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 2021
年報

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
Ho Lok Fai
Leung King Yin, Kevin

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
Ho Lok Fai
Leung King Yin, Kevin

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 as the "Group") reported a total revenue of approximately HK$368.7 million for the year ended 31 March 2021, which was mainly generated from sale of properties, representing decrease of 90.1% from approximately HK$3,710.0 million recorded last year.

The Group reported a consolidated profit attributable to the owners of the Company of HK$330.8 million for the year ended 31 March 2021, represented a decrease of 71.4% compared with HK$1,155.6 million reported in 2020.

The decrease in profit was mainly attributable to the reduction in the recorded sales of the Group's properties under the continuing adverse market conditions caused by the COVID-19 pandemic.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balances and cash (including cash held by securities brokers) of approximately HK$1,500.8 million (31 March 2020: HK$2,675.2 million). The Group generally financed its operations through its internal resources and banking facilities provided by its principal bankers.

As at 31 March 2021, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK$11,939.0 million (31 March 2020: HK$11,252.2 million) and the Group's ratio of total debt to total assets was 41.7% (31 March 2020: 41.5%) (measured by total external borrowings as a percentage to the total assets of the Group).

All bank borrowings were mainly denominated in Hong Kong dollars, Renminbi, US dollars, Australian dollars and Great British Pound which were on a floating rate basis at short-term Hong Kong Interbank Offered Rate ("HIBOR") plus 1% to 2.05% per annum or bore interest at the quoted Loan Prime Rate by the National Interbank Funding Center or the Shanghai Interbank Offered Rate plus a fixed margin. The maturity profile (including bank borrowings of approximately HK$795.1 million that contain a repayment on demand clause in the loan agreements are grouped under repayable within one year) usually spreads over a period of around 2-5 years with approximately HK$1,714.9 million repayable within one year, HK$8,364.5 million repayable between one to five years, and HK$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	
	2021	2020
Revenue		
Per consolidated statement of profit or loss	369	3,710
Share of revenue of associates and joint ventures	1,666	1,782
	2,035	5,492
Profit attributable to owners of the Company	331	1,156
Equity attributable to owners of the Company	13,298	12,884
Earnings per share – basic *(HK cents)*	3.43	11.77
Dividend per share proposed after the end of the reporting year – Final dividend *(HK cents)*	0.42	0.50

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 2021.

	2021 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	13,297,903
Add: Attributable revaluation surplus relating to the Group's properties held for sale (1)	5,818,060
Attributable revaluation surplus relating to properties held for sale by joint ventures (1)	1,250,460
Net assets attributable to owners of the Company as if the properties held for sale and interests in joint ventures were stated at open market value (2)	20,366,423
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value (3)	HK$2.15

(1) Based on open market valuations as at 31 March 2021 carried out by independent firms of qualified professional valuers not connected to the Group (the value of which has been slightly adjusted due to the RMB to HK$ exchange rate) or actual transaction prices or estimated based on average transaction price.

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

(3) Net assets per ordinary share calculated based on 9,488.7 million shares in issue as at 31 March 2021.

EMPLOYEE

As at 31 March 2021, the total number of employees of the Group was 105, excluding the employees of the Novotel Hong Kong Nathan Road Kowloon ("Novotel Hotel") (2020: 104, excluding the employees of Novotel Hotel). 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.

FINANCIAL GUARANTEE CONTRACTS

	2021 HK$'000	2020 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,010,859	8,736,144
An associate	282,854	282,854
	8,293,713	9,018,998
and utilised by:		
Joint ventures	6,716,533	7,273,690
An associate	192,280	183,066
	6,908,813	7,456,756

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 2021, there was deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$11,205,000 (2020: HK$18,728,000).

PLEDGE OF ASSETS

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

	2021 HK$'000	2020 HK$'000
Property, plant and equipment	208,249	224,819
Properties held for sale	11,928,292	10,966,083
Financial assets at fair value through profit or loss ("FVTPL")	306,188	289,328
	12,442,729	11,480,230

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

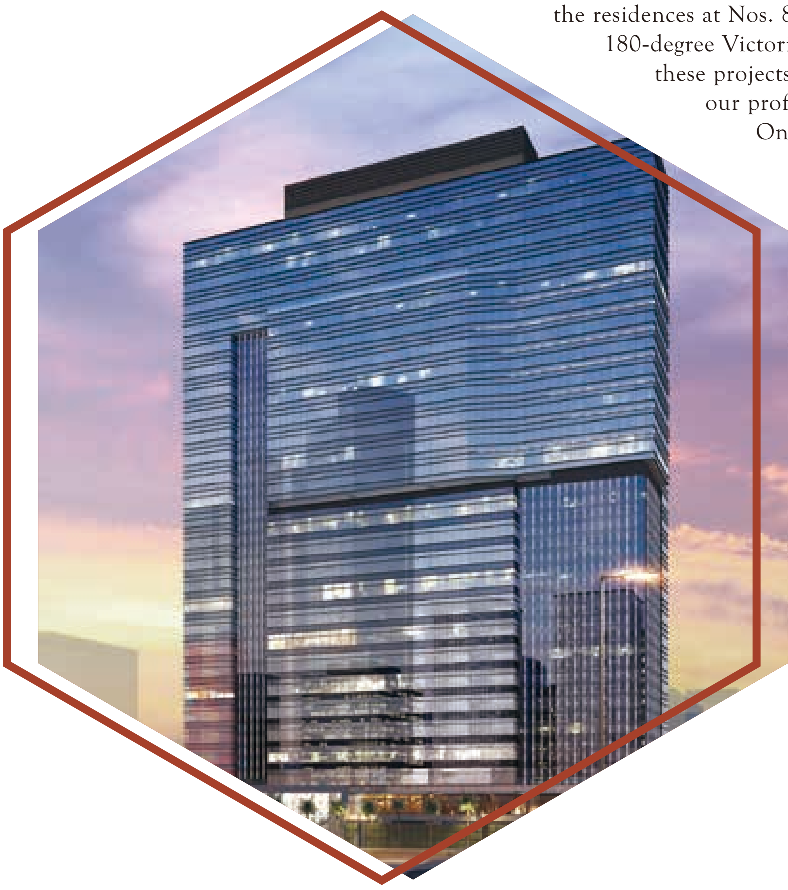
Dear Shareholders,

I am pleased to report that the Group's consolidated profit attributable to owners of the Company was HK$330.8 million for the fiscal year ended 31 March 2021, and earnings per share was HK3.43 cents. The Board of Directors has recommended a final dividend of HK0.42 cents per share for the fiscal year.

This fiscal year has been a challenging period for the management team. The global outbreak of COVID-19 since the beginning of 2020 has continued to disrupt the world economy, with Hong Kong's economy continuing to face uncertainties due to its status as an international trade and finance center.

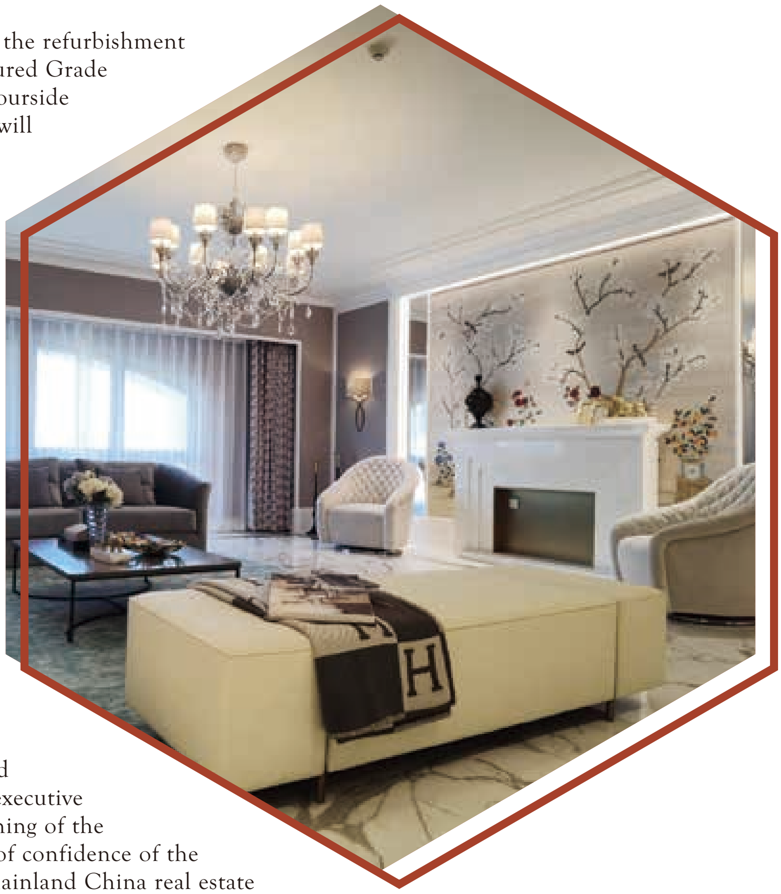
Despite these uncertainties, the Group has been able to maintain respectable profitability with decent sales, especially from our residential side, to maintain our strong financial position. We achieved total revenue attributable to the Group from sales of properties (including contributions from joint ventures of approximately HK$1.59 billion) totaling HK$1.73 billion in the fiscal year. In addition, through careful capital management, the Group has maintained a solid balance sheet to enable us to capitalise on prime land bank when opportunities arise.

In respect of our residential business, we have launched the sales of Dukes Place, our premium deluxe joint venture residential project at the Jardine's Lookout, and sold half of the 16 units. With magnificent market reviews and premium prices achieved, we are delighted to receive strong support from the buying universe. This is a testimony to the superb quality and artisan works of Couture Homes' products. Besides Dukes Place, we also launched the sale of the "Infinity", the residences at Nos. 8-12 Peak Road with magnificent 180-degree Victoria Harbourview. We anticipate these projects will be great contributors to our profitability in the next fiscal year. On the acquisition side, the Group joined with several consortium partners including New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and Lai Sun Development Company Limited and won the tender at a prime residential site adjacent to the Wong Chuk Hang MTR Station. This will add a superb address to our stable of prime residential land bank and we are confident of its excellent profitability in the future.



Chairman's Statement

With regards to the commercial business, we have made solid enhancement on our existing portfolio. For our superior commercial site at Gage Street/Graham Street in Central acquired earlier, construction of the office and hotel towers are well on track. The Hong Kong Health Check Tower (formerly known as "Everest Building") in Jordan has completed renovation and been successfully repositioned into a medical services-oriented tower with a prominent medical tenant occupying majority of the floors. The Novotel Hotel in prime Jordan will commence its long-awaited redevelopment plan in late 2021 to becoming a new commercial/residential complex upon completion. We also have other exciting commercial projects at Cochrane Street and Wellington Street in Central which are currently under construction. These projects will form the strategic core for us in the prime Central and Kowloon area when the commercial market normalizes in Hong Kong.



For our Kowloon East portfolio, the refurbishment and upgrading of our joint-ventured Grade A office building, namely "Harbourside HQ", have been completed and will further enhance the value and draw new tenants to this prime tower.

Finally, we are excited to welcome Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin to join our executive board since June 2021. Both Mr. Ho and Mr. Leung are very seasoned real estate professionals, each with over 30 years of Hong Kong and Mainland China real estate experiences in their respective fields. The additional strengths and expertise of these two professionals in investment and sale of properties and project development will further enhance the decision making and management capabilities of the executive board. We believe the strengthening of the executive board is a strong vote of confidence of the Group in the Hong Kong and Mainland China real estate markets.

Looking ahead, we believe there will be continuing uncertainties on the economic outlook for Hong Kong and Mainland China due to the ongoing pandemic and Sino-US tension. The management team will be prudent in managing the strong balance sheet whilst strengthening the professional team and portfolio. Finally, I would like to take this opportunity to express my gratitude to my fellow Board members who bring valuable knowledge and insights to the Group, to all of our employees for the strong dedication and efforts during this challenging time, and to all of our business partners and stakeholders for their continuing support throughout the years.

CHUNG CHO YEE, MICO
Chairman

28 June 2021

Management Discussion and Analysis

BUSINESS REVIEW

The Group's profit attributable to owners of the Company for the year ended 31 March 2021 amounted to HK$330.8 million, compared to HK$1,155.6 million last year. Earnings per share was HK3.43 cents, compared to HK11.77 cents last year.

The Group's revenue for the year was HK$368.7 million, representing a decrease of HK$3,341.3 million, compared to HK$3,710.0 million last year. Consolidated profit for the year amounted to HK$418.5 million, compared to HK$1,243.7 million last year. The decrease in profit in comparison to last year was mainly attributable to the reduction in the recorded sales of the Group's properties under the continuing adverse market conditions caused by the COVID-19 pandemic.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures, was HK$1,732.1 million (2020: HK$5,198.2 million).

The Group has remained profitable in this challenging year despite the effects from the COVID-19 pandemic. We have maintained a solid financial position through steady asset disposals, especially on the residential front, to strengthen our liquidity. With the strong cash and cash equivalent position, we are confident our strong balance sheet will ensure the Group to ride out from the current challenges affecting Hong Kong.

Commercial Properties

The Group has a number of strategic commercial projects that will be our key revenue drivers in the upcoming years. The URA project at Gage Street/Graham Street, Central is a joint venture commercial development project with Wing Tai Properties Limited. The project will deliver a Grade A office tower, super luxury hotel and retail shops with a combined gross floor area of approximately 432,000 square feet. It is currently undergoing the master planning process. Construction work is currently ongoing with the whole development expected to be completed by 2024. The Group and its partner, Wing Tai Properties Limited, have 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.

"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. The Group's plan is to make the project a Ginza-style F&B destination that offers a New York meatpacking district inspired design theme. The project is progressing well according to schedule. Construction on the superstructure is nearly finished. Once completed in later part of 2021, the project will have a gross floor area of approximately 32,000 square feet. Pre-leasing of the respective floors is currently ongoing to attract the most optimal leases.

In Kowloon East, the Group, 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. The building had undergone substantial enhancement works to the main lobby, entrance hallway, lifts, washrooms and lift lobbies to unlock its full potential. Following the improvement works, the Group's target is actively recruiting high paying tenants from the banking, insurance, and technology, media and telecommunications sectors in order to create further value by improving rental yield.

Hong Kong Health Check Tower 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 directly opposite to Jordan MTR station. In addition, Hong Kong Health Check Tower 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 clinics and medical centres. Hong Kong Health Check Tower'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 has strategically targeted to make the majority of Hong Kong Health Check Tower's tenant mix towards the medical services industry. With this new strategy, the building had undergone substantial improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms which were completed in the first quarter of 2021. With this upgrade, we have secured a leading Hong Kong medical service provider, the Hong Kong Health Check and Medical Diagnostic Centre Limited, to be the anchor tenant to occupy most of the commercial floors. The newly refurbished building has also been renamed as the "Hong Kong Health Check Tower" to reflect this successful transformation to a dedicated medical service-oriented commercial tower. We expect the remaining floors to be rented out to other medical service operators soon to complete the repositioning work for this primely located building.

On the Novotel Hotel, we will begin the redevelopment plan soon. Demolition of the existing hotel is expected to commence in later part of 2021. The current plan will be a joint commercial and residential tower at the site. Working with leading internationally renowned architectural firm, PDP London, the new tower is expected to complete construction in 2025. The gross floor area of the new tower, amounting to over 250,000 square feet, will be evenly split between commercial and residential use. The upper residential tower will offer future residents a prime address in the heart of Kowloon peninsula, with superb school zone and extreme convenience to all areas of Hong Kong. We fully expect this iconic new tower at prime Jordan will be one of the jewels on the crown for the Group upon its completion.

The Group's repositioning works to the In-Point shopping mall at No. 169 Wujiang Road in Shanghai have already been completed. The upgrades made to the primely located mall have created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. With the tenancy upgrade, the Group is achieving significant value creation with much improved rental of almost doubling previous level.

Despite the challenges from the COVID-19 since 2020 that battered the global and local economies, the commercial division has made great stride in driving the development and repositioning of our various commercial assets. We strongly believe that the great efforts and progress will set the scene for capitalising on these value creation works when the world and Hong Kong gradually returns to normalisation.

Couture Homes – Residential Property Development

The Group launched a number of landmark residential projects in the financial year, all of which stand to generate exceptional profitability in the forthcoming financial periods.

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 sizes 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 was tasked to design a distinct unit and each of them has been able to fully capture the Group's high standards of perfection in their own unique way. Up to date, the Group has sold and delivered 8 units out of a total of 16 units at superior pricing. This is a true achievement in these challenging times as the COVID-19 have virtually closed the borders of Hong Kong and limited buying interests from mainland buyers. We are confident in selling the remaining special units at top prices when market normalises.

The "Infinity" at Nos. 8-12 Peak Road is a joint venture project, consisting of the refurbishment of ultra-high-end residential apartments. In addition, the Group wholly owned a detached house for redevelopment purpose at this prime Peak address. This project is blessed with full and virtually unobstructed 180-degree views of Victoria Harbour. With final completion of the refurbishment work at end of 2020, it is 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. We are confident that this immaculate ultra-luxury residential project will continue to solidify our renowned reputation for developing ultra-luxury residential projects.

Our residential project at No. 333 Fan Kam Road in Sheung Shui comprises of 6 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 private garden and swimming pool, setting the benchmark for the true dream country houses. The project sale will be commencing soon in later part of 2021 and will be unrivalled in this exclusive neighborhood which is situated under a three-minute drive from the acclaimed Hong Kong Golf Club at Fanling.

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

Knightsbridge 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 including upgrading of the façade and common areas, and the fitting out of the interiors of the 2 floors of show units were completed. The Group strongly believes that the project's new design, coupled with its superb location that borders the Wangfujiang in Beijing, will capture a significant price appreciation in the future. Sales of the units already commenced since beginning of 2021 with strong responses, and so far around 30 units have already been entered into sales agreements at premium pricing.

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 completed the sale of all residential units at Queen's Gate.

On the acquisition side, the Group joined with a consortium formed with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and Lai Sun Development Company Limited won the tender for the Wong Chuk Hang Station Package Five Property Development in January 2021. The prime property is located on top of the forthcoming Wong Chuk Hang MTR station mall podium and can be developed into a total gross floor area of around 636,000 square feet. The units to be built will have excellent unblocked views of the Ocean Park Hong Kong and Deep Water Bay, creating a prime haven for premium residential units at this convenient address with five-minute MTR access to prime Central. Construction work will commence soon for this project with target completion around year 2025. The Group is confident that the project will command excellent responses and profitability in the future, in light of the recent very successful presale of the peer Wong Chuk Hang MTR Station Phase I residential project which achieved superior prices.

The Group's senior management is pleased with the performance and progress of our residential projects made in this fiscal period, despite the challenging market from the effect of the COVID-19. We will strive hard to ensure a solid pipeline of residential projects in the future to continue the solid growth of the division.

Securities Investment

As at 31 March 2021, the Group held financial assets at FVTPL of approximately HK$1,700.9 million (31 March 2020: financial assets at FVTPL of approximately HK$2,343.3 million). The investment portfolio comprises of 78.5% listed debt securities (mostly issued by the PRC-based real estate companies), 5.4% listed equity securities and 16.1% unlisted funds and securities. They are denominated in different currencies with 93.3% in United States dollars and 6.7% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK$2.5 million, comprising HK$21.5 million of net fair value gain from debt securities, HK$42.6 million of net fair value loss from unlisted mutual funds, HK$13.7 million of net fair value gain from equity securities (listed in Hong Kong) and HK$4.9 million arising from net fair value gain of unlisted equity securities.

Interest income and dividend income from securities investment increased to approximately HK$229.2 million (31 March 2020: HK$172.0 million).

As at 31 March 2021, approximately HK$306.2 million (31 March 2020: HK$289.3 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

Among such financial assets, there were notes ("GS Notes") issued by Golden Sunflower Limited ("Golden Sunflower") which are backed by collaterals which take the form of a total return swap referencing bonds issued by Guangzhou R&F Properties Co., Ltd. and/or its subsidiaries ("Guangzhou R&F") amounting to approximately RMB50.2 million (equivalent to approximately HK$59.6 million) as referred to in the announcements issued by the Company on 30 December 2020 and 8 January 2021. Golden Sunflower is merely established for the purpose of facilitating the issue of the GS Notes and its financial position would not have any impact on the Group as a holder of the GS Notes. If Golden Sunflower defaults under the GS Notes, the Group can claim against the swap counterparty, i.e. CMBI Global Markets Limited ("CMBI"), a subsidiary of China Merchants Bank Co., Ltd., pursuant to the total return swap arrangement between Golden Sunflower and CMBI. Therefore, the GS Notes are subject to the credit risk of the reference entity (i.e. Guangzhou R&F) and the swap counterparty (i.e. CMBI).

EMPLOYEE

As at 31 March 2021, the total number of employees of the Group was 105, excluding the employees of Novotel Hotel (2020: 104, excluding the employees of Novotel Hotel). 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

The COVID-19 global pandemic has caused major upheavals on the global economies, and has impacted the Group's business, especially on the commercial front. 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.

On the residential front in Hong Kong, strong first-hand sales figures in the mass market sector and good luxury market sector sales, despite the borders with Mainland China remaining closed, have been encouraging news for us. We believe the mass market sector will continue to outperform given the disparity in local residential supply and demand. For the luxury market sector, strong sales of units at our Dukes Place and Peak Road projects also indicate the resilience of this sector amidst both local and global events.

With the foreseeable recovery in global economies, the Group remains optimistic on future businesses. With a strong balance sheet, highly experienced senior management and project management team, the Group is well positioned to capture opportunities with the improving global economies in the future.

Corporate Governance Report

The Company is committed to maintaining high standards of corporate governance and believed 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 2021.

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 2021.

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 six executive directors (i.e. Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Fong Man Bun, Jimmy, Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin) 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 44 to 49 of this annual report. A list setting out the names of the directors and their roles and functions is posted on the websites of the Company and the Stock Exchange.

BOARD OF DIRECTORS (Continued)

Board Composition (Continued)

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

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

	Attendance/Number of meetings held during the year				
Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**
Executive Directors					
Chung Cho Yee, Mico	4/4	N/A	3/3	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
Ho Lok Fai *(note)*	N/A	N/A	N/A	N/A	N/A
Leung King Yin, Kevin *(note)*	N/A	N/A	N/A	N/A	N/A
Independent Non-Executive Directors					
Lam Lee G.	4/4	3/3	3/3	1/1	1/1
Cheng Yuk Wo	4/4	3/3	3/3	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

Note: Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin both were appointed as executive directors on 4 June 2021

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 has conducted an annual review of the independence of all INEDs of the Company. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the INEDs of the Company satisfied the Listing Rules requirement of independence.

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

No specific term is imposed on the non-executive directors who are required to retire in accordance with the Bye-laws which is deviated from Code A.4.1 of the CG Code.

However, all directors are subject to retirement by rotation at least once every three years under the Bye-laws and pursuant to Code A.4.2 of the CG Code.

Directors' Continuous Professional Development

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

As part of an ongoing process of director's training, the directors of the Company are updated on the latest developments regarding the Listing Rules and other applicable legal and regulatory requirements. They are provided with written materials from time to time to develop and refresh their knowledge and skills. During the year, all directors of the Company received regular updates on the Company's business and written materials describing changes to the Listing Rules and other relevant rules and regulations and/or also attended an in-house seminar organised by the Company or conducted by a professional firm. The directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. The Company has received confirmations from all directors of their respective training records for the year ended 31 March 2021.

BOARD COMMITTEES

The Board has 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 fully accessed 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 2020 and the interim results of the Company for the six months ended 30 September 2020; 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 three 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 2021 are set out in the notes to the consolidated financial statement on page 112.

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 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; and 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 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. If a retiring INED (i) has served on the Board for more than nine years or (ii) has held directorship in six or more other listed companies, the Board shall explain in the circular the reasons why (i) he is still believed as independent and should be re-elected or (ii) he is able to devote sufficient time to the Board, respectively.

Executive Committee

The Executive Committee, comprised of the executive directors, was formed on 21 July 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 six executive directors of the Company, namely, Mr. Chung Cho Yee, Mico (the chairman of the Committee), Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Fong Man Bun, Jimmy, Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin.

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 2020 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 56 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 recognizes 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, who has conducted a review on the adequacy and effectiveness of the Group's sales, accounts receivable and collection and project management cycles for the year 2020-2021, 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 2021, 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	3.760
Other services	1.423
	5.183

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's Memorandum of Association and 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 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 (3) 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 Company's Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six (6) weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one (1) week before the meeting in the case of any other requisition. Provided that if an annual general meeting is called for a date six (6) 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/her willingness to be elected at the Company's Registered Office or the Hong Kong Principal Place of business at least seven (7) 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 (7) 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 the Chairmen of the Audit, the Remuneration and the 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

REPORTING STANDARDS

This Environmental, Social and Governance ("ESG") Report ("ESG Report") summarises the ESG policies, initiatives and performance of CSI Properties Limited ("CSI" or the "Company") and its subsidiaries (collectively, the "Group") as well as demonstrates its commitment to sustainability for the period from 1 April 2020 to 31 March 2021 ("Reporting Period"). It is prepared in accordance with the ESG Reporting Guide ("Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The information stated in this ESG Report covers the same period, which aligns with the financial year as the 2021 annual report of the Group.

SCOPE OF REPORTING

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, Macau, Shanghai and Beijing.

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

OUR APPROACH TO STAKEHOLDERS ENGAGEMENT

The Group's ESG approach is to factor the concept of sustainability into our business operations with a view to creating long-term value for customers, employees, business partners, shareholders, investors and the wider community.

We believe that it is crucial to consider both internal and external viewpoints for continuous improvement in sustainability performance. As such, we regularly engage with our stakeholders to understand their priorities and expectations on our ESG issues, as well as to gather their feedback on our development initiatives.

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

MATERIALITY ASSESSMENT

Based on the ESG aspects set out in the Reporting Guide, the Group has received feedback from key stakeholders through a wide range of communication channels. We also conducted a materiality assessment to identify major ESG issues and the results are shown in the table below, together with the aspects of the Reporting Guide to which they are related:

ESG aspects set out in the Reporting Guide		Material ESG aspects
A. Environmental	A1 Emissions (note 1)	• Reduce Gas Emission • Waste Minimisation
	A2 Use of Resources	• Achieving Higher Energy Efficiency • Reducing Use of Water • Cultivate Recycling Habit
	A3 The Environment and Natural Resources	• Managing Other Environmental Impacts
B. Social	B1 Employment	• Fair Employment Practices
	B2 Health and Safety	• Health and Safety Management
	B3 Development and Training	• Talent Development
	B4 Labour Standards	• Anti-Child and Forced Labour
	B5 Supply Chain Management	• Responsible Procurement Practices
	B6 Operating Practices Product Responsibility (note 2)	• Maintaining Products and Services Quality • Consumer Data Protection and Privacy
	B7 Anti-Corruption and Anti-Money Laundering	• Anti-Bribery and Anti-Corruption
	B8 Community Investment	• Contributions to Society

Notes:

(1) The Group is principally engaged in the business of property development and property investment, with the impact on the environment relatively small. However, redevelopment projects may pose significant environmental risks compared 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.

(2) Due to the nature of the Group's business activities in property development and investment, hotel operation, property and project management, the data collected during the Reporting Period relating to product recall, labelling and advertising is assessed as either immaterial or irrelevant.

STAKEHOLDERS' FEEDBACK

The Group values the feedbacks made by the stakeholders for future improvements. For any comments about this ESG Report or suggestions in enhancing our sustainability performance, please feel free to contact the Group via:

Website:	www.csigroup.hk
Address:	31/F Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Telephone:	+852 2878 2800
Fax:	+852 2878 7525

A. ENVIRONMENTAL ASPECTS

A1 Emissions

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

The Group has implemented 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

Our sustainable development initiative has been demonstrated by the Group through the incorporation of green building elements into our property development programs, such as the adaptation of the guideline of 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

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

In pursuance of supporting green procurement and environmentally friendly construction approaches, the Group has adopted this growing trend in some of our residential projects. We have implemented open-sky garden to reduce the impact of urban heat by the means of evaporative cooling and reducing the amount of sunlight entering the parking lots and buildings. It is believed that our residents' living standards and produce environmental benefits will be enhanced for the neighbouring 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 intends to consume and save resources more effectively, and as the key means of reducing GHG emissions. Our project development team always anticipate in potential energy-saving opportunities, particularly in our property development projects to incorporate environmentally friendly design.

In accordance with the Building Energy Code, the need for indoor illumination and the appropriate lighting power density for living areas has been carefully considered by our project team. The separate lighting control switches allow users to switch only when they occupy 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, residents are provided with charging bays fitted with electric vehicle charging facilities. This convenient charging facility not only benefits the existing electric vehicle users, but also encourages our residents to convert their existing gasoline or diesel vehicles to electric vehicles, thus reducing GHG emissions in return.

Noise Control

The Noise Control Ordinance ("NCO"), under the management of the Government, is followed by the Group. To ensure compliance with the applicable regulations and standards for noise control in Hong Kong, the Group and its contractors have taken proactive participation where applicable in the planning and implementation of noise abatement measures to control noise levels of certain projects during the year, including but not limited to the following:

1) To exercise due care before the commencement of any construction and building works 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 offences 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

One of our key concerns on environment protection, is the different effect on air quality during the daily operation of our projects. 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. As such, measures have been taken to ensure all emissions from daily operations will 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 still 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 measurements and reporting of our emissions metrics. Our air pollution measures include 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 on account of the 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. Due to COVID-19, the Group encourages employees to use video conference instead of travelling to Mainland. Therefore, a sharp decrease of other indirect emission (Scope 3) was attributed to less air travels by the employees for business purposes.

During the Reporting Period, the emissions of GHGs from our operations were as follows:

Aspects	Unit	2019/20	2020/21	Percentage Comparison
Scope 1 Direct GHG Emissions	tCO_2e	36.44	42.58	+16.85%
Scope 2 Indirect GHG Emissions	tCO_2e	58.80	84.19	+43.18%
Scope 3 Other Indirect GHG Emissions (note 3)	tCO_2e	18.93	11.31	–40.25%
Total	tCO_2e	114.17	138.08	+20.94%
Intensity of total GHG Emissions	tCO_2e/no. of employees	1.10	1.32	+20.00%

Remarks: tCO_2e: Tonnes of Carbon Dioxide equivalent

Note:

(3) The Scope 3 Other Indirect GHG Emissions in 2019/20 have been recalculated, and figures have been restated accordingly.

During the year, our business operation produced a total of 138.08 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. More electrical appliances were adopted for anti-epidemic use, which led to an increase in Scope 2 Indirect GHG Emissions from electricity consumption. The decrease of Scope 3 Other Indirect GHG Emissions was due to minimal air travel during the Reporting Period.

Emission	Unit	2019/20	2020/21	Percentage Comparison
Nitrogen oxides (“NO_x”)	kg	5.32	6.33	+18.98%
Particulate Matter (“PM”)	kg	0.39	0.47	+20.51%
Sulphur oxides (“SO_x”)	kg	0.20	0.23	+15.00%
Total emissions from vehicles	kg	5.91	7.03	+18.95%

Remarks: kg: Kilograms
Remarks: Respiratory suspended particles (“RSP”, also known as Particulate Matter (“PM”))

Besides, air pollutants of NO_x, PM and SO_x recorded an increase of 18.95% 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 by taking 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, with 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.

Before the purchase of any construction materials, our project team only utilizes the necessary items 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. To demonstrate our company's commitment to sustainable development and support the sustainable use of resources, we used paper certified by the Forest Stewardship Council ("FSC") for the publishing of our annual report. FSC is an international non-profit, multi-stakeholder organization established in 1993, aiming to promote responsible management of the world's forests.

We purchase goods and services locally as much as possible to minimize the environmental footprint arising from transportation and to benefit the local economy. The Group purchased goods and building services like cleaning, hygiene, sanitation, electrical and mechanical, security, IT services and consumables, for our operations in Hong Kong, all of which were spent on local suppliers. During the Reporting Period, our contractors and suppliers are all located in Hong Kong.

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 of 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 monitors after office hours or when not in use;

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

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

6) To encourage reuse of single-side used papers for drafting, printing and receiving faxes.

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

A2 Use of Resources

The target of the Company is to reduce the electricity consumption using LED light bulbs instead of quartz lamps. During the Reporting Period, the Company changed 50% of the office lighting to LED and targeting to switch additional office lighting to LED in next Reporting Period.

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	Unit	2019/20	2020/21	Percentage Comparison
Non-renewable fuel consumed: Petrol (note 4)	MWh	130.41	152.38	+16.85%
Electricity consumption	MWh	74.43	103.93	+39.63%
Total energy consumption	MWh	204.84	256.31	+25.13%
Intensity of total energy consumption	MWh/no. of employees	1.97	2.44	+23.86%
Water consumption	m^3	86.00	126.00	+46.51%
Intensity of water consumption	m^3/no. of employees	0.83	1.20	+44.58%

Note:

(4) The Non-renewable fuel consumed in 2019/20 has been recalculated, and figures have been restated accordingly.

During the year, non-renewable fuel consumed was 152.38 Megawatt hour ("MWh") and the total electricity consumed was 103.93 MWh, with total energy consumption intensity of 2.44 MWh per employee. This figure represents an increase of 25.13% as compared to the total energy consumed in the last Reporting Period.

On the other hand, the total water consumption was 126 cubic meters ("m^3"), representing an increase of 46.51% 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 popular topic in Hong Kong as the public landfill sites are almost fully used.

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

As to reduce the consumption of natural resources, our project development team and contractors are encouraged to take into consideration the reduction of construction waste during the design, planning and implementation phases of our property development projects, we have also developed a number of applicable waste control measures 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 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 construction works.

The Group understands that waste management can be only effective if the residents, tenants, customers or any other users of 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. We worked with Greeners Action for many years in promoting the recycling culture through the "Umbrella Recycling" and "Tetrapak Clean Recycling Pilot Scheme 2020", placing the recycling bins and encouraging the participation of employees and tenants.

Programs	Target	Achievement
Lai See Reuse & Recycle Program 2021 (Greeners Action)	Recycling unused or used Lai See packets to reduce waste and help relief the burden of landfill disposal	44kg (2019/20: 70kg) red packets
Mooncake Box Recycling Collection 2020 (Greeners Action)	Recycling the metal by sorting out and help relief the burden of landfill disposal	149 mooncake boxes (2019/20: 60 mooncake boxes)

During the Reporting Period, no hazardous waste was generated and disposed due to the business nature, and the use of non-hazardous waste was as follows:

Aspects	Unit	2019/20	2020/21	Percentage Comparison
Non-hazardous: Paper	kg	2,367.00	2,340.80	-1.11%
Intensity of non-hazardous waster	tCO_2e/no. of employees	22.76	22.29	-2.07%

Remarks: kg: Kilograms
tCO_2e: Tonnes of Carbon Dioxide equivalent

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 are one of our main goals.

Our employees are encouraged to adopt an effective use of paper, including recycling single-sided printing paper for reuse and using digital technology to replace paper. The total paper usage has been reduced by 2.07% as compared to that of the last Reporting Period.

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.

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.

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

B. SOCIAL ASPECTS

B1 Employment

The Group strongly believes that the most valuable asset for its sustainable development is its employees. 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 fulfil 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 or regulations.

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

A wide range of incentives are offered to our employees, including competitive wages and proper insurance coverage. Bonuses may also have distributed to employees by the Group, based on their positive contribution to the Group's success throughout the years. 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, new born child gift, as well as training and education subsidies.

During the Reporting Period, the Employee Handbook for Maternity Leave and Maternity Leave Pay has been updated by the Group effective since 1 November 2020, as per the revision of The Employment (Amendment) Ordinance 2020, which extended statutory maternity leave by four weeks.

The Group makes MPF contributions for its employees on a regular basis and is in compliance with MPF legislation 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. In addition, the Group also contributes 5% to the part of the voluntary provident fund, according to the terms of the MPF Scheme. Moreover, the Group offers more than one MPF providers for staff to select since 2019. A "Good MPF employer" designation has been awarded to the Group 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, 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

Occupational health and safety is a great focus of the Group 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 is prepared by the Occupational Safety and Health Branch of the Labour Department.

During the reviewing period, considering the COVID-19 epidemic situation, 2020/21 fire drill and evacuation drill are not held this year. Instead, fire drill training materials are sent to employees for refreshing their fire safety knowledge.

Furthermore, for the purpose of raising 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 2020/2021; (3) Joyful@Healthy Workplace charter and (4) 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 by a medical check-up or other physical examination.

During the year, neither reports of non-compliance regarding employee health and safety, nor any work-related fatalities are received.

The Group shows its genuine care for its employees. As to mitigate the impact of COVID-19, the Group has taken a quick response and precaution measures to protect the health of its employees:

- Face masks, hand sanitizers and alcohol pads were given to all employees and placed at workplace areas;
- Cleaning supplies suppliers were arranged to give away disinfection supplies to employees;
- Infrared thermometers were placed at the entrance of the office to monitor employees and visitors body temperature;
- Sanitation and space disinfection were frequently carried out to maintain the hygiene of workplace;
- Encouraged to use on-line meetings instead of face-to-face meetings;
- Team rotation for home office, flexible working hours implemented; and
- Work from home arrangement for staff.

For any confirmed cases of COVID-19 occurring near the residence of our staff, the Company allowed the relevant staff to work from home, obtain a negative test result and fill in a health declaration report before returning back to office to ensure the workplace is free from infection risk.

B3 Development and Training

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

A "Training and Development" procedures have been developed by the Group, as included in our "Employee Handbook", to provide a framework for training and development. This 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 to 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 that are related to their works. 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, as an equal opportunity employer, recruit employees from the open market. Our policies related to non-discrimination and diversity practices are communicated in the "Employee Handbook". In addition to stipulating employment arrangements, the 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 full time staff and aged 18 or above. Geographically, 85% of our staffs are located in Hong Kong, 13% are in China, and 2% are in Macau, which is similar to the records last year according to the table below.

The following table illustrates the Group's staff composition as at 31 March 2021:

Total Employment Distribution	Categories	2019/20	2020/21
Total workforce		**104**	**105**
Gender	Male	51%	49%
	Female	49%	51%
Age group	21 – 30	12%	8%
	31 – 40	32%	29%
	41 – 50	35%	40%
	51 – 60	14%	16%
	over 61	7%	7%
Geographical region	Mainland China	15%	13%
	Hong Kong	83%	85%
	Macau	2%	2%

Employee composition and changes in staff turnover are monitored by the Group. Equal opportunities are heeded 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 19%.

Employee Turnover Rate	Categories	2019/20	2020/21
Total employee turnover		**23**	**20**
Overall employee turnover rate		**22%**	**19%**
Gender	Male	21%	22%
	Female	24%	17%
Age group	21 – 30	8%	100%
	31 – 40	33%	32%
	41 – 50	16%	0%
	51 – 60	27%	6%
	over 61	14%	14%
Geographical region	Mainland China	19%	21%
	Hong Kong	23%	19%
	Macau	0%	0%

The Group is looking for different measures to retain a suitable workforce, such as strengthening recruitment controls 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 not only measures the quality of our services and deliverables, but also how effective environmental and social risks are managed by the Group.

We manage and monitor the supply chain's environmental and social risks through the development of a clear and equitable "Tender Invitation Policy". This 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 quality supply chain management governance.

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

As to maintain a fair selection of the suppliers and contractors, supplier performance evaluations will be needed on a regular basis. Its purpose is to ensure the quality of services and products provided by the suppliers and contractors to meet the needs of the Group. To influence suppliers in a positive and sustainable direction, practice on monitoring and evaluation is designed to form an essential part of strategic sourcing of vendors and supply chain management, to help to maintain competitiveness.

During identifying and reviewing suppliers and contractors, the Group also reviews its track record of environmental enforcement and contribution to social responsibility. Providers and contractors that are environmentally and socially responsible will be given preferences 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 the enhancement of our reputation.

The Group is keen on creating sustainable values 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 their knowledge and experiences, we have continued to improve the environmental footprint of our hotel services and social responsibility, which are in line with our Group's sustainability initiatives.

Protection of Intellectual Property Rights

We respect the intellectual property rights of any third parties. Our employees are required to comply with the applicable legal requirements as stated in the new Ethical Guidelines. In the course of our business activities, employees are also required to protect the confidentiality of all privileged information provided to us. All intellectual property rights including copyrights in any design drawings, specifications, reports, calculation, documents, materials, computer files, know-how and information related to the project are owned by the providers. The Group will not use the contents without prior written approval from the providers.

For the Reporting Period, the Group was not aware of any infringement of its or any other intellectual property rights which had or could have a material adverse effect on our business, there were no legal proceedings against the Group with respect to our use of works. We will continue to target zero infringement in coming years.

Consumer Data Protection and Privacy

Consumers have become increasingly concerned about data privacy and cybersecurity issues.

When applying digital solutions to our operations and services, we have done our best to ensure security and protection of our customers' personal information.

During the reporting year, employees are provided with training on the use of video-conferencing tools to enhance employees' understanding and awareness on data protection.

To raise the awareness on cybersecurity among staff, cybersecurity measures are carried out to equip them with the knowledge and skills. The Group also keeps all employees updated on fraudulent emails and the use of phone and USB flash units through issuing cybersecurity alerts and tips on our intranet. To lower the risk of data exfiltration, only endorsed and registered removable drives are allowed to be used.

B7 Anti-Corruption and Anti-Money Laundering

The Group understands the potential risks of unethical behaviour to our business. We have zero-tolerance for misconduct, any form of bribery, extortion, fraud and money laundering.

All employees employed by the Group must fully comply with the provisions, as included in our "Employee Handbook", which emphasises the values and principles we uphold in antifraud and anti-corruption and guides work practices and employee behaviour. 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 who found to have breached our policies and Employee Handbook 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. This 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 Investment

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

Virtual Run for Survival 2020

"Virtual Run for Survival 2020", which is organised by Ocean Park Conservation Foundation, Hong Kong, 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 change the habit to save the planet.

Suicide Prevention Services ("SPS") Virtual 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 participated in the SPS Virtual Charity Walk 2020 held from 1 June 2020 to 31 July 2020 to help fundraising and public awareness towards caring for suicidal people.

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 the environment. 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 the Sheen Hok Charitable Foundation, Greeners Action, the Hong Kong Golf Club Charitable Foundation Limited, the Community Chest of Hong Kong, the Jordan Barrier-free Access Concern Group Limited and the Helping Hand, with a total donation amount over HK$0.2 million.

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 2021.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development, an analysis of the Group's performance using financial key performance indicators is provided in the Financial Highlights and principal risks and uncertainties that the Group may be facing and particulars of important events affecting the Group that have occurred since the end of the financial year are provided in the "Chairman's Statement" on pages 7 to 9, "Management Discussion and Analysis" on pages 10 to 14 and "Corporate Governance Report" on pages 15 to 24 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 25 to 40 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 63.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK0.42 cents per share for the year ended 31 March 2021 (2020: HK0.50 cents) or an aggregate amount of approximately HK$39.9 million for the year ended 31 March 2021 (2020: HK$48.1 million), subject to the approval of shareholders of the Company at the 2021 annual general meeting, to shareholders whose names appear on the register of members of the Company on 10 September 2021.

CLOSURE OF REGISTER OF MEMBERS

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

(a) for the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 26 August 2021 to Tuesday, 31 August 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 25 August 2021; and

(b) for the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 6 September 2021 to Friday, 10 September 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 3 September 2021.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

BORROWINGS

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

RESERVES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2021, calculated under the Companies Act 1981 of Bermuda (as amended), including contributed surplus and accumulated profits amounted to approximately HK$12,695,040,000 (2020: HK$8,114,327,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 38.5% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 38.5% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 92.8% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 92.8% of the Group's total purchases.

Save as disclosed in note 38 to the consolidated financial statements, at no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers and suppliers.

(From left to right) Mr. Ho Lok Fai, Mr. Fong Man Bun, Jimmy, Mr. Chow Hou Man, Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man and Mr. Leung King Yin, Kevin

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
Mr. Ho Lok Fai *(appointed on 4 June 2021)*
Mr. Leung King Yin, Kevin *(appointed on 4 June 2021)*

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. Fong Man Bun, Jimmy, Hon. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP will retire from office. In addition, Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin were appointed as executive directors by the Board after the annual general meeting of the Company held on 3 September 2020 will hold office until forthcoming annual general meeting pursuant to Bye-law 102(B) of the bye-laws of the Company (the "Bye-laws"). 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 60, 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 Chairmen of the Executive Committee and the Nomination Committee, and a member of the Remuneration Committee of the Board. Mr. Chung graduated from University College 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 were delisted from the Stock Exchange in June 2021.

Executive Directors

Mr. Kan Sze Man, aged 49, 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 the Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, University of Oxford 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 the brother-in-law of Mr. Chung Cho Yee, Mico, the Chairman and the controlling shareholder of the Company.

Mr. Kan was a non-executive director of BCI Group Holdings Limited ("BCI") (a company listed on the Growth Enterprise Market of the Stock Exchange) up to February 2021. The Company ceased to be BCI's substantial shareholder on 14 December 2020.

DIRECTORS' PROFILE (Continued)

Executive Directors (Continued)

Mr. Chow Hou Man

Mr. Fong Man Bun, Jimmy

Mr. Chow Hou Man, aged 50, joined the Company in 2001 and is a Group Chief Financial Officer. He is a director of certain subsidiaries and associates of the Group and a member of the 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 56, 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 the 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)

Executive Directors (Continued)

Mr. Ho Lok Fai

Mr. Leung King Yin, Kevin

Mr. Ho Lok Fai, aged 60, joined the Company in 2005. He is a deputy managing director/director of certain subsidiaries of the Group and a member of the Executive Committee of the Board. Mr. Ho has been involved in the commercial property investment and agency business since 1991, having over 30 years of solid and proven experience specializing in the investment in Grade A and B offices in Hong Kong. He is responsible for investment in commercial properties, leasing matters, property management business for offices and industrial properties of the Group. He possesses exceptional acumen and insight in property market business, with comprehensive understandings of extensive clientele in commercial property investments; extensive and reliable connection with the reputable estate agents in the commercial property market for which he can readily procure to dispose commercial and development projects of the Group into the market in the most profitable and efficient manners. For many years, he has achieved very satisfactory results and performance for those projects or investments that he has been involved.

Mr. Leung King Yin, Kevin, aged 59, joined the Company in 2021 and was appointed as managing director of development in May by the Group and a member of the Executive Committee of the Board. He is the head of the project management and development department of the Group, leading a team of project managers and surveyors in managing a variety of residential and commercial projects in Hong Kong. Prior to joining the Group, he was the general manager/project director of a number of sizable listed companies. He has over 30 years of experience in the property development field with a variety of portfolio including residential, commercial and hotel developments in Hong Kong, Mainland China and Canada. Mr. Leung holds a Bachelor degree of Architecture from the University of Melbourne. He is a registered architect and an authorized person under the Building Ordinance (Cap. 123 of the Laws of Hong Kong), with extensive project management experience.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Directors

Dr. Lam Lee G., aged 61, joined the Group in 2001. He is a member of the Audit Committee, the Remuneration Committee and the 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 the Chairman of Hong Kong Cyberport Management Company Limited, Non-Executive Chairman – Greater China Hong Kong and ASEAN Region of Macquarie Infrastructure and Real Assets Asia, a member of the Committee on Innovation, Technology and Re-Industrialization, the Governance Committee of the Hong Kong Growth Portfolio, the Development Bureau Common Spatial Data Advisory Committee of the Hong Kong Special Administrative Region Government, Convenor of the Panel of Advisors on Building Management Disputes of the Hong Kong Special Administrative Region Government Home Affairs Department, a member of the Court of the City University of Hong Kong and the Tencent Finance Academy (Hong Kong) Advisory Board, Chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network (ESBN) and 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 also currently the chairman and a non-executive director of Mingfa Group (International) Company Limited (re-designated from independent non-executive director on 23 April 2020).

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), Kidsland International Holdings 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, the shares of all of which are listed on the Stock Exchange. He is an independent non-executive director of each of Asia-Pacific Strategic Investments Limited (formerly known as China Real Estate Group Limited), Top Global Limited, Beverly JCG Limited (formerly known as JCG Investment Holdings Limited) and Thomson Medical Group Limited; and Alset International Limited (formerly known as Singapore eDevelopment Limited), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is also an independent non-executive director of Sunwah International Limited, the shares of which 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 Jade Road Investments Limited (formerly known as Adamas Finance Asia Limited), the shares of which are listed on the London Securities Exchange.

Dr. Lam was a non-executive director of China Shandong Hi-Speed Financial Group Limited up to May 2020, Green Leader Holdings Group Limited up to July 2019 and he was also an independent non-executive director of Aurum Pacific (China) Group Limited up to March 2021, Glorious Sun Enterprises Limited up to August 2019 and Xi'an Haitiantian Holdings Co., Ltd. (now known as Xi'an Haitian Antenna Technologies 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 Huarong Investment Stock Corporation Limited up to November 2020 and Hsin Chong Group Holdings Limited up to September 2019, the shares of which were delisted from the Stock Exchange in November 2020 and December 2019 respectively.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Directors (Continued)

Mr. Cheng Yuk Wo, aged 60, joined the Group in 2002. He is the Chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Board. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and 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 firm 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, 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 HKC (Holdings) Limited up to June 2021 and C.P. Lotus Corporation up to October 2019, the shares of which were delisted from the Stock Exchange in June 2021 and October 2019 respectively. 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 60, joined the Group in 2014. He is a member of the Audit Committee of the Board. He is currently the Founder & Chairman of Da Z Group Co. Limited and the Chairman of Captcha Media Limited, a boutique digital marketing and strategy agency in Hong Kong. Dr. Lo is a Founding Governor and a member of the Governors and Executive Committee of the Charles K. Kao Foundation for Alzheimer's Disease Limited as well as a Governor of the Board of Governor of 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 is an experienced executive in the TMT (technology, media and telecommunications) and the consumer sectors. He started his career in McKinsey & Company Inc. as a management consultant and held senior positions in China Unicom, Hongkong Telecom, Citibank HK, I.T Limited, South China Media Group and Kidsland International Holdings Ltd in the past. 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 M. Phil. degree in Pharmacology and a Ph.D. degree in Molecular Neuroscience, both from University of Cambridge. 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 Asiaweek magazine. Dr. Lo has held numerous Government appointments during his career and is currently a member of the Cyberport Advisory Panel, the Hospital Governing Committee of Hong Kong Red Cross Blood Transfusion Service and the Advisory Committee of School of Chinese Medicine, Hong Kong Baptist University. He was a board member of the Hong Kong Broadcasting Authority (now known as Communications Authority) as well as the Hong Kong Applied Science and Technology Research Institute and the Hong Kong 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 as Justice of the Peace (JP) of the Government of the Hong Kong Special Administrative Region 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 Economic and Social Commission for Asia and the Pacific 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 Directors (Continued)

Dr. Lo is an independent non-executive director of Jingrui Holdings Limited, Television Broadcasts Limited, South Shore Holdings Limited, Oshidori International Holdings Limited and OCI International 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 Kidsland International Holdings Limited up to December 2018, and an independent non-executive director of SITC International Holdings Company Limited up to October 2020 and 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 executive director of SMI Holdings Group Limited up to April 2019, and an independent non-executive director of Brightoil Petroleum (Holdings) Limited up to December 2020 and Hsin Chong Group Holdings Limited up to September 2019, the shares of which were delisted from the Stock Exchange in December 2020, October 2020 and December 2019, respectively.

Hon. Shek Lai Him, Abraham, *GBS, JP*, aged 76, joined the Group in 2018. He is a member of the 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 Honorary Court Member of The Hong Kong University of Science and Technology, the Court and the Council Member of The University of Hong Kong. Mr. Shek is also currently the vice chairman and an executive director of Goldin Financial Holdings Limited (re-designated from independent non-executive director on 1 March 2021).

In addition, Mr. Shek is an independent non-executive director of the following listed companies, the shares of 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; Chuang's China Investments Limited; ITC Properties Group Limited; China Resources Cement Holdings Limited; Lai Fung Holdings Limited; Cosmopolitan International 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; Far East Consortium International Limited; Landing International Development Limited; and Hao Tian International Construction Investment Group Limited.

Mr. Shek was also an independent non-executive director of the following companies, the shares of all of which are listed on the Stock Exchange: SJM Holdings Limited up to May 2021; Hop Hing Group Holdings Limited up to June 2020; MTR Corporation Limited up to May 2019; and Midas International Holdings Limited (now known as Magnus Concordia Group Limited) up to January 2018.

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 2021, 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	5,063,562,062 (L)	53.22
	Interest of controlled corporation	The Company	5,060,517,062 (L)	53.19
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	0.25

Notes:

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

(2) Mr. Chung is the beneficial owner of 5,063,562,062 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 5,060,517,062). 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 2021, 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 compete or are 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/her 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 2021, 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, no other person (other than a director or chief executive of the Company) had, or was deemed or taken to have, 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.

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$16,656,234,000, which represented approximately 58.1% of the Group's total assets as at 31 March 2021.

As at 31 March 2021, 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	257,491	–
Century Bliss Limited	42,869	290,000
Champion Maker Limited	25,192	–
City Synergy Limited	84,485	58,000
Cleverland Global Limited	–	1,033,500
Creative Modern Limited	633,432	–
Eagle Wonder Limited	759,111	301,800
Fame Allied Limited	20,796	80,000
Favour Eternal Limited	11,401	–
Great Maker Limited	592,922	–
Leading Avenue Limited	273,958	270,000
Jerwyn Pte. Ltd.	54,175	–
Modern Crescent Limited	507,988	1,031,250
King Empire International Limited	1,575,572	–
Ocean Beyond Investments Limited	263,745	–
Sincere Charm Limited	282,548	108,760
Sino City Ventures Limited	359,576	1,041,150
Southwater Investments Limited	2,196,870	3,450,000
Success Apex Limited	282,498	166,399
Vital Triumph Limited	115,549	180,000
Wealth Explorer Holdings Limited	22,343	282,854
	8,362,521	8,293,713

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

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	1,521	738
Current assets	52,254,651	19,345,398
Current liabilities	(19,451,348)	(4,835,333)
Non-current liabilities	(25,971,119)	(10,964,972)
	6,833,705	3,545,831

EMOLUMENT POLICY

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

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 39 to the consolidated financial statements.

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

EQUITY-LINKED AGREEMENTS

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

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

During the year, the Company repurchased a total of 318,850,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$77,916,950. 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 ordinary shares repurchased	Purchase price Highest	Purchase price Lowest	Aggregate consideration paid (before expenses)
		HK$	HK$	HK$
April, 2020	9,940,000	0.270	0.265	2,656,600
June, 2020	14,000,000	0.244	0.237	3,398,870
July, 2020	168,490,000	0.250	0.237	41,491,030
August, 2020	1,000,000	0.238	0.238	238,000
December, 2020	24,940,000	0.240	0.228	5,843,250
January, 2021	72,720,000	0.241	0.236	17,320,330
February, 2021	1,800,000	0.230	0.230	414,000
March, 2021	25,960,000	0.255	0.246	6,554,870
Total	318,850,000			77,916,950

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 provisions of the Corporate Governance Code set out in Appendix 14 of 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 15 to 24 of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$238,000.

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 168 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 2021.

AUDITORS

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

28 June 2021

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 63 to 167, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

Key audit matter

Valuation of properties held for sale

We identified the valuation 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 23 to the consolidated financial statements, the Group had PHS of HK$12,179,207,000, which comprised of completed properties for sale of HK$10,623,472,000 and PUD of HK$1,555,735,000 as at 31 March 2021.

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 expected future selling prices and the costs to completion in case for PUD based on prevailing market conditions with reference to the valuations carried out by the independent and qualified property valuers for properties.

For the year ended 31 March 2021, a net reversal of write-down of PHS amounting to approximately HK$32,458,000 has been recognised in the consolidated statement of profit or loss.

How our audit addressed the key audit matter

Our procedures in relation to assessing the appropriateness of the valuation of PHS included:

- evaluating the Group management's valuation assessment and the external valuation reports prepared by independent and qualified 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 valuation assessment process, including the valuation model adopted, assumptions used and the involvement of independent and qualified property valuers;
- assessing the competence, capabilities and objectivity of the independent and qualified property valuers;
- evaluating the appropriateness of the valuation methodologies adopted to determine the NRV;
- assessing the reasonableness of key estimates used in the valuations, on a selection basis, 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;
- 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 2021, the carrying amounts of interests in joint ventures and amounts due from joint ventures amounted to HK$4,743,982,000 and HK$5,983,637,000, respectively, as disclosed in note 19 to the consolidated financial statements, the aggregate of which representing approximately 38% 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 expected credit loss ("ECL").	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 for ECL in respect of amounts due from joint ventures and key controls on how the management assess the 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 and qualified 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 and qualified property valuers; • evaluating the appropriateness of the valuation methodologies adopted to determine the NRV;

KEY AUDIT MATTERS (Continued)

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 of the Group has performed ECL 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 and forward-looking information that is reasonable supportable and available without undue cost or effort.

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 the loss allowance on amounts due from joint ventures was considered not material for the year ended 31 March 2021.

How our audit addressed the key audit matter

- assessing the appropriateness of key estimates used in the valuations, on a selection basis, 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 similar completed properties of the Group;
- checking the mathematical accuracy of the valuation calculations;
- assessing ECL for the amounts due from joint ventures by taking into account historical data and the forward-looking information, and the fair values of properties held by the joint ventures with reference to external valuation reports prepared by independent and qualified 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 ECL 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, actions taken to eliminate threats or safeguards applied.

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
28 June 2021

Consolidated Statement of Profit or Loss

For the year ended 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Revenue	5		
Sales of properties held for sale		141,800	3,498,030
Rental income		226,912	211,926
Total revenue		368,712	3,709,956
Cost of sales and services		(132,444)	(2,212,520)
Gross profit		236,268	1,497,436
Income from investments	7	229,218	172,029
Gains (losses) from investments	7	19,591	(294,847)
Other income	8	197,646	191,708
Other gains and losses	9	30,751	(13,321)
Administrative expenses		(240,307)	(312,579)
Finance costs	10	(275,280)	(333,897)
Share of results of joint ventures		246,079	402,036
Share of results of associates		521	432
Profit before taxation		444,487	1,308,997
Income tax expense	11	(25,982)	(65,269)
Profit for the year	12	418,505	1,243,728
Profit (loss) attributable to:			
Owners of the Company		330,809	1,155,643
Holders of perpetual capital securities	28	89,700	89,700
Non-controlling interests		(2,004)	(1,615)
		418,505	1,243,728
Earnings per share (HK cents)	16		
Basic		3.43	11.77

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Profit for the year	418,505	1,243,728
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	42,618	(22,910)
Share of exchange differences of joint ventures, net of related income tax	170,221	(118,304)
	212,839	(141,214)
Total comprehensive income for the year	631,344	1,102,514
Total comprehensive income (expense) attributable to:		
Owners of the Company	540,163	1,014,429
Holders of perpetual capital securities	89,700	89,700
Non-controlling interests	1,481	(1,615)
	631,344	1,102,514

Consolidated Statement of Financial Position

As at 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Non-Current Assets			
Property, plant and equipment	17	262,165	297,235
Financial assets at fair value through profit or loss ("FVTPL")	18	180,350	170,955
Club memberships		11,915	11,915
Interests in joint ventures	19	4,743,982	4,474,685
Amounts due from joint ventures	19	5,983,637	5,067,900
Interests in associates	20	362,154	193,052
Amounts due from associates	20	1,422,774	10,611
Loan receivables	21	129,683	203,248
		13,096,660	10,429,601
Current Assets			
Loan receivables	21	104,902	45,407
Trade and other receivables	22	241,345	274,058
Amount due from a non-controlling shareholder of a subsidiary	38(b)	–	3,470
Properties held for sale	23	12,179,207	11,502,578
Financial assets at FVTPL	18	1,520,555	2,172,310
Taxation recoverable		450	9,889
Cash held by securities brokers	24	37,899	6,432
Bank balances and cash	24	1,462,929	2,668,787
		15,547,287	16,682,931
Current Liabilities			
Other payables and accruals	25	578,080	346,103
Taxation payable		231,496	265,415
Amounts due to joint ventures	19	749,096	556,195
Amounts due to non-controlling shareholders of subsidiaries	38(b)	165,210	167,333
Bank borrowings – due within one year	26	1,714,909	1,811,884
Guaranteed notes – due within one year	29	1,859,520	–
		5,298,311	3,146,930
Net Current Assets		10,248,976	13,536,001
Total assets less current liabilities		23,345,636	23,965,602

Consolidated Statement of Financial Position

As at 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Capital and Reserves			
Share capital	27	76,117	78,460
Treasury shares	27	(6,572)	–
Reserves		13,228,358	12,805,654
Equity attributable to owners of the Company		13,297,903	12,884,114
Holders of perpetual capital securities	28	1,539,443	1,539,443
Non-controlling interests		33,879	36,253
Total Equity		14,871,225	14,459,810
Non-Current Liabilities			
Bank borrowings – due after one year	26	8,364,534	7,516,079
Guaranteed notes – due after one year	29	–	1,924,260
Derivative financial instruments	30	81,798	45,868
Deferred tax liabilities	31	28,079	19,585
		8,474,411	9,505,792
		23,345,636	23,965,602

The consolidated financial statements on pages 63 to 167 were approved and authorised for issue by the Board of Directors on 28 June 2021 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 2021

	Attributable to owners of the Company								Holders of perpetual capital securities HK$'000 (note 28)	Non-controlling interests HK$'000	Total equity HK$'000
	Share capital HK$'000	Share premium HK$'000	Treasury shares HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (note)	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000			
At 1 April 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 27*)	(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
Profit for the year	-	-	-	-	-	-	330,809	330,809	89,700	(2,004)	418,505
Exchange differences arising on translation of foreign operations	-	-	-	-	-	39,133	-	39,133	-	3,485	42,618
Share of exchange differences of joint ventures	-	-	-	-	-	170,221	-	170,221	-	-	170,221
Total comprehensive income for the year	-	-	-	-	-	209,354	330,809	540,163	89,700	1,481	631,344
Share repurchases (*note 27*)	(2,343)	-	(6,572)	-	-	-	(69,388)	(78,303)	-	-	(78,303)
Dividends recognised as distribution (*note 15*)	-	-	-	-	-	-	(48,071)	(48,071)	-	-	(48,071)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	-	(89,700)	-	(89,700)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(3,855)	(3,855)
At 31 March 2021	76,117	2,052,135	(6,572)	6,620	72,579	36,561	11,060,463	13,297,903	1,539,443	33,879	14,871,225

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 2021

	2021 HK$'000	2020 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	444,487	1,308,997
Adjustments for:		
Finance costs	275,280	333,897
Depreciation of property, plant and equipment	35,271	33,696
Gain on disposal of property, plant and equipment	–	(839)
Gain on disposal of a subsidiary	(18,289)	–
Gain on disposal of investment in an associate	(11,626)	–
Amortisation of financial guarantee contracts	(7,367)	(7,501)
Interest income	(170,981)	(163,276)
Forfeited deposits	(256)	(8,756)
(Net reversal of write-down) write-down of properties held for sale	(32,458)	345,853
Reversal of impairment loss on amount due from an associate	–	(424)
Share of results of joint ventures	(246,079)	(402,036)
Share of results of associates	(521)	(432)
(Increase) decrease in fair value of financial assets at FVTPL	(81,655)	257,966
Decrease in fair value of derivative financial instruments	62,064	36,881
Interest income from financial assets at FVTPL	(169,456)	(150,905)
Dividend income from financial assets at FVTPL	(59,762)	(21,124)
Operating cash flows before movements in working capital	18,652	1,561,997
(Increase) decrease in properties held for sale	(508,301)	129,766
Decrease in trade and other receivables	32,693	206,034
Decrease (increase) in financial assets at FVTPL	744,013	(533,247)
Increase in other payables and accruals	246,177	35,790
Decrease in contract liabilities	–	(1,041,353)
Decrease in contract costs	–	30,249
Increase in cash held by securities brokers	(31,467)	(3,533)
Net cash generated from operations	501,767	385,703
Income tax paid	(41,968)	(13,866)
NET CASH FROM OPERATING ACTIVITIES	459,799	371,837

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
INVESTING ACTIVITIES		
Investments in joint ventures	–	(44)
Advances to joint ventures	(875,444)	(844,354)
Repayments from joint ventures	255,920	500,582
Repayments (advances) to a non-controlling shareholders of subsidiary	3,470	(1,010)
Repayments from promissory rate receivables	–	30,000
Purchases of property, plant and equipment	(201)	(17,849)
Repayments from an associate	–	424
Advance to an associate	(1,582,652)	(8,000)
Dividends received from joint ventures	–	602,400
Dividends received from an associate	800	–
Interest received	21,025	44,666
Interest income received from financial assets at FVTPL	169,456	150,905
Dividend income received from financial assets at FVTPL	59,762	21,124
Loan receivables newly granted	(100,000)	(26,468)
Repayments from loan receivables	114,070	73,712
Proceeds on disposal of property, plant and equipment	–	4,170
Proceeds on disposal of a subsidiary	23,250	–
Proceeds on disposal of interest in an associate	12,734	–
(Investment in) disposal of financial assets at FVTPL	(19,998)	23,846
Settlement on derivative financial instruments	(26,134)	8,987
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(1,943,942)	563,091

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	NOTE	2021 HK$'000	2020 HK$'000
FINANCING ACTIVITIES			
Purchases of treasury shares		(6,572)	–
Repayments of bank borrowings		(2,505,083)	(5,339,381)
Repurchase of guaranteed notes		(64,740)	(25,740)
Payment for share purchase		(71,731)	(96,770)
Dividends paid		(48,071)	(70,615)
Dividends paid to non-controlling shareholders of subsidiaries		(3,855)	–
Advances from joint ventures		241,330	322,513
Repayments to joint ventures		(48,429)	(325,695)
Repayments to non-controlling shareholders of subsidiaries		(2,123)	–
New bank borrowings raised		3,174,269	6,312,910
Interest paid		(297,010)	(360,541)
Distribution to holders of perpetual capital securities	28	(89,700)	(89,700)
NET CASH FROM FINANCING ACTIVITIES		278,285	326,981
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,205,858)	1,261,909
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		2,668,787	1,406,878
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		1,462,929	2,668,787

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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 consider that Earnest Equity Limited, a private company incorporated in the British Virgin Islands ("BVI"), is its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, is its ultimate holding company. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director of the Company.

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

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

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

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

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

2.1 Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

2.1a Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.1b Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The Group has elected to apply the optional concentration test on the acquisition of Venus Fortune Limited as detailed in note 32 and concluded that such acquisition does not constitute a business.

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

2.2 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 and the related Amendments[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[6]
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions[1]
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[5]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[5]
Amendments to HKAS 8	Definition of Accounting Estimates[5]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single transaction[5]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[4]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[4]

1 Effective for annual periods beginning on or after 1 June 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 April 2021
4 Effective for annual periods beginning on or after 1 January 2022
5 Effective for annual periods beginning on or after 1 January 2023
6 Effective for annual periods beginning on or after a date to be determined

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

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

2.2 New and amendments to HKFRSs in issue but not yet effective (Continued)

2.2a Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 "Business Combinations" so that it refers to the "Conceptual Framework for Financial Reporting 2018" issued in June 2018 (the "Conceptual Framework") instead of "Framework for the Preparation and Presentation of Financial Statements" (replaced by the "Conceptual Framework for Financial Reporting 2010" issued in October 2010);

- add a requirement that, for transactions and other events within the scope of HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" or HK(IFRIC)-Int 21 "Levies", an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2.2b Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 "Financial Instruments: Disclosures" to accompany the amendments regarding modifications and hedge accounting.

- Modification of financial assets, financial liabilities and lease liabilities – A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

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

2.2 New and amendments to HKFRSs in issue but not yet effective (Continued)

2.2b Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 (Continued)

- Hedge accounting requirements – Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- Disclosures – The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 March 2021, the Group has several Hong Kong Interbank Offered Rate ("HIBOR") bank loans which may not be subject to interest rate benchmark reform. The Group expects no significant modification gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

2.2c 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 Group is in the process of assessing the impact on the financial position and performance of the Group.

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

2.2 New and amendments to HKFRSs in issue but not yet effective (Continued)

2.2d Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2021, the application of the amendments will not result in reclassification of the Group's liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the HKSE and by the Hong Kong Companies Ordinance.

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

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

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

For financial assets at FVTPL which are transacted at fair value and a valuation technique that uses unobservable input is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

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 and the fair value of any retained interest and any proceeds from disposing of 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

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" 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.

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 directly attributable expenses. Net realisable value is calculated at the actual or estimated selling price less the estimated selling expenses.

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 including borrowing cost capitalised where appropriate.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Leases

Definition of a lease

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 on or after the date of initial application or arising from business combinations, 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

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.

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.

The Group as a lessor

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.

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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Leases (Continued)

The Group as a lessor (Continued)

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.

Intangible assets

Intangible assets with indefinite useful lives (club membership) are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of intangible assets 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 arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customer. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

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 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.

A financial asset is held for trading if:

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "gains (losses) from investments". Dividend or interest income from financial assets is included in the "Income from investments".

Impairment of financial assets and financial guarantee contracts

The Group performs impairment assessment under ECL on financial assets (including trade and other 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 assessment 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

The Group always recognises lifetime ECL for trade receivables.

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, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

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

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

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

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

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

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

- 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

(i) Significant increase in credit risk (Continued)

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 for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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

(ii) Definition of default

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

(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.

(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 and 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

(v) Measurement and recognition of ECL (Continued)

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.

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 ECL 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial liabilities and equity

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 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 liabilities are initially measured at their fair values, and 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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Retirement benefits costs

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Short-term employee benefits

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

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

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before 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 ventures, 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Taxation (Continued)

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, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Foreign currencies (Continued)

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.

Impairment on property, plant and equipment 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 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). Intangible assets with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies (Continued)

Impairment on property, plant and equipment and intangible assets other than goodwill (Continued)

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.

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, the directors of the Company 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

Perpetual capital securities

Pursuant to the terms of the perpetual capital securities (as defined in note 28), a wholly-owned subsidiary of the Company, as an issuer of the perpetual capital securities, can at its option redeem the perpetual capital securities and at its discretion defer distributions on the perpetual capital securities. However, in those cases, the Company and the issuer will not be able to declare or pay any dividends to their ordinary shareholders if any distributions on the perpetual capital securities are unpaid or deferred. In the opinion of the directors of the Company, this restriction does not result in the Group having the obligation to redeem the perpetual capital securities or to pay distributions on the perpetual capital securities, and the perpetual capital securities contain no other features meeting the definition of a financial liability. Accordingly, the perpetual capital securities are classified as equity instruments. As at 31 March 2021, the carrying amounts of the perpetual capital securities are HK$1,539,443,000 (2020: HK$1,539,443,000).

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.

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

Key sources of estimation uncertainty (Continued)

Valuation of properties held for sale

As explained in note 3, the Group's properties held for sale with carrying amount of HK$12,179,207,000 (2020: HK$11,502,578,000) 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 and the costs to completion in cases for properties under development based on prevailing market conditions with reference to the valuations carried out by the independent and qualified 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 the properties held for sale would be recognised should the net realisable value be lower that the carrying amount.

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 2021, the directors of the Company determined there is clear evidence of a reversal of HK$49,752,000 (2020: HK$nil) because of the condition of the properties and a write-down of HK$17,294,000 (2020: HK$345,853,000) because of the negative impact arising from the ongoing COVID-19 pandemic. During the year ended 31 March 2021, a net reversal of write-down of the properties held for sale amounting to approximately HK$32,458,000 (2020: write-down of HK$345,853,000) 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 2021, investments in joint ventures with carrying amount of HK$4,743,982,000 (2020: HK$4,474,685,000) 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 2021, the amounts due from joint ventures with carrying amount of HK$5,983,637,000 (2020: HK$5,067,900,000) are measured at amortised cost using the effective interest method, less any ECL. 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 and forward-looking information that is reasonable supportable and available without undue cost or effort. No impairment loss on interests in joint ventures was considered to be necessary by management of the Group and the loss allowance on amounts due from joint ventures was considered not material at 31 March 2021 and 2020.

5. REVENUE

(i) Disaggregation of revenue

	2021 HK$'000	2020 HK$'000
Sales of properties held for sale - at a point in time	141,800	3,498,030
Rental income	226,912	211,926
	368,712	3,709,956

	Sales of properties held for sale	
	2021 HK$'000	2020 HK$'000
Geographical market		
Hong Kong	141,800	3,498,030

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

	2021 HK$'000	2020 HK$'000
Sales of properties held for sale		
Commercial property holding	141,800	2,612,622
Residential property holding	–	885,408
Revenue from contracts with customers	141,800	3,498,030
Rental income	226,912	211,926
Interest income and dividend income	229,218	172,029
Revenue disclosed in segment information	597,930	3,881,985

(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.

All contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. REVENUE (Continued)

(iv) Leases

	2021 HK$'000	2020 HK$'000
For operating leases:		
Lease payments that are fixed	226,912	211,926

During the year ended 31 March 2021, the Group granted one-off rent reduction for those lessees suffering loss during COVID-19 period amounting to HK$6,348,000 (2020: HK$800,000).

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 executive 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 and the People's Republic of China (the "PRC") excluding Macau;

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

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

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

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 2021					
EXTERNAL REVENUE					
Rental income	219,676	4,175	3,061	–	226,912
Sales of properties held for sale	141,800	–	–	–	141,800
Revenue of the Group	361,476	4,175	3,061	–	368,712
Interest income and dividend income	–	–	–	229,218	229,218
	361,476	4,175	3,061	229,218	597,930
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	75,565	265	–	–	75,830
Sales of properties held for sale	13,994	1,576,287	–	–	1,590,281
	89,559	1,576,552	–	–	1,666,111
Segment revenue	451,035	1,580,727	3,061	229,218	2,264,041
RESULTS					
Share of results of joint ventures *(note)*	(121,122)	367,201	–	–	246,079
Share of results of associates *(note)*	576	(55)	–	–	521
Segment profit (loss) excluding share of results of joint ventures and associates	322,735	(1,305)	609	206,664	528,703
Segment profit	202,189	365,841	609	206,664	775,303
Unallocated other income					39,197
Unallocated other gains and losses					19,125
Central administration costs					(113,858)
Finance costs					(275,280)
Profit before taxation					444,487

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 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

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 investment and development.

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 ventures, consultancy fee income, gain on disposal of investment in an associate, 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, amortisation of financial guarantee contracts and forfeited deposits) and of other gains and losses (primarily gain on disposal of property, plant and equipment, net exchange gain and gain on disposal of a subsidiary), central administrative costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2021 HK$'000	2020 HK$'000
Segment assets		
Commercial property holding	16,375,572	15,830,498
Residential property holding	8,323,556	5,402,406
Macau property holding	175,526	193,766
Securities investment	1,699,956	2,495,787
Total segment assets	26,574,610	23,922,457
Property, plant and equipment	262,165	297,235
Taxation recoverable	450	9,889
Cash held by securities brokers	37,899	6,432
Bank balances and cash	1,462,929	2,668,787
Other unallocated assets	305,894	207,732
Consolidated total assets	28,643,947	27,112,532
Segment liabilities		
Commercial property holding	578,447	520,820
Residential property holding	739,618	391,640
Macau property holding	61,536	61,428
Securities investment	173,528	113,164
Total segment liabilities	1,553,129	1,087,052
Guaranteed notes	1,859,520	1,924,260
Bank borrowings	10,079,443	9,327,963
Taxation payable	231,496	265,415
Other unallocated liabilities	49,134	48,032
Consolidated total liabilities	13,772,722	12,652,722

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 2021

	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	1,565,400	3,178,582	–	–	4,743,982	–	4,743,982
Amounts due from joint ventures	4,669,679	1,313,958	–	–	5,983,637	–	5,983,637
Amounts due to joint ventures	360,962	388,134	–	–	749,096	–	749,096
Interests in associates	5,009	357,145	–	–	362,154	–	362,154
Amounts due from associates	–	1,422,774	–	–	1,422,774	–	1,422,774
Net increase in fair value of financial assets at FVTPL or derivative financial instruments	–	–	–	19,591	19,591	–	19,591
Interest income from amounts due from joint ventures	97,500	50,883	–	–	148,383	1,573	149,956
Interest income from financial assets at FVTPL	–	–	–	169,456	169,456	–	169,456
Depreciation of property, plant and equipment	–	–	–	–	–	(35,271)	(35,271)
Net reversal of write-down of properties held for sale	32,458	–	–	–	32,458	–	32,458

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

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
Amounts due to joint ventures	347,742	208,453	–	–	556,195	–	556,195
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)
Interest 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)

Geographical information

The Group's operations in commercial property holding, residential property holding, Macau property holding and securities investment are mainly located in Hong Kong, the PRC (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)	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Hong Kong	238,713	3,618,713	4,383,179	3,979,852
PRC	126,938	88,291	997,037	997,035
Macau	3,061	2,952	–	–
	368,712	3,709,956	5,380,216	4,976,887

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.

	2021 HK$'000	2020 HK$'000
Buyer A[1]	141,800	–
Buyer B[1]	–	1,750,000
	141,800	1,750,000

[1] 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

	2021 HK$'000	2020 HK$'000
Income from investments includes the following:		
Interest income from financial assets at FVTPL	169,456	150,905
Dividend income from financial assets at FVTPL	59,762	21,124
	229,218	172,029
Gains (losses) from investments includes the following:		
Net change in fair value of financial assets at FVTPL		
– net realised gain (loss)	84,114	(36,825)
– net unrealised loss	(2,459)	(221,141)
Net change in fair value of derivative financial instruments		
– net realised (loss) gain	(26,133)	8,987
– net unrealised loss	(35,931)	(45,868)
	19,591	(294,847)

Note: Realised gain or loss represent amount realised when investments have been disposed. Unrealised gain or loss represent changes in fair value of the investments held at the end of the reporting period.

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

	2021 HK$'000	2020 HK$'000
Derivative financial instruments	(62,064)	(36,881)
Financial assets at FVTPL	310,873	(85,937)
	248,809	(122,818)

8. OTHER INCOME

	2021 HK$'000	2020 HK$'000
Bank interest income	12,357	29,970
Interest income from loan receivables	8,668	13,733
Interest income from amounts due from joint ventures	149,956	118,610
Interest income from promissory note	–	963
Amortisation of financial guarantee contracts	7,367	7,501
Assets management income	2,400	2,400
Consultancy fee income	6,093	24
Forfeited deposits	256	8,756
Others	10,549	9,751
	197,646	191,708

Total interest income of financial assets measured at amortised cost amounts to HK$170,981,000 (2020: HK$163,276,000) for the year ended 31 March 2021.

9. OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Write-off of deposit for properties held for sale	–	(30,560)
Gain on disposal of property, plant and equipment	–	839
Reversal of impairment loss on amount due from an associate	–	424
Gain on disposal of a subsidiary *(note i)*	18,289	–
Gain on disposal of investment in an associate *(note ii)*	11,626	–
Net exchange gain	836	15,976
	30,751	(13,321)

Notes:

i. During the year ended 31 March 2021, the Group disposed its entire equity interest in a wholly-owned subsidiary, which holds a vessel, to a third party for a consideration of HK$23,250,000. The carrying amount of the net assets of this subsidiary was HK$4,870,000, with HK$91,000 transaction cost and hence a gain arising on this disposal amounted to HK$18,289,000 was recognised in the profit or loss in current year.

ii. During the year ended 31 March 2021, the Group disposed its entire 16.58% equity interest in an associate, which principally engaged in the operation of clubs, entertainment and restaurant business in Hong Kong, to a third party, for a consideration of HK$12,734,000. The carrying amount of the Group's interest in this associate was HK$1,108,000, and hence a gain arising on this disposal amounted to HK$11,626,000 was recognised in the profit or loss in current year.

10. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interests on:		
Bank borrowings	198,532	264,486
Loan from a joint venture partner	1,918	–
Guaranteed notes	90,638	94,947
Total borrowing costs	291,088	359,433
Less: Amounts capitalised in the cost of qualifying assets	(15,808)	(25,536)
	275,280	333,897

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Capitalisation rate of borrowing costs to expenditure on qualifying assets ranged from 1.30% to 3.73% (2020: 2.62% to 4.51%) per annum for the year ended 31 March 2021.

11. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
The charge (credit) comprises:		
Hong Kong Profits Tax		
– Current year	17,166	71,016
– Under (over) provision in prior years	322	(13,350)
Macau Complementary Tax		
– Current year	–	10
	17,488	57,676
Deferred taxation *(note 31)*	8,494	7,593
	25,982	65,269

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.

11. INCOME TAX EXPENSE (Continued)

According to the budget for the financial year 2021 approved by the Macau Legislative Assembly, the tax-free income threshold for complementary tax has been increased from MOP32,000 to MOP600,000 for income derived in the tax year of 2020.

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 of the qualifying group entity 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.

Under the Law of the PRC on enterprise income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

	2021 HK$'000	2020 HK$'000
Profit before taxation	444,487	1,308,997
Taxation at Hong Kong Profits Tax rate of 16.5%	73,340	215,985
Tax effect of expenses not deductible for tax purpose	18,556	232,905
Tax effect of income not taxable for tax purpose	(58,412)	(342,313)
Tax effect of share of results of joint ventures	(40,603)	(66,336)
Tax effect of share of results of associates	(86)	(71)
Effect of tax concession	(165)	(126)
Tax effect of tax losses not recognised	38,348	43,353
Utilisation of tax losses previously not recognised	(5,318)	(4,778)
Under (over) provision in prior years	322	(13,350)
Income tax expense for the year	25,982	65,269

12. PROFIT FOR THE YEAR

	2021 HK$'000	2020 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration *(note 13)*	33,445	56,371
Other staff costs:		
Salaries and other benefits	55,774	71,779
Performance-related incentive bonus	9,435	15,472
Contributions to retirement benefits schemes	5,266	4,371
	70,475	91,622
Total staff costs	103,920	147,993
Auditor's remuneration – audit services	3,760	3,792
Cost of properties held for sale recognised as an expense	122,909	1,764,879
Depreciation of property, plant and equipment	35,271	33,696
(Net reversal of write-down) write-down of properties held for sale (included in cost of sales)	(32,458)	345,853

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of eight (2020: eight) directors were as follows:

For the year ended 31 March 2021

	Executive Directors				Independent Non-executive Directors				
	Mr. Chung Cho Yee, Mico HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Fong Man Bun, Jimmy HK$'000	Dr. Lam Lee G. HK$'000	Mr. Cheng Yuk Wo HK$'000	Dr. Lo Wing Yan, William HK$'000	Hon. Shek Lai Him, Abraham HK$'000	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)*	2,550	1,280	905	2,263	–	–	–	–	6,998
Contributions to retirement benefits schemes	18	306	231	244	–	–	–	–	799
	14,805	6,707	4,756	6,377	200	200	200	200	33,445

For the year ended 31 March 2020

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

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.

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 (2020: four) were directors of the Company whose emoluments are included in note 13 above. The emolument of the remaining one (2020: one) individual was as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other benefits	3,000	3,000
Performance-related incentive bonus *(note)*	250	625
Contributions to retirement benefits schemes	183	160
	3,433	3,785

Emolument was within the following band:

	2021 Number of employee	2020 Number of employee
HK$3,000,001 to HK$3,500,000	1	–
HK$3,500,001 to HK$4,000,000	–	1

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

15. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends recognised as distribution during the year		
– Final dividend of HK0.50 cents per share in respect of financial year ended 31 March 2020 (2020: Final dividend of HK0.72 cents per share in respect of financial year ended 31 March 2019)	48,071	70,615
Dividends proposed after the end of the reporting period		
– Final dividend of HK0.42 cents per share (2020: Final dividend of HK0.50 cents per share)	39,853	48,988

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:

	2021 HK$'000	2020 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	330,809	1,155,643
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share (in thousands)	9,649,087	9,814,897

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 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
Additions	–	201	–	–	–	201
Disposal of a subsidiary	–	–	–	–	(44,537)	(44,537)
At 31 March 2021	303,998	25,415	1,289	11,077	81,682	423,461
DEPRECIATION						
At 1 April 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
Provided for the year	14,904	2,309	2	1,760	16,296	35,271
Eliminated on disposal of a subsidiary	–	–	–	–	(44,537)	(44,537)
At 31 March 2021	98,166	20,518	1,048	10,130	31,434	161,296
CARRYING VALUES						
At 31 March 2021	205,832	4,897	241	947	50,248	262,165
At 31 March 2020	220,736	7,005	243	2,707	66,544	297,235

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 35.

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases and other leases	**1,589**	5,317
Total cash outflows for leases	**1,589**	5,317

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL comprise:

	2021 HK$'000	2020 HK$'000
Listed equity securities *(note i)*	91,628	45,622
Unlisted equity securities/limited partnership *(note ii)*	185,334	173,984
Unlisted mutual funds *(note iii)*	10,361	52,924
Listed debt securities *(note iv)*	1,334,953	2,070,735
Unlisted debt security *(note v)*	78,629	–
	1,700,905	2,343,265
Total and reported as:		
Listed		
Hong Kong	457,782	518,941
Singapore	525,007	703,859
Elsewhere	443,792	893,557
Unlisted	274,324	226,908
	1,700,905	2,343,265
Analysed for reporting purposes as:		
Non-current assets	180,350	170,955
Current assets	1,520,555	2,172,310
	1,700,905	2,343,265

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 2021 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.

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

Notes: (Continued)

(iv) The listed debt securities at 31 March 2021 represented bonds with fixed interest of 4.75% to 15% (2020: 4.75% to 15%) per annum. The maturity dates of the listed debt securities range from 9 June 2021 to perpetual (2020: 21 May 2020 to perpetual). Their fair values are determined based on quoted market bid prices available from the market.

The summary of listed debt securities of financial assets at FVTPL as at 31 March 2021 and 2020 and their corresponding unrealised gain (loss) and interest income for the years ended 31 March 2021 and 2020 are as follows:

	As at 31 March 2021				As at 31 March 2020			
	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	1,137,464	1,688	195,801	1,334,953	1,890,973	16,552	163,210	2,070,735
Coupon rate per annum	5.75% to 15%	7.5%	4.75% to 11%	4.75% to 15%	4.85% to 15%	5.375% to 7.5%	4.75% to 11%	4.75% to 15%
Maturity	June 2021 – Perpetual	Perpetual	June 2021 – December 2022	June 2021 – Perpetual	May 2020 – December 2026	July 2022 – Perpetual	November 2020 – June 2022	May 2020 – Perpetual
Rating	NR to BB	BB-	NR to BB	NR to BB	NR to BB	BB- to BB+	NR to BBB+	NR to BBB+
Credited (charged) to profit or loss								
Interest income	154,372	280	14,804	169,456	135,739	956	14,210	150,905
Unrealised (loss) gain	(1,105)	115	22,506	21,516	(170,137)	(1,354)	(13,849)	(185,340)

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

Notes: (Continued)

(iv) (Continued)

The five largest listed debt securities held as at 31 March 2021 and 2020 are as follows:

	Market value as at 31 March 2021 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2021 HK$'000	Unrealised gain (loss) for the year ended 31 March 2021 HK$'000
11% notes due in December 2022 issued by VCREDIT Holdings Limited	114,575	8.6%	–	17,754
15% notes due in October 2021 issued by Cheergain Group Limited	107,640	8.1%	17,603	(6,491)
9.375% notes due in June 2024 issued by Kaisa Group Holdings Limited	89,768	6.7%	8,775	18,130
7.5% notes due in June 2022 issued by Hopson Development Holdings Limited	89,092	6.7%	6,522	8,870
6.7% notes due in April 2022 issued by Guangzhou R&F Properties Co., Ltd.	78,000	5.8%	–	–

	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 Ltd	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)

The fair value of each of remaining debts investments represented less than 1% of the total assets of the Group as at 31 March 2021. Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in note 35.

(v) The unlisted debt security as at 31 March 2021 represented an investment in a 14.5% senior note due June 2021 of United States Dollar ("US$") 10,000,000 (equivalent to HK$78,000,000) out of total principal amount of US$90,000,000 issued by a limited liability company incorporated in the British Virgin Islands.

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

	2021 HK$'000	2020 HK$'000
Costs of unlisted investments in joint ventures	4,118,661	4,118,661
Share of post-acquisition losses, net of dividend received	(69,121)	(73,024)
Exchange difference arising on translation	22,727	(147,494)
Deemed capital contribution – financial guarantee contracts	32,748	33,494
Deemed capital contribution – interest-free loans *(note i)*	638,967	543,048
	4,743,982	4,474,685
Amounts due from joint ventures included in non-current assets *(note i)*	5,983,637	5,067,900
Amounts due to joint ventures included in current liabilities *(note ii)*	749,096	556,195

Notes:

(i) Included in the amounts due from joint ventures as at 31 March 2021, there are principal amounts of HK$2,972,148,000 (2020: HK$3,014,054,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (2020: 1% to 3% and 4.875%) per annum and repayable after one year. The remaining amounts with principal of HK$3,836,895,000 (2020: HK$2,922,248,000) 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$3,363,665,000 (2020: HK$2,544,937,000) 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 2021, there are share of loss of joint ventures of HK$352,176,000 (2020: HK$491,091,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations.

During the year ended 31 March 2021 and 2020, there is no impairment loss made individually on the amount due from joint ventures which had been determined by assessing the ECL allowance by management. Details are set out in note 41.

(ii) Included in the amounts due to joint ventures as at 31 March 2021, there is principal amount of HK$108,700,000 (2020: HK$nil), which is unsecured, bear interest at 2% per annum and repayable on demand. The remaining 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 2021 and 2020 were carried out by the independent and qualified 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 2021 and 2020, 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
					2021	2020	2021	2020	
Chater Capital Limited and its subsidiaries	Incorporated	BVI	PRC	Ordinary	50%	50%	50% (note)	50% (note)	Property holding
Southwater Investments Limited and its subsidiaries	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
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	50% (note)	50% (note)	Property holding

Note: Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the 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 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

	2021 HK$'000	2020 HK$'000
Current assets	2,482,769	3,002,926
Non-current assets	890,204	300,657
Current liabilities	(657,417)	(1,058,952)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	460,771	577,413
Current financial liabilities (excluding trade and other payables and provisions)	(623,097)	(759,199)

As at 31 March 2021, current assets mainly comprised of cash and cash equivalents of HK$460,771,000 (2020: HK$577,413,000) and property held for sale of HK$34,536,000 (2020: HK$343,018,000). Current liabilities as at 31 March 2021 comprised of advances from customers of HK$34,190,000 (2020: HK$299,624,000).

	2021 HK$'000	2020 HK$'000
Revenue	915,372	777,137
Profit for the year	277,692	89,359
Other comprehensive income (expense) for the year	193,226	(137,980)
Total comprehensive income (expense) for the year	470,918	(48,621)
The above profit for the year include the following:		
Depreciation and amortisation	5	14

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:

	2021 HK$'000	2020 HK$'000
Net assets of the joint venture	2,715,556	2,244,631
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,357,778	1,122,316
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	1,363,338	1,127,876

Southwater Investments Limited

	2021 HK$'000	2020 HK$'000
Current assets	11,647,774	11,170,858
Non-current assets	48	39
Current liabilities	(48,524)	(29,082)
Non-current liabilities	(9,331,020)	(8,873,235)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	15,295	17,852
Current financial liabilities (excluding trade and other payables and provisions)	(2,154)	(1,413)
Non-current financial liabilities (excluding trade and other payables and provisions)	(9,331,020)	(8,944,574)

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 2021, current assets mainly comprised of cash and cash equivalents of HK$15,295,000 (2020: HK$17,852,000) and property held for sale under development of HK$11,632,000,000 (2020: HK$11,153,000,000). Non-current liabilities as at 31 March 2021 comprised of a bank loan of HK$4,873,170,000 (2020: HK$4,610,386,000) and loan from shareholders of HK$4,457,850,000 (2020: HK$4,262,849,000).

	2021 HK$'000	2020 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(302)	(75)

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

	2021 HK$'000	2020 HK$'000
Net assets of the joint venture	2,268,278	2,268,580
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,134,139	1,134,290
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	1,151,389	1,085,828

Great Maker Limited

	2021 HK$'000	2020 HK$'000
Current assets	2,052,437	2,090,720
Current liabilities	(2,000,155)	(2,046,949)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	23,876	38,950

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

Summarised financial information of material joint ventures (Continued)

Great Maker Limited (Continued)

As at 31 March 2021, current assets mainly comprised of cash and cash equivalents of HK$23,876,000 (2020: HK$38,950,000) and property held for sale under development of HK$2,027,070,000 (2020: HK$2,048,876,000). Current liabilities as at 31 March 2021 comprised of advances from customers of HK$8,833,000 (2020: HK$5,508,000) and loan from shareholders of HK$1,976,406,000 (2020: HK$1,616,406,000).

	2021 HK$'000	2020 HK$'000
Revenue	46,647	4,602,780
Profit and total comprehensive income for the year	8,511	2,044,304
Dividend received from joint venture during the year	–	600,000
The above profit for the year include the following:		
Interest expense	–	399
Income tax expense	1,595	403,368

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

	2021 HK$'000	2020 HK$'000
Net assets of the joint venture	52,282	43,771
Proportion of the Group's ownership interest in the joint venture	30%	30%
	15,685	13,131
Deemed capital contribution – financial guarantee contracts	1,716	1,716
Carrying amount of the Group's interest in the joint venture	17,401	14,847

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

Summarised financial information of material joint ventures (Continued)

Eagle Wonder Limited

	2021 HK$'000	2020 HK$'000
Current assets	1,618,095	2,539,593
Current liabilities	(1,126,415)	(2,198,057)
Non-current liabilities	(759,111)	(918,228)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	242,143	114,009
Current financial liabilities (excluding trade and other payables and provisions)	(1,021,235)	(2,055,390)
Non-current financial liabilities (excluding trade and other payables and provisions)	(759,111)	(918,228)

As at 31 March 2021, current assets mainly comprised of cash and cash equivalents of HK$242,143,000 (2020: HK$114,009,000) and property held for sale of HK$1,374,076,000 (2020: HK$2,421,430,000). Current liabilities as at 31 March 2021 comprised of advances from customers of HK$nil (2020: HK$44,113,000).

	2021 HK$'000	2020 HK$'000
Revenue	1,546,356	340
Profit and total comprehensive income (expense) for the year	309,261	(146,843)
The above profit for the year include the following:		
Interest income	1	1
Interest expense	102,226	126,084
Income tax expense	12,452	–

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

Summarised financial information of material joint ventures (Continued)

Eagle Wonder 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:

	2021 HK$'000	2020 HK$'000
Net liabilities of the joint venture	(267,431)	(576,692)
Proportion of the Group's ownership interest in the joint venture	60%	60%
	(160,459)	(346,015)
Deemed capital contribution – financial guarantee contracts	1,680	1,680
Carrying amount of the Group's interest in the joint venture	(158,779)	(344,335)

The share of loss of joint venture of HK$160,459,000 (2020: HK$346,015,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations and deducted in the amounts due from joint venture as at 31 March 2021.

Aggregate information of joint ventures that are not individually material

	2021 HK$'000	2020 HK$'000
The Group's share of loss	(154,333)	(167,791)
The Group's share of other comprehensive income (expense)	73,608	(49,314)
The Group's share of total comprehensive expense	(80,725)	(217,105)
Dividends received from a joint venture during the year *(note)*	104,000	2,400

Note:

During the year ended 31 March 2021, the Company received HK$104,000,000 dividend income through current account with joint venture.

The individual joint venture represents less than 10% of net asset value of the Group as at 31 March 2021. In the opinion of the directors of the Group, to give details of other joint ventures would result in particulars of excessive length.

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

	2021 HK$'000	2020 HK$'000
Costs of unlisted investments in associates	190,456	196,227
Share of post-acquisition losses and other comprehensive expense, net of dividend received	(4,018)	(9,510)
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans *(note)*	175,139	5,758
	362,154	193,052
Amounts due from associates included in non-current assets *(note)*	1,422,774	10,611

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 2021, principals of HK$1,597,913,000 (2020: HK$16,369,000) 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$1,422,774,000 (2020: HK$10,611,000) 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 2021, no impairment loss (2020: reversal of HK$424,000) was made individually on the amount due from an associate which had been determined by assessing the ECL allowance by management. Details are set out in note 41.

At 31 March 2021 and 2020, 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
					2021	2020	2021	2020	
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.

During the year ended 31 March 2021, an immaterial associate has been disposed. The gain on disposal is disclosed in note 9.

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

Summarised financial information of material associate

Summarised financial information in respect 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

	2021 HK$'000	2020 HK$'000
Current assets	1,986,067	1,917,330
Current liabilities	(1,076,034)	(1,007,029)

As at 31 March 2021, current assets mainly comprised of properties held for sale of HK$1,979,331,000 (2020: HK$1,908,465,000), and current liabilities as at 31 March 2021 comprised of amounts due to shareholders of HK$111,714,000 (2020: HK$81,714,000) and bank borrowings of HK$958,367,000 (2020: HK$915,330,000).

	2021 HK$'000	2020 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(268)	(607)

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

	2021 HK$'000	2020 HK$'000
Net assets of the associate	910,033	910,301
Proportion of the Group's ownership interest in the associate	20%	20%
	182,007	182,060
Deemed capital contribution – financial guarantee contracts	577	577
Deemed capital contribution – interest-free loans	7,185	3,956
Carrying amount of the Group's interest in the associate	189,769	186,593

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

	2021 HK$'000	2020 HK$'000
The Group's share of profit and total comprehensive income for the year	575	553
Dividends received from an associate during the year	800	–

The individual associate represents less than 10% of net asset value of the Group as at 31 March 2021. In the opinion of the directors of the Group, to give details of other associates would result in particulars of excessive length.

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

	2021 HK$'000	2020 HK$'000
Loan receivables	234,585	248,655
Analysed for reporting purposes as:		
Current assets	104,902	45,407
Non-current assets	129,683	203,248
	234,585	248,655

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. As at 31 March 2021, the loan receivables included the carrying amount of HK$134,585,000 (2020: HK$248,655,000) which is mortgage loans over the properties held by the purchasers and are receivable by instalments over a period of not more than 20 years and the carrying amount of HK$100,000,000 (2020: HK$nil) which is secured by share charge of a company owned by the borrower and the company is also the registered owner of property.

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 2021, the range of interest rate on the Group's loan receivables is fixed at 10% to 15% or ranging from prime rate less 2.5% to plus 1% (2020: fixed at 10% or ranging from prime rate less 2.5% to plus 1%) per annum. Including in loan receivables as at 31 March 2021, there were loan receivables with carrying amounts of HK$129,683,000 (2020: HK$203,248,000), which was repayable more than twelve months after the reporting period, 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.

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 (2020: 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:

	2021 HK$'000	2020 HK$'000
Trade receivables:		
0 - 30 days	7,339	11,256
31 - 90 days	670	5,763
	8,009	17,019
Prepayments and deposits	37,504	44,278
Other receivables *(note)*	195,832	212,761
	241,345	274,058

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 credit-impaired and had no default record based on historical information.

Note: As at 31 March 2021, other receivables mainly comprised of refundable stamp duty for redevelopment of commercial properties amounting to HK$113,060,000 (2020: HK$46,608,000) and proceeds held under the custody of the independent lawyers on behalf of the Group from the sales of properties held for sale amounting to HK$nil (2020: HK$148,836,000).

23. PROPERTIES HELD FOR SALE

	2021 HK$'000	2020 HK$'000
The Group's carrying amounts of properties held for sale, stated at lower of cost and net realisable value, comprise:		
– Completed properties	10,623,472	10,545,150
– Properties under development	1,555,735	957,428
	12,179,207	11,502,578

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

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 35.

Valuation of the properties held for sale as at 31 March 2021 and 2020 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 expected to complete the development to reflect the quality of the completed development.

Based on the assessment carried out by the directors of the Company, a net reversal of write-down of HK$32,458,000 (2020: write-down of HK$345,853,000), comprising a reversal of HK$49,752,000 (2020: HK$nil) because of the condition of the properties and a write-down of HK$11,894,000 (2020: HK$333,087,000) for properties located in Hong Kong and a write-down of HK$5,400,000 (2020: HK$12,766,000) located in Macau because of the negative impact arising from the ongoing COVID-19 pandemic, is recognised in the cost of sales for the year ended 31 March 2021. All impaired units are commercial properties.

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

Cash held by securities brokers are short-term deposits which carried variable interest rates ranging from 0.0001% to 0.025% (2020: 0.001% 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:

	2021 HK$'000	2020 HK$'000
United States dollars ("US$")	8,766	5,283

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 0.0001% to 2.39% (2020: 0.2% to 2.67%) 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:

	2021 HK$'000	2020 HK$'000
Renminbi ("RMB")	1,755	965
US$	394,935	160,790
Euro ("EUR")	8,456	8,488
Great British Pound ("GBP")	24,307	12,893
Australian Dollars ("AUD")	26,107	26,109
	455,560	209,245

25. OTHER PAYABLES AND ACCRUALS

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

	2021 HK$'000	2020 HK$'000
Rental and related deposits received	130,479	83,782
Other tax payables	2,149	2,283
Deferred income of financial guarantee contracts to joint ventures	11,205	18,728
Interest payables	24,339	30,261
Accrued construction costs	261,641	116,484
Accrued consultancy fee	–	2,657
Accruals and other payables	148,267	91,908
	578,080	346,103

26. BANK BORROWINGS

	2021 HK$'000	2020 HK$'000
The carrying amounts of the Group's borrowings are repayable based on scheduled repayment dates as follows:		
Within one year	919,793	1,075,891
More than one year, but not exceeding two years	1,812,254	1,861,348
More than two years, but not exceeding five years	6,552,280	5,654,731
	9,284,327	8,591,970
The carrying amounts of the Group's borrowings that contain a repayment on demand clause in the loan agreements are repayable as follow:		
Within one year	795,116	735,993
	10,079,443	9,327,963
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	(1,714,909)	(1,811,884)
Amounts shown under non-current liabilities	8,364,534	7,516,079
Secured *(note)*	7,755,243	6,866,617
Unsecured	2,324,200	2,461,346
	10,079,443	9,327,963

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 (2020: property, plant and equipment, properties held for sale and financial asset at FVTPL). The carrying amounts of the assets pledged are disclosed in note 35.

As at 31 March 2021, the bank borrowings of HK$251,952,000 (2020: HK$96,704,000), HK$nil (2020: HK$98,368,000) and HK$101,810,000 (2020: HK$91,612,000) are denominated in AUD, US$ and GBP respectively.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK$9,356,798,000 as at 31 March 2021 (2020: HK$8,644,479,000) bore interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 1% to 2.05% (2020: HIBOR plus 0.2% to 2.15%) per annum and borrowings amounting to HK$722,645,000 (2020: HK$683,484,000) bore interest at the quoted Loan Prime Rate by the National Interbank Funding Center or the Shanghai Interbank Offered Rate plus a fixed margin. At 31 March 2021, the effective interest rates ranged from 0.60% to 5.94% (2020: 1.21% to 5.94%) per annum.

27. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2019, 31 March 2020, 1 April 2020 and 31 March 2021	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2019	10,037,089,676	80,296
Shares repurchased and cancelled	(229,520,000)	(1,836)
At 31 March 2020 and 1 April 2020	9,807,569,676	78,460
Shares repurchased and cancelled	(292,890,000)	(2,343)
At 31 March 2021	9,514,679,676	76,117

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 2021, the Company repurchased 292,890,000 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$71,731,000 was deducted from equity holder's equity.

Month of repurchase	Number of ordinary shares repurchased	Price per share Highest HK$	Price per share Lowest HK$	Aggregate price paid HK$'000
April 2020	9,940,000	0.270	0.265	2,671
June 2020	14,000,000	0.244	0.237	3,414
July 2020	168,490,000	0.250	0.237	41,718
August 2020	1,000,000	0.238	0.238	239
December 2020	24,940,000	0.240	0.228	5,871
January 2021	72,720,000	0.241	0.236	17,402
February 2021	1,800,000	0.230	0.230	416

The Company had repurchased 25,960,000 of its own shares amounting to HK$6,572,000 through the HKSE, which have not yet been cancelled as at 31 March 2021. The shares were subsequently cancelled on 1 April 2021 and 19 April 2021.

28. PERPETUAL CAPITAL SECURITIES

On 20 September 2017, a wholly-owned subsidiary of the Company, Estate Sky Limited ("ESL"), issued perpetual capital securities, with an aggregate principal amount of US$200,000,000 (equivalent to approximately HK$1,560,000,000) ("Perpetual Capital Securities"), of which the Company is the guarantor. The proceeds from the issuance of the Perpetual Capital Securities after netting off the issuance cost was US$197,004,000 (equivalent to approximately HK$1,536,629,000). As at 31 March 2021, the Perpetual Capital Securities was carried at HK$1,539,443,000 (2020: HK$1,539,443,000).

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 2021, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK$89,700,000 (2020: HK$89,700,000).

29. GUARANTEED NOTES

On 8 August 2016, ESL issued guaranteed notes, which the Company is the guarantor, in the aggregate principal amount of US$250,000,000 (equivalent to approximately HK$1,950,000,000) at an interest rate of 4.875% per annum, payable semi-annually in arrears. The guaranteed notes will mature on 8 August 2021. During the year ended 31 March 2021, the Group redeemed and cancelled US$8,300,000 (equivalent to approximately HK$64,740,000) of the guaranteed notes (2020: US$3,300,000 (equivalent to approximately HK$25,740,000)).

The guaranteed notes were listed on the Singapore Exchange and the fair value was HK$1,821,177,000 as at 31 March 2021 (2020: HK$1,899,312,000).

30. DERIVATIVE FINANCIAL INSTRUMENTS

	2021 HK$'000	2020 HK$'000
Derivative financial liabilities		
– Interest rate swaps	81,798	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

	2021	2020
Notional amount (HK$'000)	3,500,000	3,000,000
Notional amount (GBP'000)	10,000	10,000
Maturity date	2 May 2023 – 20 September 2027	27 September 2024 – 20 September 2027
Strike rate (fixed rate range)	0.688% – 1.66%	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$62,064,000 is recognised in profit or loss (2020: HK$36,881,000).

Details of the fair value measurement of the derivative contracts and investments are set out in note 41.

31. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 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
Charge (credit) to consolidated statement of profit or loss for the year	8,872	(378)	8,494
At 31 March 2021	36,668	(8,589)	28,079

31. DEFERRED TAXATION (Continued)

As at 31 March 2021, the Group had unused tax losses of approximately HK$917,464,000 (2020: HK$723,334,000) 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$52,056,000 (2020: HK$49,767,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$865,408,000 (2020: HK$673,567,000) due to unpredictability of future profits streams. The unrecognised tax losses in Hong Kong amounted to HK$790,505,000 (2020: HK$625,959,000) can be carried forward indefinitely. The unrecognised tax losses arising from subsidiaries operated in the PRC will expire as follows:

Tax losses expiring in

	2021 HK$'000	2020 HK$'000
2021	–	4,477
2022	–	1,414
2023	–	–
2024	–	1,888
2025	43,058	39,829
2026	31,845	–
	74,903	47,608

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2021, no deferred taxation regarding such withholding tax has been provided as the PRC subsidiaries have accumulated losses and have no retained profits available for distribution (2020: HK$nil).

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

32. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2021

Acquisition of Venus Fortune Limited (the "2021 Acquired Subsidiary")

During the year ended 31 March 2021, the Group completed the acquisition of the entire equity interest in the 2021 Acquired Subsidiary through a wholly-owned subsidiary for a total cash consideration of HK$97,119,000 from the joint venture partner of the Company. The Group elected to apply the optional concentration test in accordance with HKFRS 3 "Business Combinations" and concluded that the property held for sales is considered a single identifiable asset.

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

For the year ended 31 March 2021 (Continued)

Acquisition of Venus Fortune Limited (the "2021 Acquired Subsidiary") (Continued)

Consequently, the Group determined that substantially all of the fair value of the gross assets (excluding cash and cash equivalents, if any) acquired is concentrated in a single identifiable asset and concluded that the acquired set of activities and assets is not a business.

The transaction was accounted for as an acquisition of property held for sales in the ordinary course of the Group's property sale business.

The net assets acquired in the 2021 Acquired Subsidiary as follow:

	HK$'000
Property held for sale	327,634
Shareholder's loan	(117,264)
Other payables	(515)
Bank borrowings	(230,000)
	(20,145)
Assignment of shareholder's loan	117,264
	97,119
Total consideration satisfied by:	
Cash paid	97,119
Cash outflow arising on acquisition:	
Cash consideration paid	97,119

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 as prescribed in HKFRS 3. The transactions were accounted for as acquisition of properties held for sales in the ordinary course of the Group's property sale business.

32. 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 as follow:

	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

33. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2021

Disposals of Ace Crest Land Limited and Victory Ease Limited (the "2021 Disposed Subsidiaries")

During the year ended 31 March 2021, the Group disposed of the entire interests in the 2021 Disposed Subsidiaries for a total cash consideration of HK$140,583,000. Since the 2021 Disposed Subsidiaries were principally engaged in 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 2021 Disposed Subsidiaries. Accordingly, the Group had accounted for the disposal of the 2021 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.

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

For the year ended 31 March 2021 (Continued)

Disposals of Ace Crest Land Limited and Victory Ease Limited (the "2021 Disposed Subsidiaries") (Continued)

The amounts of the assets and liabilities attributable to the 2021 Disposed Subsidiaries on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Properties held for sale	122,909
Other receivables	56
Other payables	(490)
Taxation payables	(783)
	121,692
Transaction cost for disposal of the 2021 Disposed Subsidiaries	1,358
Gross profit on disposal	17,533
Total consideration satisfied by:	
Cash received	140,583
Net cash inflow arising on disposal:	
Cash consideration received	140,583

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.

33. 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

34. FINANCIAL GUARANTEE CONTRACTS

	2021 HK$'000	2020 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	8,010,859	8,736,144
An associate	282,854	282,854
	8,293,713	9,018,998
and utilised by:		
Joint ventures	6,716,533	7,273,690
An associate	192,280	183,066
	6,908,813	7,456,756

The directors of the Company have performed impairment assessment of the joint ventures and an associate at the end of the reporting period as well as assessing that ECL allowance in relation to the guarantees is not material. Included in other payables and accruals represents deferred income in respect of financial guarantee contracts given to joint ventures amounted to HK$11,205,000 (2020: HK$18,728,000).

35. PLEDGE OF ASSETS

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

	2021 HK$'000	2020 HK$'000
Property, plant and equipment	208,249	224,819
Properties held for sale	11,928,292	10,966,083
Financial assets at FVTPL	306,188	289,328
	12,442,729	11,480,230

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

36. OPERATING LEASE COMMITMENTS

Operating lease commitments

The Group as lessor

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

Minimum lease payments receivable on leases are as follows:

	2021 HK$'000	2020 HK$'000
Within one year	**283,631**	266,263
In the second year	**169,855**	216,750
In the third year	**108,359**	108,978
In the fourth year	**88,034**	46,654
In the fifth year	**48,721**	35,309
After five years	**170,114**	140,190
	868,714	814,144

Certain of the properties, which are classified as properties held for sale, have committed tenants for the next two to five years.

37. RETIREMENT BENEFITS SCHEMES

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

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

37. RETIREMENT BENEFITS SCHEMES (Continued)

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

The retirement benefits scheme contributions relating to the MPF Scheme, stated-managed retirement benefits schemes and defined contribution retirement scheme in Macau charged to the current year's consolidated statement of profit or loss of HK$6,065,000 (2020: HK$5,149,000) represented contributions paid and payable to the schemes by the Group at rates specified in the rules of the schemes.

38. RELATED PARTY DISCLOSURES

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

		2021 HK$'000	2020 HK$'000
Joint ventures	Interest income	149,956	118,610
Joint ventures	Assets management income	2,400	2,400

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

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

	2021 HK$'000	2020 HK$'000
Short-term benefits	35,896	59,218
Post-employment benefits	982	938
	36,878	60,156

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

39. SHARE OPTION SCHEMES

2012 Scheme

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

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

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the 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 2021 and 2020, no share options were granted under the 2012 Scheme by the Company. As at 31 March 2021 and 2020, none of the share options had been granted.

40. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the amounts due to joint ventures, amounts due to non-controlling shareholders of subsidiaries, bank borrowings and guaranteed notes disclosed in notes 19, 38(b), 26 and 29 net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and retained profits.

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

41. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Financial assets at FVTPL		
Financial assets mandatory measured at FVTPL	1,700,905	2,343,265
Financial assets at amortised cost	9,345,665	8,235,635
Financial liabilities		
At amortised cost	13,008,087	12,089,794
Derivative financial instruments	81,798	45,868
Financial guarantee contracts	11,205	18,728

(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 24 and 29 respectively.

41. 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	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
RMB	1,755	965	–	–
US$	403,701	166,073	1,859,520	2,022,628
EUR	8,456	8,488	–	–
GBP	24,307	12,893	101,810	91,612
AUD	26,107	26,109	251,952	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 financial assets at FVTPL, guaranteed notes issued by ESL and derivative financial instruments as set out in notes 18, 29 and 30 respectively. Besides, the Group is also exposed to the cash flow interest rate risk in relation to amounts due from joint ventures and loan receivables as set out in notes 19 and 21.

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 (2020: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2020: 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 (2020: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2021 would increase/decrease by HK$1,253,000 (2020: HK$2,334,000).

41. 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 (2020: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2021 would decrease/increase by HK$38,502,000 (2020: HK$35,163,000).

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% (2020: 5%) higher/lower, post-tax profit for the year ended 31 March 2021 would increase/decrease by HK$11,996,000 (2020: increase/decrease by HK$11,378,000) 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% (2020: 5%) higher/lower, post-tax profit for the year ended 31 March 2021 would increase/decrease by HK$59,017,000 (2020: increase/decrease by HK$86,453,000) 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.

41. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment

As at 31 March 2021, 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 34.

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 by the Group to banks to secure the banking facilities granted to joint ventures and associates of the Group, the directors of the Company consider the credit risk is limited because the joint ventures and associates either have strong financial positions or the value of properties held by respective investees are substantially higher than the carrying amounts of financial guarantees. 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, credit checks are carried out before commencement of tenancies and ongoing credit evaluation ensures any ECL of the tenants. 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 2021.

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

The exposure to credit risk is limited because the trade receivables are secured by tenant deposits. In this regard, the management considers that the Group's credit risk is significantly reduced.

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.

41. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on bank balances/cash held by securities brokers

Credit risk on bank balance/cash held by securities brokers is limited because the counterparties are reputable banks and securities brokers with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for bank balance/cash held by securities brokers by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. The 12m ECL on bank balances/cash held by securities brokers is considered to be insignificant and therefore no loss allowance was recognised.

Impairment assessment on loan receivables

The Group had a concentration of credit risk as the loan receivables are advanced to a few independent third parties. As at 31 March 2021, the loan receivables will be matured ranging from April 2021 to July 2038 (2020: April 2020 to July 2038). Loan receivables of HK$234,585,000 (2020: HK$248,655,000) are secured by properties mortgage. The balance is 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.

Impairment assessment on other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the year ended 31 March 2021 and 2020, the Group assessed the ECL for other receivables are insignificant and therefore no loss allowance is recognised.

Impairment assessment on amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary

In determining the ECL for amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. There had been no significant increase in credit risk since initial recognition. The Group has considered the consistently low historical default rate in connection with payments, and concluded that credit risk inherent in the Group's outstanding amounts due from joint ventures/amounts due from associates/amount due from a non-controlling shareholder of a subsidiary is insignificant and therefore no loss allowance is recognised.

41. 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$8,293,713,000 (2020: HK$9,018,998,000), 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. For the year ended 31 March 2021 and 2020, the Group assessed the ECL for financial guarantee contracts are insignificant and therefore no loss allowance is recognised.

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 in full	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

41. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on financial guarantee contracts (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	2021 Loss provided HK$'000	2021 Gross carrying amount HK$'000	2020 Loss provided HK$'000	2020 Gross carrying amount HK$'000
Financial assets at amortised cost								
Trade receivables	22	N/A	*note a*	Lifetime ECL - not credit-impaired	–	8,009	–	17,019
Other receivables	22	N/A	Low risk	12m ECL	–	195,832	–	212,761
Loan receivables	21	N/A	Low risk	12m ECL	–	234,585	–	248,655
Amounts due from joint ventures	19	N/A	Low risk	12m ECL	–	5,983,637	–	5,067,900
Amounts due from associates	20	N/A	Low risk	12m ECL	–	1,422,774	–	10,611
Amount due from a non-controlling shareholder of a subsidiary	38(b)	N/A	Low risk	12m ECL	–	–	–	3,470
Cash held by securities brokers	24	N/A	Low risk	12m ECL	–	37,899	–	6,432
Bank balances	24	A to AA+	N/A	12m ECL	–	1,462,929	–	2,668,787
Other item								
Financial guarantee contracts *(note b)*	34	N/A	Low risk	12m ECL	–	8,293,713	–	9,018,998

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

41. 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 the loss allowance is not material.

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 2021, 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:

	2021 %	2020 %
Baal/BBB+	–	0.8
Ba1/BB+	0.1	1.5
Ba2/BB	12.3	7.8
Ba3/BB-	14.1	19.1
B1 to Caal/B+ to CCC+	16.3	34.8
Unrated	57.2	36.0
	100.0	100.0

The Group also invested in unlisted debt securities which exposed to credit risk. The management of the Group reviews and monitors on a regular basis the portfolio of the unlisted debt securities. The 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.

41. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management

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

Liquidity tables

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.

41. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK$'000	1 - 3 months HK$'000	3 months to 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2021 HK$'000
31 March 2021									
Non-derivative financial liabilities									
Other payables	–	154,818	–	–	–	–	–	154,818	154,818
Amounts due to joint ventures	–	749,096	–	–	–	–	–	749,096	749,096
Amounts due to non-controlling shareholders of subsidiaries	–	165,210	–	–	–	–	–	165,210	165,210
Guaranteed notes	4.88	–	22,663	1,897,292	–	–	–	1,919,955	1,859,520
Bank borrowings	3.63	795,116	314,281	942,842	2,116,165	7,028,411	–	11,196,815	10,079,443
		1,864,240	336,944	2,840,134	2,116,165	7,028,411	–	14,185,894	13,008,087
Financial guarantee contracts *(note)*		11,205	–	–	–	–	–	11,205	11,205
Derivatives - net settlement									
Interest rate swaps		–	7,705	23,620	31,400	95,517	46,425	204,667	81,798

41. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate %	On demand HK$'000	1 - 3 months HK$'000	3 months to 1 year HK$'000	1 - 2 years HK$'000	2 - 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2020 HK$'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*)		18,728	-	-	-	-	-	18,728	18,728
Derivatives - net settlement									
Interest rate swaps		-	5,497	16,490	21,987	59,809	270	104,053	45,868

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

41. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2021, the aggregate carrying amounts of these bank borrowings amounted to HK$795,116,000 (2020: HK$735,993,000). 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 2021	21,181	63,542	31,706	705,328	821,757	795,116
31 March 2020	623,776	2,063	2,177	364,648	992,664	735,993

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantees. The financial guarantee contracts represent the guarantee given by the Group for banking facilities granted to joint ventures and an associate. Based on expectations at the end of the reporting period, the Group does not consider that it is probable that a claim will be made against the Group under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

41. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

41. 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 2021 HK$'000	Fair value as at 31 March 2020 HK$'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: 91,628	Listed equity securities in: - Hong Kong: 45,622	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: - Hong Kong: 288,154 - Singapore: 525,007 - Elsewhere: 443,792	Listed debt securities in: - Hong Kong: 473,319 - Singapore: 703,859 - Elsewhere: 893,557	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: - Hong Kong: 78,000	Listed debt securities in - Hong Kong: N/A	Level 2	Quoted bid prices in active market and adjustment of management fee	N/A	N/A
	Unlisted debt security: 78,629	Unlisted debt security: N/A	Level 3	Discount cash flow method was used to capture the present value of the expected future economic benefits to be derived, based on an appropriate discount rate	Discount rate of 13.96% (31 March 2020: N/A)	The increase in discount rate would result in a decrease in fair value
	Unlisted mutual funds: 10,361	Unlisted mutual funds: 52,924	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: 154,177	Unlisted equity securities/limited partnership: - Financial asset A/B: 107,716	Level 3	Adjusted net asset value, determined based on net asset value ("NAV") adjusted for NAV discount	The NAV discount of 4.14% to 8.72% (2020: 10.55% to 13.20%)	The increase in the NAV discount rate would result in a decrease in fair value
	- Financial asset C: 16,243	- Financial asset C: 56,336	Level 2	Recent transaction price	N/A	N/A
	- Financial asset D: 14,914	- Financial asset D: 9,932	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
Derivative financial instruments	Interest rate swaps: (81,798)	Interest rate swaps: (45,868)	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

41. FINANCIAL INSTRUMENTS (Continued)

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

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK'000
At 1 April 2019	107,534
Fair value losses in profit or loss	(540)
Purchases	722
At 31 March 2020	107,716
Fair value gains in profit or loss	4,298
Transfer from Level 2 to Level 3	39,140
Purchases	3,023
At 31 March 2021	154,177

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.

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payables HK$'000 (*note 25*)	Dividend payables HK$'000 (*note 15*)	Amounts due to joint ventures HK$'000 (*note 19*)	Bank borrowings HK$'000 (*note 26*)	Guaranteed notes HK$'000 (*note 29*)	Amounts due to non-controlling shareholders of subsidiaries HK$'000 (*note 38(b)*)	Total HK$'000
At 1 April 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
Financing cash flows	(297,010)	(51,926)	192,901	669,186	(64,740)	(2,123)	446,288
Exchange adjustment	–	–	–	82,294	–	–	82,294
Dividend declared	–	51,926	–	–	–	–	51,926
Capitalisation of interest expenses	15,808	–	–	–	–	–	15,808
Interest expenses	275,280	–	–	–	–	–	275,280
At 31 March 2021	24,339	–	749,096	10,079,443	1,859,520	165,210	12,877,608

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investments in subsidiaries	481,231	514,199
Amounts due from subsidiaries	14,010,119	9,142,575
Loan to a subsidiary	120,000	120,000
Investments in joint ventures	33,296	34,043
Club memberships	5,200	5,200
Deferred tax assets	8,589	8,212
	14,658,435	9,824,229
Current assets		
Other receivables	1,744	1,356
Bank balances and cash	280,084	489,112
	281,828	490,468
Current liability		
Other payables and accruals	110,351	63,155
Net current assets	171,477	427,313
	14,829,912	10,251,542
Capital and reserves		
Share capital	76,117	78,460
Reserves *(note)*	14,753,795	10,173,082
Total Equity	14,829,912	10,251,542

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

Note:

Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 *(note)*	Retained profits HK$'000	Total HK$'000
At 1 April 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
Profit and other comprehensive income for the year	–	–	–	4,628,784	4,628,784
Dividends recognised as distribution	–	–	–	(48,071)	(48,071)
At 31 March 2021	2,052,135	6,620	134,931	12,560,109	14,753,795

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

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2021 and 2020 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2021 %	2020 %	2021 %	2020 %	
2 Shelley Street Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
45 Barker Road Management Limited	Hong Kong	HK$1	–	–	100	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
Absolute Keen Limited	Hong Kong	HK$1	–	–	100	100	Property holding
Capital Strategic Property (Shanghai) Limited *(note i)* 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

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly 2021 %	Directly 2020 %	Indirectly 2021 %	Indirectly 2020 %	Principal activities
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	100	Property development
Earthmark Limited	BVI	US$1	100	100	–	–	Treasury management
Eastern Cosmo Limited	BVI	US$1	–	–	100	100	Property development
Effect Guide Limited	Hong Kong	HK$1	100	–	–	100	Treasury management
Estate Sky Limited	BVI	US$1	100	100	–	–	Bond issuer
Go Clear Investments Limited	Hong Kong	HK$6	–	–	100	100	Property development
Highland Management Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
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
Knight Basin Limited	Hong Kong	HK$1	100	100	–	–	Treasury management
Linking Plus Investments Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company Directly 2021 %	Directly 2020 %	Indirectly 2021 %	Indirectly 2020 %	Principal activities
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 i)* 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 holding
Venus Fortune Limited *(note ii)*	Hong Kong	HK$1	–	N/A	100	N/A	Property development
Well Clever International Limited	BVI	US$1	–	–	100	100	Sale of securities and investment holding

Notes:

(i) 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.

(ii) The company had become an indirect wholly-owned subsidiary of the Group during the year ended 31 March 2021 upon the acquisition of remaining interest of 35%.

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$238,400,000 (2020: US$246,700,000) (see note 29 for details).

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

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

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	
		2021	2020
Corporate services	HK	4	4
Investment holding	HK/Macau/PRC	215	217
Inactive	HK	19	19
Securities investment	HK	3	3
		241	243

45. EVENTS AFTER THE REPORTING PERIOD

On 20 May 2021, the Group acquired additional 10% equity interests in Wealth Explorer from an associate partner at an aggregate consideration of HK$137,174,700. Upon the completion of the acquisition, the Group held 30% shareholding of Wealth Explorer and remains as an associate of the Group.

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 2021 is set out below:

(A) RESULTS

	Year ended 31 March				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Revenue	1,868,279	3,969,462	3,439,180	3,709,956	**368,712**
Profit before taxation	1,367,148	1,109,163	737,784	1,308,997	**444,487**
Income tax expense					
– Current tax and deferred tax	(21,387)	(46,761)	(69,556)	(65,269)	**(25,982)**
Profit for the year	1,345,761	1,062,402	668,228	1,243,728	**418,505**
Attributable to:					
Owners of the Company	1,346,734	1,010,233	529,852	1,155,643	**330,809**
Holders of perpetual capital securities	–	47,840	89,700	89,700	**89,700**
Non-controlling interests	(973)	4,329	48,676	(1,615)	**(2,004)**
	1,345,761	1,062,402	668,228	1,243,728	**418,505**

(B) ASSETS AND LIABILITIES

	As at 31 March				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Total assets	23,041,132	25,860,247	26,328,755	27,112,532	**28,643,947**
Total liabilities	12,271,750	12,549,688	12,714,374	12,652,722	**13,772,722**
	10,769,382	13,310,559	13,614,381	14,459,810	**14,871,225**
Equity attributable to:					
Owners of the Company	10,755,312	11,742,750	12,037,070	12,884,114	**13,297,903**
Holders of perpetual capital securities	–	1,539,619	1,539,443	1,539,443	**1,539,443**
Non-controlling interests	14,070	28,190	37,868	36,253	**33,879**
	10,769,382	13,310,559	13,614,381	14,459,810	**14,871,225**

Schedule of Major Properties held by the Group

As at 31 March 2021

MAJOR PROPERTIES

Particulars of major properties held by the Group as at 31 March 2021 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 car parks of Capital Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong	Commercial	100%	N/A	16,606	149,500
	No. 45 Barker Road, The Peak, Hong Kong	Residential	100%	7,766	4,215	660,600
	Retail portions on G/F., UG/F., 1-3/F., and office floors on 22/F. and 23/F., LL Tower, No. 2 Shelley Street, Central, Hong Kong	Commercial	100%	N/A	9,375	257,600
	Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Central, Hong Kong	Commercial	100%	N/A	432	110,000
	No. 333 Fan Kam Road, Sheung Shui, New Territories	Residential	92%	68,986	33,109	710,000
	COO Residence, 18 shops on basement, G/F. and 1/F., 8 signages on G/F., 2/F. and 3/F., No. 8 Kai Fat Path, Tuen Mun, N.T.	Commercial	100%	N/A	10,867	273,600
	No. 348 Nathan Road, Jordan, Kowloon (for redevelopment)	Commercial/ Residential	100%	21,194	254,328	2,726,700

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)					
	House B, "8-12 Peak Road", No. 10 Peak Road, The Peak, Hong Kong	Residential	100%	N/A	5,082	384,600
	48 Cochrane Street, Central, Hong Kong	Commercial	100%	2,118	31,754	560,000
	Nos. 92-96 Wellington Street, Central, Hong Kong	Commercial	100%	2,884	43,197	609,400
	Hong Kong Health Check Tower (formerly known as "Everest Building"), Nos. 241 and 243 Nathan Road, Jordan, Kowloon	Commercial	100%	4,908	61,800	1,700,000
(ii)	The PRC					
	In Point Shopping Mall, 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	122,444	681,900
	Richgate Plaza, level 1, level 2 and basement level 1, No. 1-6, Lane 222 Madang Road, Huangpu District, Shanghai, PRC	Commercial	100%	157,703	121,959	1,603,700
(iii)	Macau					
	2 floors of Broadway Centre and various carparking spaces	Commercial	60%	N/A	9,347	174,100

CSI PROPERTIES
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