as the daily operation of the project may have a different effect on air quality. In order to diminish the impact of air pollution with our stakeholders, the Group and its contractors are effectively striving to persistently improve air quality and reduce GHG emissions and have taken measures where pertinent to ensure all emissions from daily 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 an underground car park. If high carbon monoxide concentration is detected, localised jet fans will be switched off automatically, and the fresh air fan and exhaust air fan will operate but at minimum speed in order to ensure sufficient fresh air intake.

Additionally, the Group aims to create a more sustainable business through transparent measurement and reporting of our emissions metrics. One of our air pollution measures includes regular 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 the 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	**2018/19**		**2019/20**		
	Unit	**Tonnes of CO_2 equivalent**	**Unit**	**Tonnes of CO_2 equivalent**	**Percentage Comparison**
Scope 1 Direct GHG Emissions	Tonnes	39.62	Tonnes	36.44	-8.03%
Scope 2 Indirect GHG Emissions	Tonnes	82.64	Tonnes	58.80	-28.85%
Scope 3 Other Indirect GHG Emissions	Tonnes	19.08	Tonnes	7.57	-60.32%
Total	Tonnes	141.34	Tonnes	102.81	-27.26%

During the year, the business operation produced a total of 102.81 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 38.53 tonnes, or approximately 27.26%, in Scope 1,2 and 3 GHG emissions, compared with the figures in the last reporting period.

Air Emission	Unit	2018/19	2019/20	Percentage Comparison
Nitrogen oxides ("NO_x")	Kilograms	5.84	5.32	–8.90%
Respiratory suspended particles ("RSP")	Kilograms	0.43	0.39	–9.30%
Sulphur oxides ("SO_x")	Kilograms	0.22	0.20	–9.09%

Besides, the air pollutants of NO_x, RSP and SO_x all have an overall reduction of approximately 9% compared with the last reporting period.

GREEN PROCUREMENT

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

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

Our preference will be based on the principle of green procurement, priority given 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 services.

Our project team analyses the necessity before the purchase of any construction materials and controls the number of materials to prevent excessive use. This is intended to mitigate the effect on the atmosphere and to protect natural resources.

The Group supports the use of products that are conducive to sustainable development. When we published our annual report, we used the paper certified by the Forest Stewardship Council ("FSC") in order to support the sustainable use of resources. FSC is an international non-profit, multi-stakeholder organization established in 1993 that aims to promote responsible management of the world's forests. It is a way to demonstrate our company's commitment to sustainable development.

During the reporting period, we have complied with all applicable environmental laws, regulations and requirements for product and service procurement.

GREEN OPERATION

In addition, 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 the emission of GHG and demonstrate our determination to protect our environment:

1) To encourage the use of both sides of the paper when printing and photocopying;

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

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

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

5) To encourage reuse of envelopes/packaging for the internal post with new labels; and

6) To encourage reuse of single-side used paper for drafting, printing and receiving a fax.

In addition, the Group distributes office memo to promote the adoption of green initiatives to all staff on a regular basis.

A2 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	2018/19		2019/20		Percentage
	Unit	Consumption	Unit	Consumption	Comparison
Electricity consumption and intensity per full-time employee	kWh	104,605.00	kWh	74,427.00	–28.85%
	kWh per employee	996.24	kWh per employee	715.64	–28.17%
Water consumption and intensity per full-time employee	m^3	70.00	m^3	86.00	+22.86%
	m^3 per employee	0.67	m^3 per employee	0.83	+23.88%

During the year, the total electricity consumed was 74,427 Kilowatt-hour ("kWh") with an intensity of 715.64 kWh per employee. This figure represents a decrease of 28.85% as compared to the total electricity consumed in the last reporting period.

On the other hand, the total water consumption was 86 cubic meters ("m^3"), representing an increase of 22.86% 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

Reducing waste is always a concern and hot topic in Hong Kong as the landfill are almost fully used.

The Group aims to develop and introduce an environmentally sustainable waste management program based on the use of building materials, and to ensure compliance with applicable regulatory and contractual standards and conditions to mitigate the waste problem in Hong Kong.

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 were applicable during the year, including but not limited to the following:

1) To introduce pre-cast elements in construction which are 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 the construction sites to reduce the consumption of natural resources; and

3) To incorporate sustainable designs into our projects, prioritizing 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 only effective if the residents, tenants, customers or any people using the premises 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 Greener’s Action, recycling unused or used Lai See packets to reduce waste and relief the burden of landfill disposal. The Group has achieved remarkable results with these collaborative programs.

To the best of our knowledge, there was no case of non-compliance in relation to the environmental laws and regulations during the reporting period.

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

Aspects	2018/19 Unit	2018/19 Consumption	2019/20 Unit	2019/20 Consumption	Percentage Comparison
Non-hazardous: Paper	Kg	2,575[1]	Kg	2,367	–8.08%

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

We encourage our employees to adopt 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 8.08% as compared to that of the last reporting period.

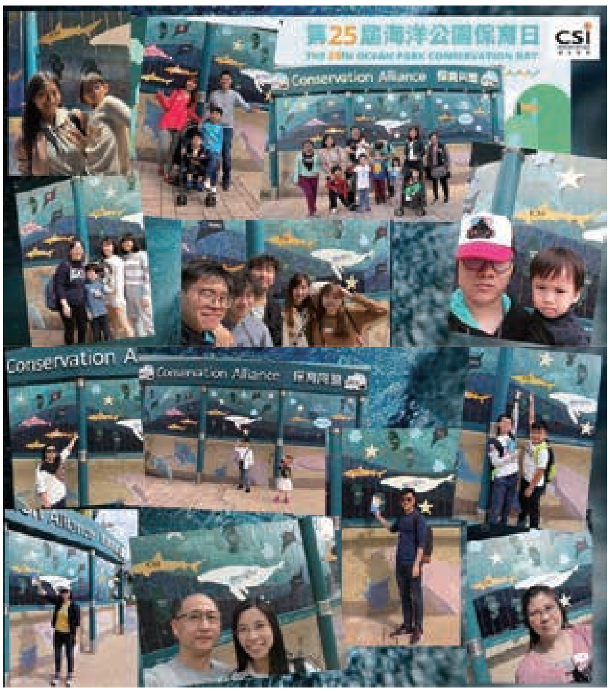
Investment Practices

The Group practices a set of principles when acting as a placing agent or an underwriter of fund-raising activities whereby the Group seeks to cooperate with companies with good practices in dealing with environmental. The Group contributes to society in a variety of ways, including donations. During the reporting period, we have supported a number of charity organizations such as Ocean Park Conservation Foundation Hong Kong (“OPCFHK”), Hong Kong Paralympic Committee & Sports Association for the Physically Disabled, Sheen Hok Charitable Foundation, Greeners Action, Suicide Prevention Services Limited and Our Lady of Perpetual Succour Charitable Trust with a total donation amount over HK$3.5 million.

[1] The figures of prior year are restated

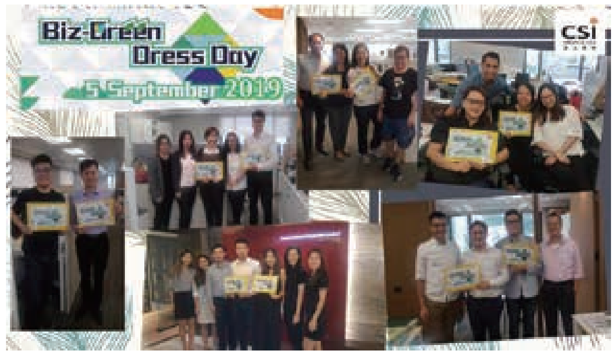
Ocean Park Conservation Day

In January 2020, the Group joined the 25th Ocean Park Conservation Day, an annual signature event organised by OPCFHK which aims to enhance the public knowledge on local biodiversity, the urgency of conserving endangered species and encourage the public to practice "green-living" daily through the fun-yet-education games and exhibition. CSI Group is the Shark Sponsor in Conservation Alliance. Apart from the interactive games, DIY workshops, face-painting and eco-tours, the event has allowed our employees and their family members 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, in building a green work environment jointly for a sustainable environment. The Group supports this meaningful campaign in its fifth year to save energy and minimise air-conditioning consumption in our office.



Mudflat cleanup

CSI group joined OPCFHK to preserve the horseshoe crabs in Hong Kong by cleaning up the mudflats at Ha Pak Nai in December 2019. The mission of the activity was to clear debris, abandon fishing nets and oyster clutches on the shore in order to restore the natural habitat of horseshoe crabs as well as seabirds and other wildlife species, conserving the environment of Hong Kong.

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

A3 The Environment and Natural Resources

Since our business is mainly office-based, the impact on the environment is minimal. The main environmental impact of the business is the indirect impact of carbon dioxide generated by power and paper usage in the daily activities of the business.

The Group has taken steps to reduce its impact on the environment by adopting energy-saving measures mentioned in A1 Emissions and A2 Use of Resources.

B. SOCIAL

B1 Employment and Labour Practices

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, respect 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, the Group was not aware of any litigation cases regarding labour and employment practices brought against the Group or its employees.

The Group prohibits the employment of child labour or any other form of forced and illegal labour. Which is in line with, the local employment laws including the Employment Ordinance of Hong Kong and other related labour laws and regulations.

During the reporting period, regular counselling and appraisal sessions were arranged for our employees, allowing management to communicate expectations, evaluate and maintain the competitiveness of remuneration packages, and gain feedback on employees' professional development needs or grievances.

The Group offers a wide range of incentives to our employees, including competitive wages and proper insurance coverage. The Group may also distribute bonuses to employees based on their positive contribution to the Group's success throughout the year. These incentives and benefits are benchmarked against industry peers, ensuring that the Group continues to be a destination for quality talent.

Additionally, the Group aims to offer additional benefits to its employees including, but not limited to, medical and dental allowances, reimbursement to staff for occupational injuries, paid paternity and maternity leave, newborn child gift, as well as training and education subsidies.

The Group makes MPF contributions for its employees on a regular basis and compliance with MPF legislation in order to ensure the interests of its employees are protected. Under the MPF system, mandatory contributions made by employers and employees are set at 5% of the salary with reference to the statutory minimum (HK$7,100) and maximum (HK$30,000) salary level. However, the Group still contributes 5% to the part of the voluntary provident fund according to the actual salary even it is higher than the maximum level (HK$30,000). The Group has been awarded a "Good MPF employer" since 2016 and this award aims to cultivate an employer's responsibility under the law and also encourage the employer's efforts to further enhance the retirement protection of employees.

During the reporting period, the Group has complied with local labour 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.

B2 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 followed the code of practice on safety management which prepared by the Occupational Safety and Health Branch, Labour Department is defined as a shared responsibility of all employees.

We have developed safety management and reporting mechanisms to enhance the occupational health and safety awareness of our employees, their physical fitness and prevent occupational hazards in the Employee Handbook. 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 review period, the Group has participated Bank of America Tower fire drill training on 7 November 2019 to enhance fire safety knowledge of employees.

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) Measles Antibodies Examination from Hong Kong Health Check & Medical Diagnostic Group Limited (HKHC); (2) Vaccination Subsidy Scheme 2019/2020; and (3) Mental Health Workplace Charter which held by Advisory Committee on Mental Health and Department of Health.

The Group will continue to send out the occupational health and safety-related memo to its employees by email and may limit or alter the work of employees deemed to be in need of special support following a medical check-up or other physical examination.

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

B3 Development and Training

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

The Group has developed a "Training and Development" procedures, as included in our "Employee Handbook", to provide a framework for training and development that ensures all employees have the 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 encouraged our professional staff to participate in continuous professional development to maintain and improve their work skills and knowledge.

B4 Labour Standards

The Group is an equal opportunity employer and recruits 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 employee 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 table illustrates the Group's staff composition as of 31 March 2020:

Aspects	2018/19		2019/20		Percentage
	Male	Female	Male	Female	Comparison
Aged 18 or above	51%	49%	51%	49%	–

	2018/19				
Aspects	21-30 years old	31-40 years old	41-50 years old	51-60 years old	Over 60 years old
Age distribution	11%	39%	28%	19%	3%

	2019/20				
Aspects	21-30 years old	31-40 years old	41-50 years old	51-60 years old	Over 60 years old
Age distribution	12%	32%	35%	14%	7%

	Percentage Comparison				
Aspects	21-30 years old	31-40 years old	41-50 years old	51-60 years old	Over 60 years old
Percentage Comparison	+9.10%	–17.95%	+25.00%	–26.32%	+133.33%

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

During the period under review, our employee turnover rate was 22.01%. Geographically, 83% of our staff are located in Hong Kong,15% are in China, and 2% are in Macau, which is similar to last year according to the table below.

Aspects	Staff number as at 31 Mar 2019	Staff number as at 31 Mar 2020	Staff resigned during the review period	2019/20 Turnover percentage
Turnover rate	105	104	23	22.01%

Aspects	2018/19			2019/20		
	Hong Kong	Macau	China	Hong Kong	Macau	China
Regional Distribution	83%	2%	15%	83%	2%	15%

The Group is looking for different measures to retain a suitable workforce, such as strengthening recruitment controls so that applicants can fully understand the working environment of the Group. We also focus on the work-life balance of employees and their development prospects within the Group to build a competitive career platform.

B5 Supply Chain Management

For supply chain management, it affects the quality of our services and deliverables, but also how we effectively manage the environmental and social risks.

We manage and monitor the supply chain's environmental and social risks through the development of a clear and equitable "Tender Invitation Policy," which stipulates our procurement ethics, anti-fraud standards and the criteria for both our long-term or recently engaged supply chain partners. During our procurement process the environmental requirements are taken into account. We also encourage our suppliers and contractors to improve their sustainability practices, reduce the environmental effects resulting from projects and exercise sound supply chain management governance.

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

In order to ensure the suppliers and contractors are selected fairly, supplier performance evaluations will be needed on a regular basis. It aims to ensure the quality of services and products provided by the suppliers and contractors meet the needs of the Group. Work on monitoring and evaluation is also designed to influence supplies in a positive and sustainable direction. It forms an essential part of strategic sourcing of vendors and supply chain management and also helps to maintain competitiveness.

The Group also pays attention to its track record of environmental enforcement and contribution to social responsibility when identifying and reviewing suppliers and contractors. Providers and contractors that are environmentally and socially responsible will be given preference in the tendering process.

During the reporting period, most of the contractors are certificated with ISO 14001 Environmental Management System Certification which ensures the Group's environmental management system meets the standard of internal industry-specific environmental.

B6 Operating Practices and Product Responsibility

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 sustainable value through a long-term partnership with the Accor Hotels Group and has worked with the Accor Hotels Group for more than 5 years.

We benefit 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.

B7 Anti-Corruption & Anti-Money Laundering

The Group understands the potential risks of unethical behaviour 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 the provision 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 behaviour's. 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 upheld 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 victimization.

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 regulations related to bribery, extortion, fraud and money laundering.

B8 Community

The Group encourages and enables our employees to contribute to the community through volunteering at the following events:

Run for Survival 2019

Organised by OPCFHK, "Run for Survival" aims to stress on the issue of ocean pollution caused by plastics. The participants learned about the impact of plastics on marine animals and the eco-system which will eventually affect humans. This event also encouraged participants to reduce single-use plastic consumption and adopt a "green" lifestyle.

Hong Kong Island Flag Day 2019

OPCFHK organised a flag day with the theme of "Every Action Counts, Let's Save Our Biodiversity" on 10 August 2019. The donation raised will be used to support the initiatives in the local marine mammal stranding response programme, scientific projects of local species and local community education programs. Our employees and family members actively participate in this event.

Suicide Prevention Services ("SPS") Charity Walk 2020

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 aims at raising general awareness of suicide and identifying ways in which suicide can be effectively addressed. To support its mission, employees had registered to participate in the SPS Charity Walk & Carnival 2020 held on 16 February 2020 to help fundraising and public awareness towards caring for suicidal people.

However, due to the affected by COVID-19, the charity walk was postponed.

Run for Paralympians 2020

Participation in the Run for Paralympians programme aims at raising funds for the Hong Kong Paralympians' training preparation needs towards the Asian Para Games and Paralympic Games. To support Hong Kong Paralympic Committee & Sports Association for the Physically Disabled ("HKPC & SAPD"), employees were invited to team of 10 runners to participate in the activity which was held on 9 February 2020.

However, due to the affected by COVID-19, the activity was cancelled.

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, equally 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 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 47, 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 23 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 24 to 38 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 59.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK0.50 cents per share for the year ended 31 March 2020 (2019: HK0.72 cents) or an aggregate amount of approximately HK$49.0 million for the year ended 31 March 2020 (2019: HK$70.6 million), subject to the approval of shareholders of the Company at the 2020 Annual General Meeting, to shareholders whose names appear on the register of members of the Company on 14 September 2020.

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 Monday, 31 August 2020 to Thursday, 3 September 2020 (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 Friday, 28 August 2020; 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 Wednesday, 9 September 2020 to Monday, 14 September 2020 (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 Tuesday, 8 September 2020.

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 30 to the consolidated financial statements.

BORROWINGS

Details of bank borrowings of the Group are set out in note 29 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 2020, calculated under the Companies Act 1981 of Bermuda (as amended), including contributed surplus and accumulated profits amounted to approximately HK$8,114,327,000 (2019: HK$6,913,277,000).

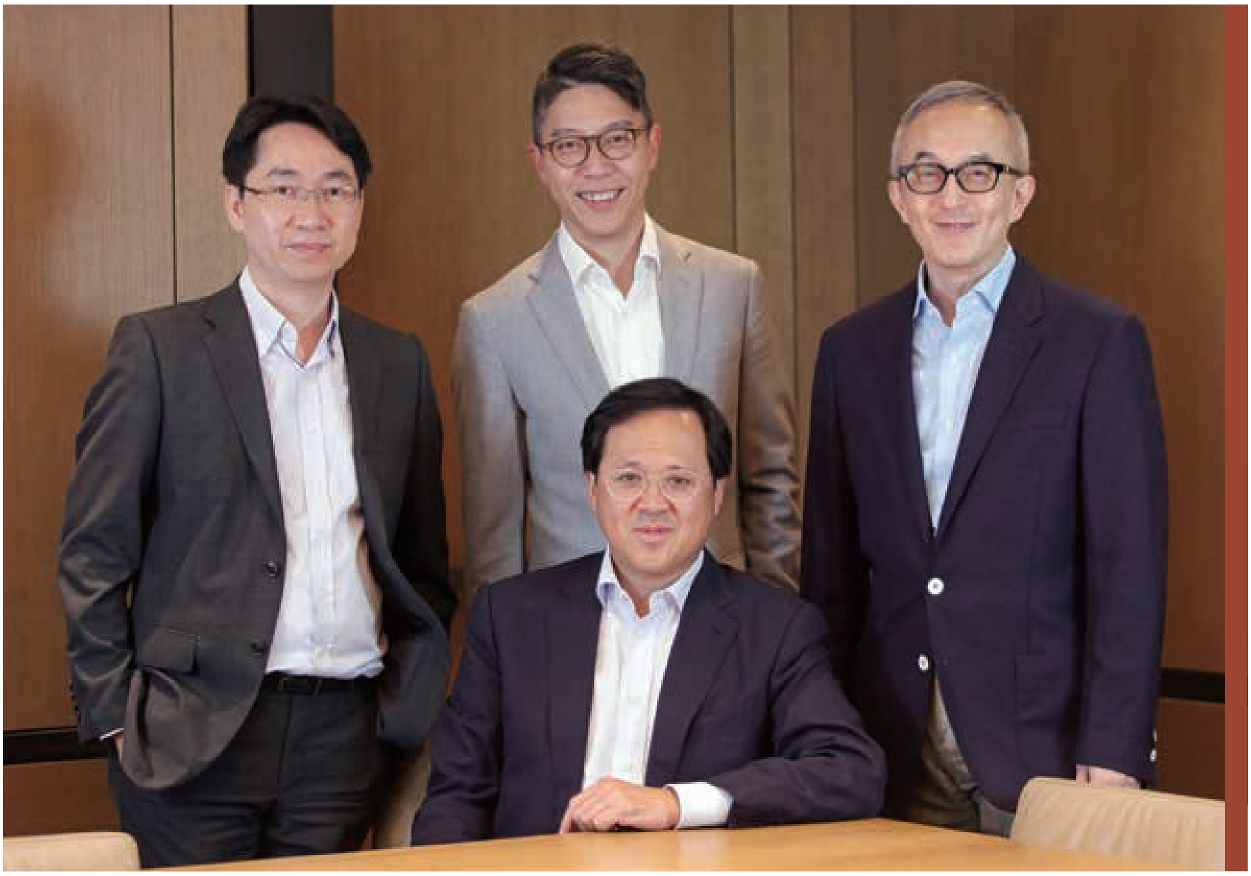
MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 58.4% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 50.0% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 39.4% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 34.1% of the Group's total purchases.

Save as disclosed in note 41 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

Directors' Report



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*
Dr. Lo Wing Yan, William, *JP*

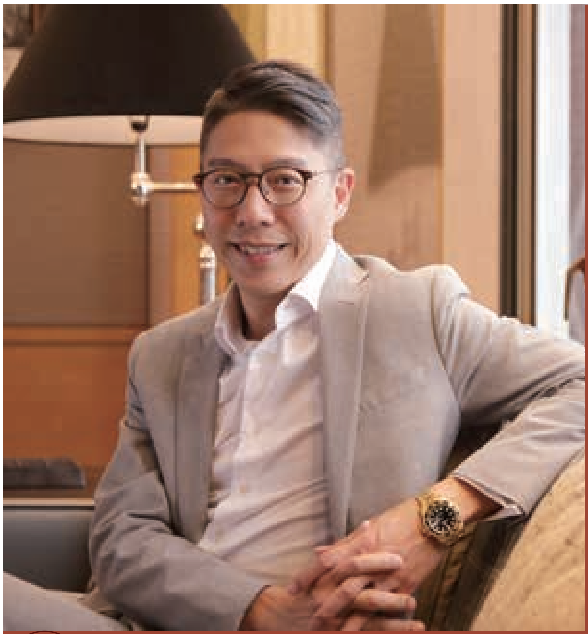
At the forthcoming annual general meeting, Mr. Chung Cho Yee, Mico, Dr. Lam Lee G. and Mr. Cheng Yuk Wo will retire from office. All the retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

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

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

DIRECTORS' PROFILE

Mr. Chung Cho Yee, Mico



Mr. Kan Sze Man

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 59, 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, the shares 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.

Mr. Chung was an independent non-executive director of HKC (Holdings) Limited up to January 2020, the shares of which are listed on the Stock Exchange.

Executive Director

Mr. Kan Sze Man, aged 48, 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 49, 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 55, 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 30 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 60, 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, strategy consulting, corporate governance, direct investment, investment banking and fund management. He is currently 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 of 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, Vice Chairman of Pacific Basin Economic Council (PBEC), and a member of the Hong Kong Trade Development Council Belt and Road and Greater Bay Area Committee and the Sir Murray MacLehose Trust Fund Investment Advisory Committee.

Dr. Lam is an independent non-executive director of each of Mei Ah Entertainment Group Limited, Vongroup 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, Kidsland International Holdings Limited, Aurum Pacific (China) Group Limited and Greenland Hong Kong Holdings Limited; and a non-executive director of each of Tianda Pharmaceuticals Limited, Sunwah Kingsway Capital Holdings Limited, China LNG Group Limited and National Arts Entertainment and Culture Group Limited and Mingfa Group (International) Company Limited (re-designated from independent non-executive director on 23 April 2020), 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), Top Global Limited, JCG Investment Holdings Ltd. (formerly known as China Medical (International) Group Limited) and Thomson Medical Group Limited; and a 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 TMC Life Sciences Berhad, the shares of which are listed on the Main Board of Bursa Malaysia Securities Bhd; and a non-executive director of Adamas Finance Asia Limited, the shares of which are listed on the London Stock Exchange.

Dr. Lam was a non-executive director of China Shandong Hi-Speed Financial Group Limited, up to May 14, 2020, Green Leader Holdings Group Limited up to July 2019, Roma Group Limited up to December 2017, and he was also an independent non-executive director of Glorious Sun Enterprises Limited up to August 2019, Xi'an Haitiantian Holdings Co., Ltd. up to July 2018, 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. Dr. Lam was an independent non-executive director of Hsin Chong Group Holdings Limited up to September 2019, the share of which were delisted on the Stock Exchange in December 2019.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Director (Continued)

Mr. Cheng Yuk Wo, aged 59, 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 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, Miricor Enterprises Holdings Limited, Somerley Capital Holdings Limited, Kidsland International Holdings Limited and C.P. Pokphand Co. Ltd., the shares of all of which are listed on the Stock Exchange.

Mr. Cheng was an independent non-executive director of C.P. Lotus Corporation up to October 2019, the shares of which were delisted on the Stock Exchange in October 2019. Also, Mr. Cheng was an independent non-executive director of DTXS Silk Road Investment Holdings Company Limited up to May 2020, the shares of which are listed on the Stock Exchange.

Dr. Lo Wing Yan, William, *JP*, aged 59, 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 Science 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. In 2019, Dr Lo has been invited by the United Nations ESCAP to lead a task force for its Sustainable Business Network Committee to look at financial inclusion leveraging fintech in the region.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Director (Continued)

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

Dr. Lo was an executive director of SMI Holdings Group Limited up to 1 April 2019 and Kidsland International Holdings Limited up to December 2018, and an independent non-executive director of Ronshine China Holdings Limited up to June 2019, the shares of all of which are listed on the Stock Exchange. Also, Dr. Lo was an independent non-executive director of Hsin Chong Group Holdings Limited up to September 2019, the shares of which were delisted on the Stock Exchange in December 2019.

Hon. Shek Lai Him, Abraham, *GBS, JP*, aged 75, 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: Paliburg Holdings Limited; Lifestyle International Holdings Limited; Chuang's Consortium International Limited; NWS Holdings Limited; Country Garden Holdings Company Limited; SJM Holdings Limited; Chuang's China Investments Limited; ITC Properties Group Limited; China Resources Cement Holdings Limited; Lai Fung Holdings Limited; Cosmopolitan International Holdings Limited; Goldin Financial Holdings Limited; Everbright Grand China Assets Limited; Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust; Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust; and Far East Consortium International Limited, the shares of all of which are listed on the Stock Exchange.

Mr. Shek was also an independent non-executive director of the following companies, all of which are listed on the Stock Exchange: Midas International Holdings Limited (now known as Magnus Concordia Group Limited) up to January 2018; MTR Corporation Limited up to May 2019; and Hop Hing Group Holdings Limited up to June 2020, the shares of all of which are listed on the Stock Exchange.

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' AND THE CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2020, 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 of the Company:

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)	51.07
	Interest of controlled corporation	The Company	5,005,517,062 (L)	51.04
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 2020, 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 2020, 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 in shares of the Company

Name	Capacity	Number of shares *(note 1)*	Approximate shareholding percentage *(%)*
Value Partners Group Limited	Interest of controlled corporation *(note 2)*	684,900,000 (L)	6.98
Value Partners High-Dividend Stocks Fund	Beneficial owner	685,820,000 (L)	6.99

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 shares and underlying shares of the Company as at 31 March 2020.

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$14,974,693,000, which represented approximately 55.2% of the Group's total assets as at 31 March 2020.

As at 31 March 2020, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK$'000	**Guarantees** HK$'000
Action Soar Investments Limited	215,863	–
Century Bliss Limited	34,629	290,000
Champion Maker Limited	109,620	–
City Synergy Limited	81,485	58,000
Cleverland Global Limited	–	1,235,000
Eagle Wonder Limited	918,227	840,000
Fame Allied Limited	20,797	80,000
Favour Eternal Limited	9,472	–
Great Maker Limited	484,922	–
Leading Avenue Limited	273,954	270,000
Jerwyn Pte. Ltd.	51,296	–
Modern Crescent Limited	475,488	1,031,250
Monti Holdings Limited	30,114	150,000
Ocean Beyond Investments Limited	231,183	–
Sincere Charm Limited	163,848	–
Sino City Ventures Limited	336,382	985,495
Southwater Investments Limited	2,131,425	3,450,000
Success Apex Limited	262,098	166,399
Vital Triumph Limited	108,549	180,000
Wealth Explorer Holdings Limited	16,343	282,854
	5,955,695	9,018,998

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	876	290
Current assets	39,718,815	16,952,538
Current liabilities	(10,569,165)	(4,468,152)
Non-current liabilities	(24,215,131)	(10,108,787)
	4,935,395	2,375,889

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 42 to the consolidated financial statements.

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

EQUITY-LINKED AGREEMENTS

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

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

During the year, the Company repurchased a total of 229,520,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$96,312,650. All the repurchased shares were subsequently cancelled. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Details of the repurchases are as follows:

Month, Year	Number of share repurchased	Purchase price		Aggregate consideration paid (before expenses)
		Highest	Lowest	
		HK$	HK$	HK$
April, 2019	229,520,000	0.445	0.410	96,312,650

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 23 of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$3,586,000.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 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 2020.

AUDITORS

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

29 June 2020

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 59 to 159, which comprise the consolidated statement of financial position as at 31 March 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("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 ("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 25 to the consolidated financial statements, the Group had PHS of HK$11,502,578,000, which comprised of completed properties for sale of HK$10,545,150,000 and PUD of HK$957,428,000 as at 31 March 2020. 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 experiences 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 2020, a write-down of PHS amounting to approximately HK$345,853,000 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; • understanding the Group's write-down assessment process, including the valuation model adopted, assumptions used and the involvement of independent property valuers; • assessing the competence, capabilities and objectivity of the independent property valuers; • evaluating the appropriateness of the valuation methodologies adopted to determine the NRV; • assessing the reasonableness of key estimates 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; • checking the mathematical accuracy of the valuation calculations; 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 realisable values and assessing the adequacy of write-down or 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 2020, the carrying amounts of interests in joint ventures and amounts due from joint ventures amounted to HK$4,474,685,000 and HK$5,067,900,000, respectively, as disclosed in note 19 to the consolidated financial statements, the aggregate of which representing approximately 35% 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: • understanding Group's process for identifying the existence of impairment indicators in respect of the interests in joint ventures and the basis of estimation of allowance amounts due from joint ventures and key controls on how the management assess the expected credit loss ("ECL") for these receivables; • 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 competence, capabilities and objectivity of the independent property valuers; • evaluating the appropriateness of the valuation methodologies adopted to determine the NRV;

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 before the impairment. For those joint ventures engaged in property holding or development, management of the Group determines the recoverable amount with reference to the fair value less costs of disposal of joint ventures which are dependent on the expected market prices of PHS and/or PUD held by respective 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 recognised 12 months ECL for amounts due from joint ventures. The ECL assessment is 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 2020.	• assessing the appropriateness of key estimates 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; • checking the mathematical accuracy of the valuation calculations; • assessing ECL 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 PHS and/or PUD 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. Zhu Chen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 June 2020

Consolidated Statement of Profit or Loss

For the year ended 31 March 2020

	NOTES	2020 HK$'000	2019 HK$'000
Revenue	5		
Sales of properties held for sale		3,498,030	3,136,961
Rental income		211,926	302,219
Total revenue		3,709,956	3,439,180
Cost of sales and services		(2,212,520)	(2,374,504)
Gross profit		1,497,436	1,064,676
Income from investments	7	172,029	157,369
Losses from investments	7	(294,847)	(24,933)
Other income	8	191,708	131,086
Other gains and losses	9	(13,321)	2,294
Impairment loss on loan receivables		–	(40,000)
Administrative expenses		(312,579)	(247,065)
Finance costs	10	(333,897)	(326,065)
Share of results of joint ventures		402,036	30,375
Share of results of associates		432	(9,953)
Profit before taxation		1,308,997	737,784
Income tax expense	11	(65,269)	(69,556)
Profit for the year	12	1,243,728	668,228
Profit (loss) attributable to:			
Owners of the Company		1,155,643	529,852
Holders of perpetual capital securities	31	89,700	89,700
Non-controlling interests		(1,615)	48,676
		1,243,728	668,228
Earnings per share (HK cents)	16		
Basic		11.77	5.28

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	1,243,728	668,228
Other comprehensive expense		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(22,910)	(23,352)
Share of exchange differences of joint ventures, net of related income tax	(118,304)	(104,680)
	(141,214)	(128,032)
Total comprehensive income for the year	1,102,514	540,196
Total comprehensive income (expense) attributable to:		
Owners of the Company	1,014,429	401,820
Holders of perpetual capital securities	89,700	89,700
Non-controlling interests	(1,615)	48,676
	1,102,514	540,196

Consolidated Statement of Financial Position

As at 31 March 2020

	NOTES	2020 HK$'000	2019 HK$'000
Non-Current Assets			
Property, plant and equipment	17	297,235	252,055
Financial assets at fair value through profit or loss ("FVTPL")	18	170,955	172,360
Club memberships		11,915	11,915
Interests in joint ventures	19	4,474,685	4,826,529
Amounts due from joint ventures	19	5,067,900	4,600,561
Interests in associates	20	193,052	190,683
Amounts due from associates	20	10,611	4,548
Loan receivables	21	203,248	222,219
Deposits paid for acquisition of property, plant and equipment		–	64,358
		10,429,601	10,345,228
Current Assets			
Loan receivables	21	45,407	73,680
Trade and other receivables	22	274,058	480,092
Promissory note receivables	23	–	30,000
Contract costs	24	–	30,249
Amount due from a non-controlling shareholder of a subsidiary	41(b)	3,470	2,460
Properties held for sale	25	11,502,578	12,017,774
Financial assets at FVTPL	18	2,172,310	1,919,470
Taxation recoverable		9,889	20,025
Cash held by securities brokers	26	6,432	2,899
Bank balances and cash	26	2,668,787	1,406,878
		16,682,931	15,983,527
Current Liabilities			
Other payables and accruals	27	346,103	324,871
Contract liabilities	28	–	1,041,353
Taxation payable		265,415	231,741
Amounts due to joint ventures	19	556,195	559,377
Amounts due to non-controlling shareholders of subsidiaries	41(b)	167,333	167,333
Bank borrowings – due within one year	29	1,811,884	2,122,755
		3,146,930	4,447,430
Net Current Assets		13,536,001	11,536,097
Total Assets Less Current Liabilities		23,965,602	21,881,325

Consolidated Statement of Financial Position

As at 31 March 2020

	NOTES	2020 HK$'000	2019 HK$'000
Capital and Reserves			
Share capital	*30*	78,460	80,296
Reserves		12,805,654	11,956,774
Equity attributable to owners of the Company		12,884,114	12,037,070
Holders of perpetual capital securities	*31*	1,539,443	1,539,443
Non-controlling interests		36,253	37,868
Total Equity		14,459,810	13,614,381
Non-Current Liabilities			
Bank borrowings – due after one year	*29*	7,516,079	6,304,952
Guaranteed notes – due after one year	*32*	1,924,260	1,950,000
Derivative financial instruments	*33*	45,868	–
Deferred tax liabilities	*34*	19,585	11,992
		9,505,792	8,266,944
		23,965,602	21,881,325

The consolidated financial statements on pages 59 to 159 were approved and authorised for issue by the Board of Directors on 29 June 2020 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 2020

	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 31)*	Non-controlling interests HK$'000	Total equity HK$'000
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
Profit for the year	-	-	-	-	-	1,155,643	1,155,643	89,700	(1,615)	1,243,728
Exchange differences arising on translation of foreign operations	-	-	-	-	(22,910)	-	(22,910)	-	-	(22,910)
Share of exchange differences of joint ventures	-	-	-	-	(118,304)	-	(118,304)	-	-	(118,304)
Total comprehensive (expense) income for the year	-	-	-	-	(141,214)	1,155,643	1,014,429	89,700	(1,615)	1,102,514
Share repurchases *(note 30)*	(1,836)	-	-	-	-	(94,934)	(96,770)	-	-	(96,770)
Dividends recognised as distribution *(note 15)*	-	-	-	-	-	(70,615)	(70,615)	-	-	(70,615)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	(89,700)	-	(89,700)
At 31 March 2020	78,460	2,052,135	6,620	72,579	(172,793)	10,847,113	12,884,114	1,539,443	36,253	14,459,810

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 2020

	2020 HK$'000	2019 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	1,308,997	737,784
Adjustments for:		
Finance costs	333,897	326,065
Depreciation of property, plant and equipment	33,696	23,925
(Gain) loss on disposal of property, plant and equipment	(839)	20
Amortisation of financial guarantee contracts	(7,501)	(5,988)
Other interest income	(163,276)	(108,133)
Forfeited deposits	(8,756)	(5,468)
Write-down (reversal of write-down) of properties held for sale	345,853	(11,308)
Reversal of impairment loss on amount due from an associate	(424)	–
Share of results of joint ventures	(402,036)	(30,375)
Share of results of associates	(432)	9,953
Decrease in fair value of financial assets at FVTPL	257,966	21,095
Decrease in fair value of derivative financial instruments	36,881	–
Interest income from financial assets at FVTPL	(150,905)	(144,847)
Dividend income from financial assets at FVTPL	(21,124)	(12,522)
Loss allowance on loan receivables	–	40,000
Operating cash flows before movements in working capital	1,561,997	840,201
Increase in other payables and accruals	35,790	48,535
Decrease (increase) in properties held for sale	129,766	(50,633)
Decrease in trade and other receivables	206,034	460,545
(Decrease) increase in contract liabilities	(1,041,353)	188,830
Decrease (increase) in contract costs	30,249	(4,541)
Increase in cash held by securities brokers	(3,533)	(515)
Net cash generated from operations	918,950	1,482,422
Income tax paid	(13,866)	(33,934)
NET CASH FROM OPERATING ACTIVITIES	905,084	1,448,488

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
INVESTING ACTIVITIES		
Investments in joint ventures	(44)	(1,295,592)
Advances to joint ventures	(844,354)	(1,515,116)
Repayments from joint ventures	500,582	401,795
Advances to a non-controlling shareholders of subsidiary	(1,010)	–
Repayments from promissory rate receivables	30,000	90,000
Purchases of property, plant and equipment	(17,849)	(9,393)
Repayments from an associate	424	–
Advance to an associate	(8,000)	(1,600)
Dividends received from joint ventures	602,400	363,310
Interest received	44,666	108,133
Interest income received from financial assets at FVTPL	150,905	144,847
Dividend income received from financial assets at FVTPL	21,124	12,522
Loan receivables newly granted	(26,468)	(219,613)
Repayments from loan receivables	73,712	70,393
Proceeds on disposal of property, plant and equipment	4,170	30
Investments in financial assets at FVTPL	(509,401)	(66,883)
Proceeds on capital refund of financial assets at FVTPL	–	4,570
Settlement on derivative financial instruments	8,987	–
Deposits paid for acquisition of property, plant and equipment	–	(64,358)
Proceeds on capital refund of an associate	–	48,179
NET CASH FROM (USED IN) INVESTING ACTIVITIES	29,844	(1,928,776)

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	NOTE	2020 HK$'000	2019 HK$'000
FINANCING ACTIVITIES			
Repayments of bank borrowings		(5,339,381)	(2,470,038)
Repurchase of guaranteed notes		(25,740)	–
Payment for share purchase		(96,770)	–
Dividends paid		(70,615)	(140,519)
Dividends paid to non-controlling shareholders of subsidiaries		–	(38,998)
Advances from joint ventures		322,513	217,551
Repayments to joint ventures		(325,695)	(380,556)
Advances from non-controlling shareholders of subsidiaries		–	19,438
Repayments to non-controlling shareholders of subsidiaries		–	(50,178)
Loan from a joint venture partner		–	1,134,289
Repayment to a joint venture partner		–	(1,134,289)
New bank borrowings raised		6,312,910	2,603,317
Interest paid		(360,541)	(360,123)
Issuance cost for perpetual capital securities		–	(176)
Distribution to holders of perpetual capital securities	31	(89,700)	(89,700)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		326,981	(689,982)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,261,909	(1,170,270)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,406,878	2,577,148
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		2,668,787	1,406,878

Notes to the Consolidated Financial Statements

For the year ended 31 March 2020

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 47, 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 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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 16 *Leases* ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

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

2.1 HKFRS 16 *Leases* ("HKFRS 16") (Continued)

As a lessee

The Company has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, i.e. 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, by electing not to recognise right-of-use assets and lease liabilities for leases with lease term ending within 12 months of the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

	At 1 April 2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019	3,354
Less: Recognition exemption – low value assets	(4)
Practical expedient – leases with lease term ending within 12 months from the date of initial application	(3,350)
Lease liabilities as at 1 April 2019	–

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 April 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 April 2019. However, effective 1 April 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

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

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

2.1 HKFRS 16 *Leases* ("HKFRS 16") (Continued)

As a lessor (Continued)

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. At the date of initial application, the Group assessed and considered the impact of these refundable rental deposits received as insignificant at 1 April 2019.

Effective on 1 April 2019, the Group has applied HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The application of HKFRS 16 as a lessor has no material impacts on the Group's consolidated statement of financial position as at 31 March 2020, its consolidated statement of profit or loss, its consolidated statements of profit or loss and other comprehensive income and cash flows for the year ended 31 March 2020.

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 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[5]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[5]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[5]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[6]

1 Effective for annual periods beginning on or after 1 January 2021
2 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
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2022
6 Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be 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 financial statements in the foreseeable future.

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 (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 judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs 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.

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 (Continued)

Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group's annual period beginning on 1 April 2020. Other than specific standards which still refer to the previous versions of the framework, the Company will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

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

The 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 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 is not allocated to any asset, including goodwill, that 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 *Financial Instruments* ("HKFRS 9"), 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. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

Revenue from contracts with customers

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of HKFRS 16) or prepaid lease payments (before application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group as lessee (prior to 1 April 2019)

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.

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.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor (Continued)

Classification and measurement of leases (Continued)

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Club memberships

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

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 selling and collecting 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.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(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 "gains (losses) from investments". Dividend or interest income from financial assets is included in the "income from investment".

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") on financial assets (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 which are subject to impairment under HKFRS 9. 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, 12 months ECL ("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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(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; or

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

(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 1 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(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 HKFRS 16 (since 1 April 2019) or HKAS 17 (prior 1 April 2019).

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.

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

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; and

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Borrowing costs

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

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

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

Government grants

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

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

Retirement benefits costs

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

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

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

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

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

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

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 to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment, contract costs and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, intangible assets with finite useful lives and contract costs 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).

The recoverable amount of property, plant and equipment and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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 (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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 31), 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 2020, the carrying amounts of the perpetual capital securities are HK$1,539,443,000 (2019: HK$1,539,443,000).

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

Key sources of estimation uncertainty

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

Write-down of properties held for sale

As explained in note 3, the Group's properties held for sale with carrying amount of HK$11,502,578,000 (2019: HK$12,017,774,000) are stated at the lower of cost and net realisable value. Based on the Group's experiences 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 additional write-down of value of the properties held for sale would be recognised.

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 2020, the directors of the Company determined there is clear evidence of a decrease in net realisable value of certain of the Group's property interests held for sale that are carried at net realisable value because of the negative impact on property markets in Hong Kong and Macau arising from 2019 novel coronavirus ("COVID-19") issue. During the year ended 31 March 2020, a write-down of the properties held for sale amounting to approximately HK$345,853,000 (2019: reversal of HK$11,308,000) 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 2020, investments in joint ventures with carrying amount of HK$4,474,685,000 (2019: HK$4,826,529,000) 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 2020, the amounts due from joint ventures with carrying amount of HK$5,067,900,000 (2019: HK$4,600,561,000) 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 2020 and 2019.

5. REVENUE

(i) Disaggregation of revenue

	2020 HK$'000	2019 HK$'000
Sales of properties held for sale – at a point in time	3,498,030	3,136,961
Rental income	211,926	302,219
	3,709,956	3,439,180

	Sales of properties held for sale 2020 HK$'000	 2019 HK$'000
Geographical markets		
Hong Kong	3,498,030	3,118,992
Singapore	–	17,969
	3,498,030	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

	2020 HK$'000	2019 HK$'000
Sales of properties held for sale		
Commercial property holding	2,612,622	1,099,569
Residential property holding	885,408	2,037,392
Revenue from contracts with customers	3,498,030	3,136,961
Rental income	211,926	302,219
Interest income and dividend income	172,029	157,369
Revenue disclosed in segment information	3,881,985	3,596,549

(iii) Performance obligations for contracts with customers

Revenue from sales of 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)

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

No unsatisfied performance obligation outstanding at 31 March 2020, whilst the transaction price of HK$1,871,046,000 was 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 was within one year.

(v) Leases

	2020 HK$'000	2019 HK$'000
For operating leases:		
Lease payments that are fixed	211,926	302,219

During the year ended 31 March 2020, the Group granted one-off rent reduction up to three months for those lessees suffering loss during COVID-19 period amounting to HK$800,000 (2019: nil).

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 People's Republic of China ("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 2020					
EXTERNAL REVENUE					
Rental income	203,198	5,776	2,952	–	211,926
Sales of properties held for sale	2,612,622	885,408	–	–	3,498,030
Revenue of the Group	2,815,820	891,184	2,952	–	3,709,956
Interest income and dividend income	–	–	–	172,029	172,029
	2,815,820	891,184	2,952	172,029	3,881,985
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	81,471	231	–	–	81,702
Sales of properties held for sale	1,380,834	319,352	–	–	1,700,186
	1,462,305	319,583	–	–	1,781,888
Segment revenue	4,278,125	1,210,767	2,952	172,029	5,663,873
RESULTS					
Share of results of joint ventures *(note)*	523,912	(121,876)	–	–	402,036
Share of results of associates *(note)*	558	(126)	–	–	432
Segment profit (loss) excluding share of results of joint ventures and associates	1,225,476	212,281	(12,283)	(139,951)	1,285,523
Segment profit (loss)	1,749,946	90,279	(12,283)	(139,951)	1,687,991
Unallocated other income					70,698
Unallocated other gains and losses					16,815
Central administration costs					(132,610)
Finance costs					(333,897)
Profit before taxation					1,308,997

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 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

Note: Share of results of associates and joint ventures mainly represent share of the operating profit or loss 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 write-off of deposit for properties held for sale and net exchange gain), 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:

	2020 HK$'000	2019 HK$'000
Segment assets		
Commercial property holding	15,830,498	15,887,778
Residential property holding	5,402,406	5,935,619
Macau property holding	193,766	193,679
Securities investment	2,495,787	2,218,295
Total segment assets	23,922,457	24,235,371
Property, plant and equipment	297,235	252,055
Taxation recoverable	9,889	20,025
Cash held by securities brokers	6,432	2,899
Bank balances and cash	2,668,787	1,406,878
Other unallocated assets	207,732	411,527
Consolidated total assets	27,112,532	26,328,755
Segment liabilities		
Commercial property holding	520,820	657,102
Residential property holding	391,640	1,331,416
Macau property holding	61,428	61,485
Securities investment	113,164	23,753
Total segment liabilities	1,087,052	2,073,756
Guaranteed notes	1,924,260	1,950,000
Bank borrowings	9,327,963	8,427,707
Taxation payable	265,415	231,741
Other unallocated liabilities	48,032	31,170
Consolidated total liabilities	12,652,722	12,714,374

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 2020

	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	1,635,791	2,838,894	–	–	4,474,685	–	4,474,685
Amounts due from joint ventures	4,220,439	847,461	–	–	5,067,900	–	5,067,900
Interests in associates	5,260	187,792	–	–	193,052	–	193,052
Amounts due from associates	–	10,611	–	–	10,611	–	10,611
Net decrease in fair value of financial assets at FVTPL or derivative financial instruments	–	–	–	(294,847)	(294,847)	–	(294,847)
Interests income from amounts due from joint ventures	65,712	49,703	–	–	115,415	3,195	118,610
Interest income from financial assets at FVTPL	–	–	–	150,905	150,905	–	150,905
Depreciation of property, plant and equipment	–	–	–	–	–	(33,696)	(33,696)
Write-down of properties held for sale	(333,087)	–	(12,766)	–	(345,853)	–	(345,853)

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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

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 (excluding Hong Kong and Macau) 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)	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Hong Kong	3,618,713	3,304,300	3,979,852	4,348,497
PRC	88,291	114,602	997,035	997,043
Macau	2,952	2,309	–	–
Singapore	–	17,969	–	–
	3,709,956	3,439,180	4,976,887	5,345,540

Note: Non-current assets exclude financial instruments.

Information about major tenants and buyers of properties

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

	2020 HK$'000	2019 HK$'000
Buyer A[1]	Nil	713,800
Buyer B[2]	Nil	843,800
Buyer C[2]	1,750,000	Nil
Buyer E[1]	Nil	758,000
	1,750,000	2,315,600

1 Revenue from residential property holding

2 Revenue from commercial property holding

Revenue by type of income

The relevant information is set out in note 5.

7. INCOME AND GAINS (LOSSES) FROM INVESTMENTS

	2020 HK$'000	2019 HK$'000
Income from investments includes the following:		
Interest income from financial assets at FVTPL	150,905	144,847
Dividend income from financial assets at FVTPL	21,124	12,522
	172,029	157,369
Losses from investments includes the following:		
Net change in fair value of financial assets at FVTPL		
– net realised loss	(36,825)	(3,838)
– net unrealised loss	(221,141)	(21,095)
Net unrealised gain (loss) on change in fair value of derivative financial instruments		
– net realised gain	8,987	–
– net unrealised loss	(45,868)	–
	(294,847)	(24,933)

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

	2020 HK$'000	2019 HK$'000
Derivative financial instruments	(36,881)	–
Financial assets at FVTPL	(85,937)	132,436
	(122,818)	132,436

8. OTHER INCOME

	2020 HK$'000	2019 HK$'000
Bank interest income	29,970	13,443
Interest income from loan receivables	13,733	15,401
Interest income from amounts due from joint ventures	118,610	78,138
Interest income from promissory note	963	1,151
Amortisation of financial guarantee contracts	7,501	5,988
Assets management income	2,400	2,654
Consultancy fee income	24	41
Forfeited deposits	8,756	5,468
Others	9,751	8,802
	191,708	131,086

Total interest income of financial assets measured at amortised cost amounts to HK$163,276,000 (2019: HK$108,133,000) for the year ended 31 March 2020.

9. OTHER GAINS AND LOSSES

	2020 HK$'000	2019 HK$'000
Write-off of deposit for properties held for sale	(30,560)	–
Gain (loss) on disposal of property, plant and equipment	839	(20)
Reversal of impairment loss on amount due from an associate	424	–
Net exchange gain	15,976	2,314
	(13,321)	2,294

10. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interests on:		
Bank borrowings	264,486	227,841
Loan from a joint venture partner	–	41,024
Guaranteed notes	94,947	95,063
Total borrowing costs	359,433	363,928
Less: Amounts capitalised in the cost of qualifying assets	(25,536)	(37,863)
	333,897	326,065

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 2.62% to 4.51% (2019: 1.78% to 4.05%) per annum for the year ended 31 March 2020.

11. INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	71,016	130,219
– Overprovision in prior years	(13,350)	(68,989)
Macau Complementary Tax		
– Current year	10	4
	57,676	61,234
Deferred taxation *(note 34)*	7,593	8,322
	65,269	69,556

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, 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:

	2020 HK$'000	2019 HK$'000
Profit before taxation	1,308,997	737,784
Taxation at Hong Kong Profits Tax rate of 16.5%	215,985	121,734
Tax effect of expenses not deductible for tax purpose	324,335	91,494
Tax effect of income not taxable for tax purpose	(433,070)	(72,595)
Tax effect of share of results of joint ventures	(66,336)	(5,012)
Tax effect of share of results of associates	(71)	1,642
Effect of tax concession	(126)	(165)
Tax effect of tax losses not recognised	42,680	27,697
Utilisation of tax losses previously not recognised	(4,778)	(26,250)
Overprovision in prior years	(13,350)	(68,989)
Income tax expense for the year	65,269	69,556

12. PROFIT FOR THE YEAR

	2020 HK$'000	2019 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration *(note 13)*	56,371	45,620
Other staff costs:		
Salaries and other benefits	71,779	61,750
Performance-related incentive bonus	15,472	15,598
Contributions to retirement benefits schemes	4,371	4,237
	91,622	81,585
Total staff costs	147,993	127,205
Auditor's remuneration – audit services	3,792	3,450
Cost of properties held for sale recognised as an expense	1,764,879	2,161,067
Depreciation of property, plant and equipment	33,696	23,925
Write-down of/(reversal of write-down of) properties held for sale (included in cost of sales)	345,853	(11,308)

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of eight (2019: eight) directors were as follows:

For the year ended 31 March 2020

	Executive Directors				Independent Non-executive Directors				
	Chung Cho Yee, Mico HK$'000	Kan Sze Man HK$'000	Chow Hou Man HK$'000	Fong Man Bun, Jimmy HK$'000	Lam Lee G. HK$'000	Cheng Yuk Wo HK$'000	Lo Wing Yan, William HK$'000	Shek Lai Him, Abraham HK$'000	Total HK$'000
Directors' remuneration									
Fees	–	–	–	–	200	200	200	200	800
Salaries and other benefits	12,237	5,121	3,620	3,870	–	–	–	–	24,848
Performance-related incentive bonus *(note)*	20,637	3,939	2,807	2,562	–	–	–	–	29,945
Contributions to retirement benefits schemes	18	285	231	244	–	–	–	–	778
	32,892	9,345	6,658	6,676	200	200	200	200	56,371

For the year ended 31 March 2019

	Executive Directors				Independent Non-executive Directors				
	Chung Cho Yee, Mico HK$'000	Kan Sze Man HK$'000	Chow Hou Man HK$'000	Fong Man Bun, Jimmy HK$'000	Lam Lee G. HK$'000	Cheng Yuk Wo HK$'000	Lo Wing Yan, William HK$'000	Shek Lai Him, Abraham HK$'000	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)*	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

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.

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 (2019: four) were directors of the Company whose emoluments are included in note 13 above. The emoluments of the remaining one (2019: one) individual were as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other benefits	3,000	3,032
Performance-related incentive bonus *(note)*	625	443
Contributions to retirement benefits schemes	160	161
	3,785	3,636

Their emoluments were within the following band:

	2020 Number of employee	2019 Number of employee
HK$3,500,001 to HK$4,000,000	1	1

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

15. DIVIDENDS

	2020 HK$'000	2019 HK$'000
Dividends recognised as distribution during the year		
– Final dividend of HK0.72 cents per share in respect of financial year ended 31 March 2019 (2019: Final dividend of HK1.40 cents per share in respect of financial year ended 31 March 2018)	70,615	140,519
Dividends proposed after the end of the reporting period		
– Final dividend of HK0.50 cents per share (2019: Final dividend of HK0.72 cents per share)	48,988	70,615

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:

	2020 HK$'000	2019 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	1,155,643	529,852
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	9,814,897	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 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
Additions	–	196	–	529	81,482	82,207
Disposal	(7,683)	–	(4)	(841)	–	(8,528)
At 31 March 2020	303,998	25,214	1,289	11,077	126,219	467,797
DEPRECIATION						
At 1 April 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
Provided for the year	14,905	2,285	7	1,561	14,938	33,696
Eliminated on disposal	(4,356)	–	–	(841)	–	(5,197)
At 31 March 2020	83,262	18,209	1,046	8,370	59,675	170,562
CARRYING VALUES						
At 31 March 2020	220,736	7,005	243	2,707	66,544	297,235
At 31 March 2019	238,968	9,094	254	3,739	–	252,055

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The above items of property, plant and equipment, after taking into account the residual values, 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 are pledged to secure the general banking facilities granted to the Group. Details are set out in note 38.

	2020 HK$'000
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of HKFRS 16	5,317
Total cash outflows for leases	5,317

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL comprise:

	2020 HK$'000	2019 HK$'000
Listed equity securities *(note i)*	45,622	64,331
Unlisted equity securities/limited partnership *(note ii)*	173,984	172,360
Unlisted mutual funds *(note iii)*	52,924	18,011
Listed debt securities *(note iv)*	2,070,735	1,712,638
Unlisted debt securities *(note v)*	–	124,490
	2,343,265	2,091,830
Total and reported as:		
Listed		
Hong Kong	518,941	250,232
Elsewhere	1,597,416	1,526,737
Unlisted	226,908	314,861
	2,343,265	2,091,830
Analysed for reporting purposes as:		
Non-current assets	170,955	172,360
Current assets	2,172,310	1,919,470
	2,343,265	2,091,830

Notes:

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

(ii) The unlisted equity securities/limited partnership as at 31 March 2020 are measured at fair value.

(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 2020 represented bonds with fixed interest of 4.75% to 15% (2019: 3.95% to 15%) per annum. The maturity dates of the listed debt securities range from 21 May 2020 to perpetual (2019: 25 April 2019 to perpetual). Their fair values are determined based on quoted market bid prices available from the market.

(v) The unlisted debt securities at 31 March 2019 represented bonds with fixed interest of 13.5% to 14% per annum. The maturity date of the unlisted debt securities are on 18 April 2019 and 3 May 2019 respectively. Their fair value are determined based on quoted bid prices in the over-the-counter markets.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The summary of listed debt securities of financial assets at FVTPL as at 31 March 2020 and 2019 and their corresponding unrealised (loss) gain and interest income for the years ended 31 March 2020 and 2019 are as follows:

	As at 31 March 2020				As at 31 March 2019			
	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	1,890,973	16,552	163,210	2,070,735	1,617,902	17,906	76,830	1,712,638
Coupon rate	4.85% to 15%	5.375% to 7.5%	4.75% to 11%	4.75% to 15%	3.95% to 15%	5.375% to 7.5%	4.5% to 10.625%	3.95% to 15%
Maturity	May 2020 – December 2026	July 2022 – Perpetual	November 2020 – June 2022	May 2020 – Perpetual	April 2019 – June 2024	May 2019 – Perpetual	May 2019 – October 2021	April 2019 – Perpetual
Rating	NR to BB	BB- to BB+	NR to BBB+	NR to BBB+	NR to BBB+	BB- to BB+	NR to BB+	NR to BBB+
Credited (charged) to profit or loss								
Interest income	135,739	956	14,210	150,905	102,526	956	9,299	112,781
Unrealised (loss) gain	(170,137)	(1,354)	(13,849)	(185,340)	3,204	154	(16,078)	(12,720)

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The five largest listed debt securities held as at 31 March 2020 and 2019 are as follows:

	Market value as at 31 March 2020 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2020 HK$'000	Unrealised loss for the year ended 31 March 2020 HK$'000
15% notes due in October 2021 issued by Cheergain Group Limited	114,131	5.5%	17,550	(2,942)
11% notes due in June 2021 issued by VCREDIT Holdings Limited	96,820	4.7%	9,371	(10,255)
5.875% notes due in August 2020 issued by Greentown China Holdings Limited	90,444	4.4%	5,358	(1,449)
9% notes due in May 2020 issued by Agile Property Holdings Limited	85,635	4.1%	8,412	(3,040)
7.5% notes due in June 2020 issued by Hopson Development Holdings Limited	80,222	3.9%	1,526	(5,854)

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	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 in October 2021 issued by Cheergain Group Limited	117,073	6.8%	8,044	73
9.375% notes due in June 2024 issued by Kaisa Group Holdings Limited	104,844	6.1%	10,969	(4,294)
9% notes due in May 2020 issued by Agile Property Holdings Limited	100,754	5.9%	8,775	(1,668)
5.875% notes due in August 2020 issued by Greentown China Holdings Ltd	91,892	5.4%	5,345	(580)
7.5% notes due in March 2020 issued by Country Garden Holdings Company Limited	85,146	5.0%	6,260	(1,435)

The fair value of each of remaining debts investments represented less than 1% of the total assets of the Group as at 31 March 2020. Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in note 38.

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

	2020 HK$'000	2019 HK$'000
Costs of unlisted investments in joint ventures	4,118,661	4,160,559
Share of post-acquisition profits, net of dividend received	(73,024)	(41,038)
Exchange difference arising on translation	(147,494)	(29,190)
Deemed capital contribution – financial guarantee contracts	33,494	30,687
Deemed capital contribution – interest-free loans *(note i)*	543,048	705,511
	4,474,685	4,826,529
Amounts due from joint ventures included in non-current assets *(note i)*	5,067,900	4,600,561
Amounts due to joint ventures included in current liabilities *(note ii)*	556,195	559,377

Notes:

(i) Included in the amounts due from joint ventures as at 31 March 2020, there are principal amounts of HK$3,014,054,000 (2019: HK$2,812,552,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (2019: 1% to 3% and 4.875%) per annum and repayable after one year. The remaining amounts with principal of HK$2,922,248,000 (2019: HK$2,604,499,000) 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$2,544,937,000 (2019: HK$2,121,594,000) 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 2020, there are share of loss of joint ventures of HK$491,091,000 (2019: HK$333,585,000) 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 2020 and 2019 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 2020 and 2019, 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
					2020	2019	2020	2019	
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%	50%	50% *(note)*	50% *(note)*	Property development
Great Maker Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	30%	30%	30% *(note)*	30% *(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. The remaining each of joint ventures are considered insignificant in terms of its individual carrying amount of interest in joint ventures and the share of results recognised by the Group for the current year. 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

	2020 HK$'000	2019 HK$000
Current assets	3,002,926	2,446,378
Non-current assets	300,657	225
Current liabilities	(1,058,952)	(153,351)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	577,413	141,607

As at 31 March 2020, current assets mainly comprised of cash and cash equivalents of HK$577,413,000 (2019: HK$141,607,000) and property held for sale of HK$343,018,000 (2019: HK$671,754,000). Current liabilities as at 31 March 2020 comprised of advances from customers of HK$299,624,000 (2019: nil).

	2020 HK$'000	2019 HK$000
Revenue	777,137	588,136
Profit for the year	89,359	207,225
Other comprehensive expense for the year	(137,980)	(148,930)
Total comprehensive (expense) income for the year	(48,621)	58,295
The above profit for the year include the following:		
Depreciation and amortisation	14	56
Interest expense	–	5,940

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:

	2020 HK$'000	2019 HK$000
Net assets of the joint venture	2,244,631	2,293,252
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,122,316	1,146,626
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	1,127,876	1,152,186

Southwater Investments Limited

	2020 HK$'000	2019 HK$'000
Current assets	11,170,858	10,557,329
Non-current assets	39	27
Current liabilities	(29,082)	(13,232)
Non-current liabilities	(8,873,235)	(8,343,027)

The above amounts of assets and liabilities include the following:

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents	17,852	13,758
Current financial liabilities (excluding trade and other payables and provisions)	(1,413)	(1,240)
Non-current financial liabilities (excluding trade and other payables and provisions)	(8,944,574)	(8,343,027)

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 2020, current assets mainly comprised of cash and cash equivalents of HK$17,852,000 (2019: HK$13,758,000) and property held for sale under development of HK$11,153,000,000 (2019: HK$10,543,509,000). Non-current liabilities as at 31 March 2020 comprised of a bank loan of HK$4,610,386,000 (2019: HK$4,275,712,000), and loan from shareholders of HK$4,262,849,000 (2019: HK$4,067,315,000).

	2020 HK$'000	2019 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(75)	(67,402)

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

	2020 HK$'000	2019 HK$'000
Net assets of the joint venture	2,268,580	2,201,097
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,134,290	1,100,549
Adjustment for inter-company transaction	(65,712)	–
Deemed capital contribution – financial guarantee contracts	17,250	17,250
Carrying amount of the Group's interest in the joint venture	1,085,828	1,117,799

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

Summarised financial information of material joint ventures (Continued)

Great Maker Limited

	2020 HK$'000	2019 HK$000
Current assets	2,090,720	4,242,352
Current liabilities	(2,046,949)	(2,708,143)
Non-current liabilities	–	(1,534,742)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	38,950	37,116
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(1,534,742)

As at 31 March 2020, current assets mainly comprised of cash and cash equivalents of HK$38,950,000 (2019: HK$37,116,000) and property held for sale under development of HK$2,048,876,000 (2019: HK$3,955,294,000). Current liabilities as at 31 March 2020 comprised of advances from customers of HK$5,508,000 (2019: HK$945,454,000), and non-current liabilities as at 31 March 2019 represented bank loans of HK$1,534,742,000.

	2020 HK$'000	2019 HK$000
Revenue	4,602,780	–
Profit (loss) and total comprehensive income (expense) for the year	2,044,304	(114)
Dividend received from joint venture during the year	600,000	–
The above profit for the year include the following:		
Interest expense	399	90
Income tax expense	403,368	–

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

Summarised financial information of material joint ventures (Continued)

Great Maker 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:

	2020 HK$'000	2019 HK$000
Net assets (liabilities) of the joint venture	43,771	(533)
Proportion of the Group's ownership interest in the joint venture	30%	30%
	13,131	(160)
Deemed capital contribution – financial guarantee contracts	1,716	1,716
Deemed capital contribution – interest-free loans	–	126,829
Carrying amount of the Group's interest in the joint venture	14,847	128,385

Aggregate information of joint ventures that are not individually material

	2020 HK$'000	2019 HK$000
The Group's share of loss	(255,897)	(39,502)
The Group's share of other comprehensive expense	(49,314)	(30,215)
The Group's share of total comprehensive expense	(305,211)	(69,717)
Dividends received from a joint venture during the year	2,400	363,310

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

	2020 HK$'000	2019 HK$'000
Costs of unlisted investments in associates	196,227	196,227
Share of post-acquisition profits and other comprehensive income, net of dividend received	(9,510)	(9,942)
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans *(note)*	5,758	3,821
	193,052	190,683
Amounts due from associates included in non-current assets *(note)*	10,611	4,548

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

Note:

Included in the amounts due from associates as at 31 March 2020, principals of HK$16,369,000 (2019: HK$8,370,000) 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$10,611,000 (2019: HK$4,548,000) 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 associates is recognised as part of the interests in associates. All the balances are not expected to be repaid within one year and are therefore classified as non-current.

During the year ended 31 March 2020, HK$424,000 reversal of impairment loss (2019: nil) 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 2020 and 2019, 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
					2020	2019	2020	2019	
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20%	20%	Property 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

	2020 HK$'000	2019 HK$'000
Current assets	1,917,330	1,842,785
Current liabilities	(1,007,029)	(931,877)

As at 31 March 2020, current assets mainly comprised of properties held for sale of HK$1,908,465,000 (2019: HK$1,836,687,000), and current liabilities as at 31 March 2020 comprised of amounts due to shareholders of HK$81,714,000 (2019: HK$41,714,000) and bank borrowings of HK$915,330,000 (2019: HK$884,264,000).

	2020 HK$'000	2019 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(607)	(226)

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

	2020 HK$'000	2019 HK$'000
Net assets of the associate	910,301	910,908
Proportion of the Group's ownership interest in the associate	20%	20%
	182,060	182,182
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	3,956	2,019
Carrying amount of the Group's interest in the associate	186,593	184,778

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

	2020 HK$'000	2019 HK$000
The Group's share of profit (loss) and total comprehensive income (expense) for the year	553	(9,908)

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

	2020 HK$'000	2019 HK$'000
Loan receivables	248,655	295,899
Analysed for reporting purposes as:		
Current assets	45,407	73,680
Non-current assets	203,248	222,219
	248,655	295,899

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 2020, the carrying amount of HK$248,655,000 (2019: HK$229,399,000) 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 were loans to independent third parties, which were interest bearing at 10% per annum and unsecured with maturity dates throughout to July 2038. The entire balance was fully settled during the year ended 31 March 2020.

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 2020, the range of interest rate on the Group's loan receivables is fixed at 10% or ranging from prime rate less 2.5% to plus 1% (2019: fixed at 14% or ranging from prime rate less 2.8% to 1.5%) per annum. Including in loan receivables as at 31 March 2020, there were loan receivables with carrying amounts of HK$203,248,000 (2019: HK$222,219,000), 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 principals outstanding plus accrued interests.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. Given that the value of corresponding properties under the mortgage is substantially higher than the outstanding balance, the loss given default is trivial and no ECL is provided for those loan receivables as the amount is not material. As at 31 March 2019, HK$40,000,000 loss allowance was provided for under lifetime ECL model and the amount was written-off during the year ended 31 March 2020.

22. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables. Rental receivables are billed and receivable based on the terms of tenancy agreement. The Group allows credit period of 0 – 60 days (2019: 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:

	2020 HK$'000	2019 HK$'000
Trade receivables:		
0 – 30 days	11,256	8,353
31 – 90 days	5,763	1,338
	17,019	9,691
Prepayments and deposits	44,278	36,929
Deposits for acquiring property held for sale *(note a)*	–	1,817
Other receivables *(note b)*	212,761	431,655
	274,058	480,092

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.

22. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

a. 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 a property at a cash consideration of HK$17,054,000. As at 31 March 2019, deposits for the acquisition amounting to HK$1,817,000 had been made. The remaining consideration HK$15,237,000 has been settled during the year ended 31 March 2020 upon completion of the aforementioned property. During the year ended 31 March 2020, a deposit for acquiring properties in Australia amounting to HK$30,560,000 was fully impaired and written-off due to the unstable property market condition.

b. As at 31 March 2020, other receivables mainly comprised of refundable stamp duty for redevelopment of commercial properties amounting to HK$46,608,000 (2019: nil) and deposits received for the pre-sale of the Group's properties held for sale amounting to HK$148,836,000 (2019: HK$403,445,000) under the custody of the independent lawyers on behalf of the Group.

23. 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 was 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 ended 31 March 2020, promissory note was fully redeemed by the issuer at HK$30,000,000 (2019: HK$90,000,000) and interest income of HK$963,000 (2019: HK$1,151,000) was credited to the profit or loss.

24. CONTRACT COSTS

	2020 HK$'000	2019 HK$'000
Incremental costs to obtain contracts	–	30,249

Contract costs capitalised as at 31 March 2019 related 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 were still under construction at the reporting date. Contract costs were 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 was recognised. There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

25. PROPERTIES HELD FOR SALE

	2020 HK$'000	2019 HK$'000
The Group's carrying amounts of properties held for sale, stated at lower of cost and net realisable value, comprise:		
– Completed properties	10,545,150	8,494,086
– Properties under development	957,428	3,523,688
	11,502,578	12,017,774

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 38.

Valuation of the properties held for sale as at 31 March 2020 and 2019 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.

The net realisable value of properties held for sale was determined by the independent property valuers on the following basis:

Completed properties – arrived at by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary potential income of the respective properties, or direct comparison method on basis of market value.

Properties under development – valued on the basis that the properties will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development as well as developer's profit margin to reflect the quality of the completed development.

Based on the assessment carried out by the directors of the Company, a write-down of HK$345,853,000 (2019: reversal of HK$11,308,000), comprising HK$333,087,000 for properties located in Hong Kong and HK$12,766,000 located in Macau, is recognised in the cost of sales for the year ended 31 March 2020. All impaired units are commercial properties.

26. 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 0.001% to 0.125% (2019: 0.025% to 0.125%) 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:

	2020 HK$'000	2019 HK$'000
United States dollars ("US$")	5,283	2,238

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 0.2% to 2.67% (2019: 0.34% to 2.4%) per annum.

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

	2020 HK$'000	2019 HK$'000
Renminbi ("RMB")	965	2,309
US$	160,790	77,011
Euro ("EUR")	8,488	14,864
Great British Pound ("GBP")	12,893	26,866
Australian Dollars ("AUD")	26,109	–
	209,245	121,050

27. OTHER PAYABLES AND ACCRUALS

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

	2020 HK$'000	2019 HK$'000
Rental and related deposits received	83,782	92,169
Other tax payables	2,283	1,117
Deferred income of financial guarantee contracts to joint ventures	18,728	20,341
Interest payables	30,261	31,369
Accrued construction costs	116,484	106,805
Accrued consultancy fee	2,657	2,195
Accruals and other payables	91,908	70,875
	346,103	324,871

28. CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Sales of properties held for sale	–	1,041,353

As at 1 April 2018, contract liabilities amounted to HK$852,523,000. During the year ended 31 March 2020, revenue recognised that was included in the contract liability balance at the beginning of the year amounted to HK$1,041,353,000 (2019: HK$852,523,000).

The Group receives at least 5% of the contract value as deposits from customers when they sign the 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.

29. BANK BORROWINGS

	2020 HK$'000	2019 HK$'000
The carrying amounts of the Group's borrowings are repayable as follows:		
Within one year	1,075,891	1,757,755
More than one year, but not exceeding two years	1,861,348	2,217,431
More than two year, but not exceeding five years	5,654,731	4,087,521
	8,591,970	8,062,707
The carrying amounts of the Group's borrowings that contain a repayment on demand clause in the loan agreements are repayable as follows:		
Within one year	735,993	365,000
	9,327,963	8,427,707
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	(1,811,884)	(2,122,755)
	7,516,079	6,304,952
Secured *(note)*	6,866,617	7,210,503
Unsecured	2,461,346	1,217,204
	9,327,963	8,427,707

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 (2019: property, plant and equipment, properties held for sale and financial asset at FVTPL). The carrying amounts of the assets pledged are disclosed in note 38.

29. BANK BORROWINGS (Continued)

All amounts of the Group's bank borrowings are denominated in the functional currency of the relevant group entity for the year ended 2019. As at 31 March 2020, the bank borrowings of HK$96,704,000 and HK$98,368,000 are denominated in AUD and US$ respectively.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK$8,644,479,000 as at 31 March 2020 (2019: HK$7,674,609,000) bore interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 0.2% to 2.15% (2019: HIBOR plus 0.2% to 2.15%) per annum and borrowings amounting to HK$683,484,000 (2019: HK$753,098,000) bore interest at the quoted lending rate of People's Bank of China minus a fixed margin for both years. At 31 March 2020, the effective interest rates ranged from 1.21% to 5.94% (2019: 1.21% to 4.9%) per annum.

30. SHARE CAPITAL

	Number of shares	Amount
		HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2018, 31 March 2019 and 1 April 2019	10,037,089,676	80,296
Shares repurchased and cancelled	(229,520,000)	(1,836)
At 31 March 2020	9,807,569,676	78,460

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

During the year ended 31 March 2020, the Company repurchased 229,520,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK$96,770,000 was deducted from equity holder's equity.

Month of repurchase	Number of ordinary shares repurchased	Price per share Highest	Price per share Lowest	Aggregate price paid
		HK$	HK$	HK$'000
April 2019	229,520,000	0.445	0.410	96,770

31. 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.

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 2020, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK$89,700,000 (2019: HK$89,700,000).

32. 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. During the year ended 31 March 2020, the Group redeemed and cancelled US$3,300,000 of the guaranteed notes (2019: nil).

The guaranteed notes were listed on the Singapore Exchange and the fair value was HK$1,899,312,000 as at 31 March 2020 (2019: HK$1,928,189,000).

33. DERIVATIVE FINANCIAL INSTRUMENTS

	HK$'000
Derivative financial liabilities	
– Interest rate swaps	45,868

At the end of the reporting period, the Group had interest rate swaps in order to minimise its exposures to cash flow interest rate risk on its floating-rate interest payments to fixed rate interest payments.

Derivative financial instruments – Interest rate swaps

	2020
Notional amount (HK$'000)	3,000,000
Notional amount (GBP'000)	10,000
Maturity date	27 September 2024 – 20 September 2027
Strike rate (fixed rate range)	0.688% – 1.66%

The above contracts are measured at fair value at the end of the reporting period. None of these derivative contracts were designated as hedging instruments and the fair value loss amounting to HK$36,881,000 is recognised in profit or loss for the year ended 31 March 2020.

Details of the fair value measurement of the derivative contracts and investments are set out in note 44.

34. 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 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
Charge (credit) to consolidated statement of profit or loss for the year	8,698	(1,105)	7,593
At 31 March 2020	27,796	(8,211)	19,585

34. DEFERRED TAXATION (Continued)

As at 31 March 2020, the Group had unused tax losses of approximately HK$723,334,000 (2019: HK$489,784,000) 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$49,767,000 (2019: HK$43,072,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$673,567,000 (2019: HK$446,712,000) due to unpredictability of future profits streams. The unrecognised tax losses in Hong Kong amounted to HK$625,959,000 (2019: HK$431,262,000) can be carried forward indefinitely. The unrecognised tax losses arising from subsidiaries operated in the PRC will expire as follows:

Tax losses expiring in

	2020 HK$'000	2019 HK$'000
2020	–	2,856
2021	4,477	6,950
2022	1,414	3,633
2023	–	–
2024	1,888	2,011
2025	39,829	–
	47,608	15,450

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

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2020

Acquisition of Mighty Rock Investments Limited and Star Trail Limited (the "2020 Acquired Subsidiaries")

During the year ended 31 March 2020, the Group completed the acquisition of the entire equity interest in the 2020 Acquired Subsidiaries through wholly-owned subsidiaries for a total cash consideration of HK$320,951,000. These transactions have been accounted for as acquisition of assets and liabilities as the 2020 Acquired Subsidiaries do not meet the definition of a business combination. The assets acquired and liabilities assumed do not constitute a business. The transactions were accounted for as an acquisition of properties held for sales in the ordinary course of the Group's property sale business.

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

For the year ended 31 March 2020 (Continued)

Acquisition of Mighty Rock Investments Limited and Star Trail Limited (the "2020 Acquired Subsidiaries") (Continued)

The net assets acquired in the 2020 Acquired Subsidiaries are as follows:

	HK$'000
Properties held for sale	537,480
Bank balance and cash	2,786
Other receivables	65,742
Shareholder's loan	(143,236)
Other payables	(90,187)
Bank borrowings	(163,800)
	208,785
Assignment of shareholder's loan	143,236
	352,021
Total consideration satisfied by:	
Cash paid	320,951
Interest in a joint venture	31,070
	352,021
Net cash outflow arising on acquisition:	
Cash consideration paid	320,951
Bank balance and cash acquired	(2,786)
	318,165

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.

35. 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 follows:

	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

36. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2020

Disposals of Long Term Group Limited, Huge Concept Limited, Whole Mix Limited, Earn Centre Limited, Fortress Jet Limited, Geotalent Limited, Golden United Limited and Well Phase Group Limited (the "2020 Disposed Subsidiaries")

During the year ended 31 March 2020, the Group disposed of the entire interests in the 2020 Disposed Subsidiaries for a total cash consideration of HK$1,750,188,000. Since the 2020 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 2020 Disposed Subsidiaries. Accordingly, the Group had accounted for the disposal of the 2020 Disposed Subsidiaries 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.

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

For the year ended 31 March 2020 (Continued)

Disposals of Long Term Group Limited, Huge Concept Limited, Whole Mix Limited, Earn Centre Limited, Fortress Jet Limited, Geotalent Limited, Golden United Limited and Well Phase Group Limited (the "2020 Disposed Subsidiaries") (Continued)

The amounts of the assets and liabilities attributable to the 2020 Disposed Subsidiaries on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Properties held for sale	754,432
Other receivables	309
Bank balances and cash	3
Taxation payables	(124)
	754,620
Transaction cost for disposal of the 2020 Disposed Subsidiaries	17,639
Gain on disposal	977,929
Total consideration satisfied by:	
Cash received	1,750,188
Net cash inflow arising on disposal:	
Cash consideration received	1,750,188
Bank balances and cash	(3)
	1,750,185

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.

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

For the year ended 31 March 2019 (Continued)

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") (Continued)

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 the 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

37. CONTINGENT LIABILITIES

	2020 HK$'000	2019 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,736,144	8,898,031
An associate	282,854	282,854
	9,018,998	9,180,885
and utilised by:		
Joint ventures	7,273,690	6,871,427
An associate	183,066	177,404
	7,456,756	7,048,831

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 27) as at 31 March 2020, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$18,728,000 (2019: HK$20,341,000).

38. PLEDGE OF ASSETS

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

	2020 HK$'000	2019 HK$'000
Property, plant and equipment	224,819	241,369
Properties held for sale	10,966,083	11,119,219
Financial assets at FVTPL	289,328	188,477
	11,480,230	11,549,065

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.

39. OPERATING LEASE AND CAPITAL COMMITMENTS

(a) Operating lease commitments

The Group as lessee

During the year ended 31 March 2019, the Group incurred HK$8,083,000 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
Within one year	3,350
In second to fifth year inclusive	4
	3,354

The Group as lessor

Certain of properties, which are classified as properties held for sale, have committed lessees for the next one to six years. The lease commitments subject to the sale of the properties when the lease will be terminated.

Minimum lease payments receivable on leases are as follows:

	2020 HK$'000
Within one year	246,834
In the second year	199,823
In the third year	98,833
In the fourth year	35,752
In the fifth year	22,261
After five years	6,082
	609,585

Property rental income earned during the year ended 31 March 2019 was HK$302,219,000. Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to five years.

39. OPERATING LEASE AND CAPITAL COMMITMENTS (Continued)

(a) Operating lease commitments (Continued)

The Group had contracted with tenants for the following future minimum lease payments:

	2019 HK$'000
Within one year	226,065
In the second to fifth year inclusive	251,367
	477,432

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

(b) Commitment

	2020 HK$'000	2019 HK$'000
Commitment in respect of the acquisition of properties held for sale contracted for but not provided in the consolidated financial statements	–	15,237
Capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	–	13,903

40. 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.

40. RETIREMENT BENEFITS SCHEMES (Continued)

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's consolidated statement of profit or loss of HK$5,149,000 (2019: HK$5,018,000) represented contributions paid and payable to the schemes by the Group at rates specified in the rules of the schemes.

41. RELATED PARTY DISCLOSURES

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

		2020 HK$'000	2019 HK$'000
Joint ventures	Interest income	118,610	78,138
Joint ventures	Assets management income	2,400	2,654
Joint ventures	Sundry income	–	1,306

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

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

	2020 HK$'000	2019 HK$'000
Short-term benefits	59,218	48,314
Post-employment benefits	938	942
	60,156	49,256

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

42. 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.

42. SHARE OPTION SCHEMES (Continued)

2012 Scheme (Continued)

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

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the 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.

During the years ended 31 March 2020 and 2019, no share options were granted under the 2012 Scheme by the Company. As at 31 March 2020 and 2019, none of the share options had been granted.

43. 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, 41(b), 29 and 32 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.

44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at FVTPL		
Financial assets mandatory measured at FVTPL	2,343,265	2,091,830
Financial assets at amortised cost	8,235,635	6,784,591
Financial liabilities		
At amortised cost	12,089,794	11,227,955
Derivative financial instruments	45,868	–

(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, GBP and AUD arising from foreign currency denominated bank balances and cash, cash held by securities brokers and guaranteed notes as set out in notes 26 and 32 respectively.

44. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(i) Foreign currency risk management (Continued)

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	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
RMB	965	2,309	–	–
US$	160,790	77,011	2,022,628	1,950,000
EUR	8,488	14,864	–	–
GBP	12,893	26,866	–	–
AUD	26,109	–	96,704	–

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, GBP and AUD are not material, and therefore no sensitivity analysis has been prepared.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arises.

(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 and guaranteed notes issued by ESL as set out in notes 19, 21, 23, 18 and 32 respectively. Besides, the Group is also exposed to the fair value interest rate risk in relation to derivative financial instruments as detailed in note 33.

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 (2019: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2019: 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 (2019: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2020 would increase/decrease by HK$2,334,000 (2019: HK$1,177,000).

44. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(ii) Interest rate risk management (Continued)

Sensitivity analyses for cash flow interest rate risk (Continued)

For loan receivables and bank borrowings, if interest rates had been 50 basis points (2019: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2020 would decrease/increase by HK$35,163,000 (2019: HK$34,228,000).

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

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its financial assets at FVTPL. 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/limited partnership, listed equity securities, listed debt securities, unlisted debt securities and unlisted mutual funds quoted in the open markets. In addition, the Group has a designated 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/limited partnership and unlisted mutual funds had been 5% (2019: 5%) higher/lower, post-tax profit for the year ended 31 March 2020 would increase/decrease by HK$11,378,000 (2019: increase/decrease by HK$10,634,000) 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% (2019: 5%) higher/lower, post-tax profit for the year ended 31 March 2020 would increase/decrease by HK$86,453,000 (2019: increase/decrease by HK$76,700,000) 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 fluctuation of fair value of financial assets at FVTPL.

Credit risk and impairment assessment

As at 31 March 2020, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group is exposed 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 37.

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

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 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.

Trade receivables

Trade receivables arise from rental receivables from tenants for leasing the properties.

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

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 as at 31 March 2020.

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. Given that the deposits can cover majority of trade receivables, the loss given default is considered insignificant.

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 control process. The credit quality of each counterparty is evaluated 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.

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

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)

The Group had a concentration of credit risk as the loan receivables are advanced to a few independent third parties. As at 31 March 2020, the loan receivables will be matured ranging from April 2020 to July 2038 (2019: April 2019 to July 2038). Loan receivables of HK$248,655,000 (2019: HK$229,399,000) 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. At 31 March 2019, the management had assessed the credit rating of the borrowers for the remaining unsecured loan receivables of HK$106,500,000, comprising HK$70,000,000 measured with lifetime ECL and provided loss allowance of HK$40,000,000 due to significant increase in credit risk.

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. As at 31 March 2019, loan receivables with gross carrying amount of HK$70,000,000 were assessed on lifetime ECL basis due to significant increase in credit risk to the counterparty. 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 credit rating system incorporating estimated future default properties and loss given default, concluding that ECL allowance 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 for the year end 31 March 2019 and those amount is written-off for the year ended 31 March 2020.

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

	Lifetime ECL (not credit impaired) HK$'000
At 31 March 2018	–
Impairment losses recognised	40,000
At 31 March 2019	40,000
Write-off	(40,000)
At 31 March 2020	–

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on financial guarantee contracts

The Group assessed the loss allowances for financial guarantee contracts of HK$9,018,998,000 (2019: 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

44. 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 finance guarantee contracts, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2020 Loss provided HK$'000	2020 Gross carrying amount HK$'000	2019 Loss provided HK$'000	2019 Gross carrying amount HK$'000
Financial assets at amortised cost								
Trade receivables	22	N/A	note a	Lifetime ECL – not credit-impaired	–	17,019	–	9,691
Other receivables	22	N/A	Low risk	12m ECL	–	212,761	–	431,655
Loan receivables	21	N/A	Low risk	12m ECL	–	248,655	–	265,899
			Doubtful	Lifetime ECL – not credit-impaired	–	–	40,000	70,000
Promissory note receivables	23	N/A	Low risk	12m ECL	–	–	–	30,000
Amounts due from joint ventures	19	N/A	Low risk	12m ECL	–	5,067,900	–	4,600,561
Amounts due from associates	20	N/A	Low risk	12m ECL	–	10,611	–	4,548
Amount due from a non-controlling shareholder of a subsidiary	41(b)	N/A	Low risk	12m ECL	–	3,470	–	2,460
Cash held by securities brokers	26	N/A	Low risk	12m ECL	–	6,432	–	2,899
Bank balances	26	A to AA+	N/A	12m ECL	–	2,668,787	–	1,406,878
Other item								
Financial guarantee contracts *(note b)*	37	N/A	Low risk	12m ECL	–	9,018,998	–	9,180,885

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

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Notes:

a. 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 considers they are of low risk.

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

As at 31 March 2020, the ECL allowance on the Group's financial assets at amortised cost and financial guarantee contracts are insignificant.

Investments in listed and unlisted 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:

	2020 %	2019 %
Baal/BBB+	0.8	1.0
Baa2/BBB	–	0.7
Baa3/BBB-	–	2.1
Ba1/BB+	1.5	2.0
Ba2/BB	7.8	13.6
Ba3/BB-	19.1	15.3
B1 to Caal/B+ to CCC+	34.8	34.1
Unrated	36.0	31.2
	100.0	100.0

The Group also invested in unlisted debt securities which exposed to credit risk. The management of the Group reviews on a regular basis the portfolio of the unlisted debt securities to ensure that the concentration risk is at an acceptable level. Certain unlisted debt securities are entered with reputable financial institutions with credit rating of Baa1 or above issued by Moody's or issued by credit worthy issuers in the market. In this regard, the directors of the Company consider that the credit risk relating to the unlisted debt securities is closely monitored.

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.

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables

The following table details of the Group's remaining contractual maturity 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 maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group consider that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

	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$'000	Total carrying amount at 31 March 2020 HK$'000
31 March 2020									
Non-derivative financial liabilities									
Other payables	–	114,043	–	–	–	–	–	114,043	114,043
Amounts due to joint ventures	–	556,195	–	–	–	–	–	556,195	556,195
Amounts due to non-controlling shareholders of subsidiaries	–	167,333	–	–	–	–	–	167,333	167,333
Guaranteed notes	4.88	–	23,452	70,356	1,955,529	–	–	2,049,337	1,924,260
Bank borrowings	3.57	735,993	345,612	1,036,837	2,129,518	6,058,249	–	10,306,209	9,327,963
		1,573,564	369,064	1,107,193	4,085,047	6,058,249	–	13,193,117	12,089,794
Financial guarantee contracts *(note)*		9,018,998	–	–	–	–	–	9,018,998	9,018,998
Derivatives – net settlement									
Interest rate swaps		–	5,497	16,490	21,987	59,809	270	104,053	45,868

44. 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$'000	Total carrying amount at 31 March 2019 HK$'000
31 March 2019									
Non-derivative financial liabilities									
Other payables	-	123,538	-	-	-	-	-	123,538	123,538
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
		1,215,248	521,598	1,564,795	2,495,169	6,312,316	-	12,109,126	11,227,955
Financial guarantee contracts *(note)*		9,180,885	-	-	-	-	-	9,180,885	20,341

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

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2020, the aggregate carrying amounts of these bank borrowings amounted to HK$735,993,000 (2019: HK$365,000,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months HK$'000	**3 months to 1 year** HK$'000	**1 – 2 years** HK$'000	**2 – 5 years** HK$'000	**Total undiscounted cash flows** HK$'000	**Total carrying amounts** HK$'000
31 March 2020	623,776	2,063	2,177	364,648	992,664	735,993
31 March 2019	93,861	281,584	–	–	375,445	365,000

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

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

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

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

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

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).

44. 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 March 2020 HK$'000	Fair value as at 31 March 2019 HK$'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	Listed equity securities in: - Hong Kong: 45,622	Listed equity securities in: - Hong Kong: 64,331	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: - Hong Kong: 473,319 - Elsewhere: 1,597,416	Listed debt securities in: - Hong Kong: 185,901 - Elsewhere: 1,526,737	Level 1	Quoted bid prices in an active market	N/A	N/A
	Unlisted debt security: -	Unlisted debt security: 124,490	Level 2	Quoted bid prices in the over-the-counter markets	N/A	N/A
	Unlisted mutual funds: 52,924	Unlisted mutual funds: 18,011	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/limited partnership: - Financial asset A/B: 107,716	Unlisted equity securities/limited partnership: - Financial asset A/B: 107,534	Level 3	Adjusted net asset value, determined based on net asset value ("NAV") adjusted for NAV discount	The NAV discount of 10.55% to 13.20% (2019: 10.92% to 13.87%)	The increase in the NAV discount rate would result in a decrease in fair value
	- Financial asset C: 56,336	- Financial asset C: 24,099	Level 2	Recent transaction price	N/A	N/A
	- Financial asset D: 9,932	- Financial asset D: N/A	Level 2	Market approach, determined with reference to the fair value of the underlying investment i.e. quoted prices in active market and adjustment of operating expenses	N/A	N/A
	- Financial asset E: N/A	- Financial asset E: 40,727	Level 2	Adjusted net asset value, determined with reference to the fair value of underlying investment portfolio (mainly listed shares) and adjustments of related transaction costs	N/A	N/A
Derivative financial instruments	Interest rate swaps: (45,868)	N/A	Level 2	Discounted cash flows. Future cash flows are estimated based on interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate.	N/A	N/A

44. 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)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000
At 1 April 2018	–
Purchases	107,534
At 1 April 2019	107,534
Fair value losses in profit or loss	(540)
Purchases	722
At 31 March 2020	107,716

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

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

45. 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	Dividend payables	Amounts due to joint ventures	Bank borrowings	Guaranteed notes	Amounts due to non-controlling shareholders of subsidiaries	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(note 27)	*(note 15)*	*(note 19)*	*(note 29)*	*(note 32)*	*(note 41(b))*	
At 1 April 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
Financing cash flows	(360,541)	(70,615)	(3,182)	973,529	(25,740)	–	513,451
Exchange adjustment	–	–	–	(73,273)	–	–	(73,273)
Dividend declared	–	70,615	–	–	–	–	70,615
Capitalisation of interest expenses	25,536	–	–	–	–	–	25,536
Interest expenses	333,897	–	–	–	–	–	333,897
At 31 March 2020	30,261	–	556,195	9,327,963	1,924,260	167,333	12,006,012

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Investments in subsidiaries	514,199	541,828
Amounts due from subsidiaries	9,142,575	8,531,952
Investments in joint ventures	34,043	30,826
Club memberships	5,200	5,200
Deferred tax assets	8,212	7,106
	9,704,229	9,116,912
Current assets		
Other receivables	1,356	4,737
Loan to a subsidiary	120,000	120,000
Bank balances and cash	489,112	48,807
	610,468	173,544
Current liabilities		
Other payables and accruals	63,155	35,628
Bank borrowings – due within one year	–	30,000
	63,155	65,628
Net current assets	547,313	107,916
	10,251,542	9,224,828
Capital and reserves		
Share capital	78,460	80,296
Reserves *(note)*	10,173,082	8,972,032
Total Equity	10,251,542	9,052,328
Non-current liabilities		
Bank borrowings – due after one year	–	172,500
	10,251,542	9,224,828

46. 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 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
Profit and other comprehensive income for the year	–	–	–	1,271,665	1,271,665
Dividends recognised as distribution	–	–	–	(70,615)	(70,615)
At 31 March 2020	2,052,135	6,620	134,931	7,979,396	10,173,082

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.

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2020 and 2019 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 2020 %	Directly 2019 %	Indirectly 2020 %	Indirectly 2019 %	Principal activities
2 Shelley Street Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
45 Barker Road Management Limited *(note iii)*	Hong Kong	HK$1	–	–	100	–	Provision of property management services
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 holding and leasing of property
Able Wealth Enterprise Limited	Hong Kong	HK$10	–	–	100	100	Property development
Absolute Keen Limited	Hong Kong	HK$1	–	–	100	100	Property development
Capital Strategic Property (Shanghai) Limited *(note ii)* 資地置業(上海)有限公司	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

47. 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		
			2020 %	2019 %	2020 %	2019 %	
Clear Luck Group Limited	BVI	US$1	–	–	100	100	Property holding
COO Management Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
Couture Homes Limited	BVI	US$1	100	100	–	–	Investment holding
CSI Financial Holdings Limited	Hong Kong	HK$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK$2	100	100	–	–	Provision of management service
Digital Point Limited	BVI	US$1	–	–	100	100	Property development
Divine Garden Limited	BVI	US$1	–	–	100	50	Property holding and leasing of property
Eagle Shore Limited	BVI	US$1	–	–	100	100	Sales of securities and investment holding
Earn Centre Limited *(note i)*	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Earthmark Limited	BVI	US$1	100	100	–	–	Treasury management
Eastern Cosmo Limited	BVI	US$1	–	–	100	100	Property development
Estate Sky Limited	BVI	US$1	100	100	–	–	Bond issuer
Fortress Jet Limited *(note i)*	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Geotalent Limited *(note i)*	BVI	US$1	–	–	100	100	Property holding and leasing of property
Go Clear Investments Limited	Hong Kong	HK$6	–	–	100	100	Property development
Golden United Limited *(note i)*	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Handy Global Holdings Limited	BVI	US$1	100	100	–	–	Investment holding
Highland Management Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services

47. 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		
			2020 %	2019 %	2020 %	2019 %	
Hoyden Holdings Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Inbest Limited	Hong Kong	HK$2	–	–	100	100	Sales of securities and investment holding
Linking Plus Investments Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
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
Shanghai Huajian Business Management Company Limited *(note ii)* 上海華建商業管理有限公司	PRC	Registered and paid-up capital RMB350,195,250	–	–	100	100	Property holding and leasing of property
Surplus King Centre Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
Surplus King Hotel Enterprises Limited	Hong Kong	HK$2	–	–	100	100	Property holding and leasing of property
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

Notes:

(i) The company was disposed of during the year ended 31 March 2020.

(ii) These companies are wholly foreign owned enterprises established in the PRC. The English name of companies established in the PRC are directly translated from their Chinese names and are furnished for identification purpose only.

(iii) The company was incorporated during the year ended 31 March 2020.

47. 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 32 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:

Principal activities of business	**Principal place of business**	**Number of subsidiaries**	
		2020	2019
Corporate services	HK	4	4
Investment holding	HK/Macau/PRC	217	222
Inactive	HK	19	27
Securities investment	HK	3	2
		243	255

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 2020 is set out below:

(A) RESULTS

	Year ended 31 March				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000
Revenue	2,201,494	1,868,279	3,969,462	3,439,180	3,709,956
Profit before taxation	1,711,216	1,367,148	1,109,163	737,784	1,308,997
Income tax expense					
– Current tax and deferred tax	(53,948)	(21,387)	(46,761)	(69,556)	(65,269)
Profit for the year	1,657,268	1,345,761	1,062,402	668,228	1,243,728
Attributable to:					
Owners of the Company	1,645,022	1,346,734	1,010,233	529,852	1,155,643
Holders of perpetual capital securities	–	–	47,840	89,700	89,700
Non-controlling interests	12,246	(973)	4,329	48,676	(1,615)
	1,657,268	1,345,761	1,062,402	668,228	1,243,728

(B) ASSETS AND LIABILITIES

	As at 31 March				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000
Total assets	18,241,511	23,041,132	25,860,247	26,328,755	27,112,532
Total liabilities	8,560,159	12,271,750	12,549,688	12,714,374	12,652,722
	9,681,352	10,769,382	13,310,559	13,614,381	14,459,810
Equity attributable to:					
Owners of the Company	9,667,111	10,755,312	11,742,750	12,037,070	12,884,114
Holders of perpetual capital securities	–	–	1,539,619	1,539,443	1,539,443
Non-controlling interests	14,241	14,070	28,190	37,868	36,253
	9,681,352	10,769,382	13,310,559	13,614,381	14,459,810

Schedule of Properties held by the Group

As at 31 March 2020

MAJOR PROPERTIES

Particulars of major properties held by the Group as at 31 March 2020 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 of Capital Centre, No. 151 Gloucester Road, Hong Kong	Commercial	100%	N/A	16,606	149,500
	No.45 Barker Road, Hong Kong	Residential	100%	7,766	4,230	477,200
	Retail portions on G/F. UG, 1-3/F., and office floors on 22/F. and 23/F., Nos. 2-4 Shelley Street, Central, Hong Kong	Commercial	100%	N/A	9,375	257,600
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Hong Kong	Commercial	100%	N/A	432	113,900
	No. 333 Fan Kam Road, Sheung Shui, New Territories	Residential	92%	68,986	33,109	681,700
	Retail portions on G/F. - 1/F., COO Residence, 8 Kai Fat Path, Tuen Mun, N.T.	Commercial	100%	N/A	10,867	273,600
	Ground Floor and Yard, Nos. 35 – 49 Hong Keung Street, San Po Kong, Kowloon	Commercial	100%	N/A	5,823	155,000
	No. 348 Nathan Road, Jordan, Kowloon	Commercial	100%	N/A	219,949	2,726,600

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)					
	Shops No.1 and 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. 46-48 Cochrane Street, the remaining portion of Inland Lot Nos. 4462, 4463 and 4464, Hong Kong	Commercial	100%	2,118	31,767	480,200
	Nos. 92-96 Wellington Street and No.7 Tung Tak Lane, Central, Hong Kong	Commercial	100%	2,877	43,147	666,300
	Everest Building, Nos. 241 and 243 Nathan Road, Kowloon	Commercial	100%	4,908	61,800	1,650,000
(ii)	The PRC					
	In Point, No. 169 Wujiang Road and basement level 1 at No. 1 Lane 333, Shimen Road (No.1), Jing'an District, Shanghai, PRC	Commercial	100%	149,017	122,441	625,700
	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	1,576,000
(iii)	Macau					
	2 Floors of Broadway Centre and various carparking spaces	Commercial	60%	N/A	9,347	179,500

CSI
PROPERTIES
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CSI PROPERTIES LIMITED