Far East Hotels and Entertainment Limited

Stock Code : 37

2021
Annual Report

Contents

In the event of any error or omission in the Chinese translation of this Annual Report, the English text will prevail.

Corporate Information

PLACE OF INCORPORATION
Hong Kong

BOARD OF DIRECTORS

Executive Directors
Derek Chiu, B.Sc. *(Managing Director and Chief Executive)*
Amanda Chiu, B.A.

Non-executive Directors
Chiu Ju Ching Lan, J.P.
Alex Chiu, B.Sc.

Independent Non-executive Directors
Ip Shing Hing, J.P.
Ng Wing Hang Patrick
Choy Wai Shek Raymond, MH, J.P.

COMPANY SECRETARY
Cheng Lucy

SOLICITORS
Woo Kwan Lee & Lo

INDEPENDENT AUDITOR
Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
Hong Kong

AUTHORISED REPRESENTATIVES
Derek Chiu, B.Sc.
Cheng Lucy

AUDIT COMMITTEE
Ng Wing Hang Patrick *(Chairman)*
Ip Shing Hing, J.P.
Choy Wai Shek Raymond, MH, J.P.

Corporate Information

REMUNERATION COMMITTEE
Choy Wai Shek Raymond, MH, J.P. *(Chairman)*
Ip Shing Hing, J.P.
Ng Wing Hang Patrick
Derek Chiu, B.Sc.

NOMINATION COMMITTEE
Ip Shing Hing, J.P. *(Chairman)*
Ng Wing Hang Patrick
Choy Wai Shek Raymond, MH, J.P.
Derek Chiu, B.Sc.

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Public Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED AND PRINCIPAL OFFICE
Suite 1902, 19th Floor
The Sun's Group Centre
200 Gloucester Road
Wanchai, Hong Kong

SHARE REGISTRAR
Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East, Hong Kong

PLACE OF LISTING
The Shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE
00037

WEBSITE
www.tricor.com.hk/webservice/00037

Profile of Directors

BOARD OF DIRECTORS

Executive Directors

Mr. Derek Chiu, B.Sc. *(Managing Director and Chief Executive)*
Aged 55. He was appointed as a director of the Company (the "Director") in 1989. He is a member of each of the remuneration committee and the nomination committee of the Company. He is also a director of various subsidiaries of the Company. He has extensive experience in the operation of amusement parks and entertainment business. He is a son of Madam Chiu Ju Ching Lan, a non-executive Director. He is also the father of Mr. Alex Chiu, a non-executive Director, and Ms. Amanda Chiu, an executive Director. Mr. Derek Chiu is the sole director of Energy Overseas Ltd., a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong.

Ms. Amanda Chiu, B.A.
Aged 28. She was appointed as an executive Director with effect from 1 September 2015. She is also a director of various subsidiaries of the Company. She holds a bachelor's degree from the University of the Arts London, England. She is the daughter of Mr. Derek Chiu, an executive Director and also the Managing Director and the Chief Executive of the Company, and the sister of Mr. Alex Chiu, a non-executive Director. She is a granddaughter of Madam Chiu Ju Ching Lan, a non-executive Director.

Non-executive Directors

Madam Chiu Ju Ching Lan, J.P.
Aged 81. She was appointed as a Director in 1979. She is also a director of several subsidiaries of the Company. Since 1975, she has been the Honorary Vice-President of Hong Kong Girl Guides Association. She has been active in social circles and was the Chairlady of Yan Chai Hospital for 1977/78. She is the founder of New Territories Women's and Juveniles Welfare Association. She is the Chairman of the Incorporated Management Committee and the Supervisor of the three schools by the name of Ju Ching Chu Secondary School, and the Chairman of Kowloon Women's Welfare Club. She was a member of Shanghai Standing Committee Chinese People's Political Consultative Conference for 25 years from 1982 to 2007. She has also been an Honorary Vice-President of Hong Kong Federation of Women since 1997. She is the mother of Mr. Derek Chiu, an executive Director and also the Managing Director and the Chief Executive of the Company. She is also the grandmother of Mr. Alex Chiu, a non-executive Director, and Ms. Amanda Chiu, an executive Director.

Mr. Alex Chiu, B.Sc.
Aged 30. He was appointed as an executive Director on 1 September 2015 and was re-designated as a non-executive Director with effect from 27 June 2019. He is also a director of a subsidiary of the Company. He holds a bachelor's degree from The Art Institute of California, United States of America. He is the son of Mr. Derek Chiu, an executive Director and also the Managing Director and the Chief Executive of the Company, and the brother of Ms. Amanda Chiu, an executive Director. He is also a grandson of Madam Chiu Ju Ching Lan, a non-executive Director.

Profile of Directors

Independent Non-executive Directors

Mr. Ip Shing Hing, J.P.

Aged 65. Mr. Ip was appointed as an independent non-executive Director on 31 March 1997. He is the chairman of the nomination committee and a member of each of the audit committee and the remuneration committee of the Company. He holds a Bachelor of Laws Degree from the University of Hong Kong and a Master of Arts in Arbitration and Alternative Dispute Resolution from the City University of Hong Kong. He has been a practising solicitor in Hong Kong for more than 30 years. Mr. Ip is an independent non-executive director of Binhai Investment Company Limited (stock code: 02886) and PC Partner Group Limited (stock code: 01263), both companies being listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Ng Wing Hang Patrick

Aged 68. Mr. Ng was appointed as an independent non-executive Director on 28 September 2004. He is the chairman of the audit committee and a member of each of the remuneration committee and the nomination committee of the Company. He is a practising certified public accountant in Hong Kong and is the managing director of Pan-China (H.K.) CPA Limited, a certified public accountants firm in Hong Kong. Mr. Ng also serves as an independent non-executive director of Shenwan Hongyuan (H.K.) Limited, formerly known as Shenyin Wanguo (H.K.) Limited (stock code: 00218), which is listed on the Stock Exchange.

Mr. Choy Wai Shek Raymond, MH, J.P.

Aged 72. Mr. Choy was appointed as an independent non-executive Director on 28 September 2004. He is the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. Mr. Choy is an independent non-executive director of New Concepts Holdings Limited (stock code: 02221), a company listed on the Main Board of the Stock Exchange. He was appointed as an independent non-executive director of each of AB Builders Group Limited (stock code: 01615), a company listed on the Main Board of the Stock Exchange, on 17 August 2018 and WAC Holdings Limited (stock code: 08619), a company listed on GEM of the Stock Exchange, on 27 August 2018. He was the Chairman of Sham Shui Po District Board, Hong Kong from 1991 to 1994, a Hong Kong Affairs Adviser from 1994 to 1997, and a member of Hong Kong Broadcasting Authority from 1995 to 1998. He was formerly a Vice-chairman of Occupational Safety and Health Council, a member of Energy Advisory Committee, the member of Consumer Council, a member of the Guangzhou Committee of the Chinese People's Political Consultative Conference (Term 9 – 12), the Honor Committee Member of Chinese General Chamber Of Commerce, Hong Kong, the Honor President of GMC Hong Kong Members Association and the Honor President of Hong Kong Conghua General Association.

Managing Director and Chief Executive's Statement

RESULTS

I report to the shareholders of Far East Hotels and Entertainment Limited (the "Company") that the audited consolidated profit of the Company and its subsidiaries (the "Group") attributable to shareholders for the year ended 31 March 2021 amounted to HK$7,890,996 (2020: loss of HK$24,044,174).

The board of directors of the Company has resolved not to recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

REVIEW OF OPERATIONS AND PROSPECTS

For the financial year ended 31 March 2021, the Group recorded a total revenue of approximately HK$49.7 million (2020: HK$48.9 million) and gross profit of approximately HK$26.5 million (2020: HK$25.8 million), representing a steady revenue with a mild increase in gross profit of approximately 2.7%. The securities investment portfolio has recorded an increase in fair value amounted to approximately HK$10.0 million versus a decrease in fair value of approximately HK$3.9 million last year. However, the investment properties including the leased properties under sublease have recorded a decrease in fair value amounted to approximately HK$11.1 million (2020: HK$32.2 million). The profit for the year attributable to the owners of the Company amounted to approximately HK$7.9 million (2020: loss of HK$24.0 million).

For the year under review, the total revenue of the Cheung Chau Warwick Hotel recorded approximately HK$18.0 million (2020: HK$19.1 million) with a profit contribution of approximately HK$4.1 million (2020: HK$1.3 million). The rooms department recorded an increase in revenue of approximately 19.1% while the food and beverages department recorded a significant drop in revenue of approximately 41.6%. The substantial drop in food and beverages revenue under the period concerned was mainly resulting from the impact of the ongoing Coronavirus Disease 2019 ("COVID-19") outbreak. Given the continued deterioration of the COVID-19 pandemic, the HKSAR Government has further tightened its control measures. As a result, many bookings have been deferred/cancelled during the year ended 31 March 2021. In addition to tightening expense control, the Group has applied for and obtained the COVID-19 subsidies from the HKSAR Government.

For the year under review, the Group's serviced property in Beijing, the People's Republic of China recorded a total revenue of approximately HK$30.9 million (2020: HK$28.6 million) with a loss of approximately HK$3.6 million (2020: HK$10.1 million). The loss was mainly attributable to the significant drop in fair values of approximately HK$22.7 million of the leased properties under sublease during the year ended 31 March 2021 (2020: HK$27.0 million).

For securities investment and trading, the Group recorded a profit of approximately HK$10.2 million (2020: loss of HK$3.2 million), which included an increase of approximately HK$10.0 million (2020: decrease of HK$3.9 million) in fair value of financial assets at fair value through profit or loss ("FVTPL").

For the coming year, Cheung Chau Warwick Hotel has further program on renovating hotel room facilities. We will put more focus on local market by developing more variety of staycation packages and authentic experiences to stabilise the hotel's revenue stream.

The recent economic slowdown and the outbreak of COVID-19 pandemic have presented a challenging year ahead. The hazards of contagion and hassles of quarantine have dealt heavy blows to the hotel and travel industries as international traffic is nearly paralysed. The Group will continue to navigate through challenging market and take this opportunity to improve the service quality and strengthen operational efficiency. The Group will look for appropriate investment opportunities.

Managing Director and Chief Executive’s Statement

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the Group had bank balances and cash of HK$27,022,281 (2020: HK$9,475,449), bank deposits with original maturity more than three months of HK$15,380,975 (2020: HK$5,474,053) and no pledged bank deposits (2020: HK$2,118,000), which were mainly denominated in Hong Kong dollars and Renminbi.

As at 31 March 2021, there were outstanding bank loans and utilised overdraft facilities of HK$21,010,681 (2020: HK$23,656,475) and no unutilised overdraft facilities (2020: HK$2,000,000) available to the Group. All of outstanding bank loans and overdraft facilities were denominated in Hong Kong dollars with interest at prevailing market rates, details of which are set out in note 28 to the consolidated financial statements.

As at 31 March 2021, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives. However, the Group will review and monitor the relevant foreign exchange risk from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when applicable.

Shareholders’ funds as at 31 March 2021 amounted to approximately HK$325.4 million (2020: HK$296.6 million). Accordingly, the Group’s gearing ratio (total bank borrowings to shareholders’ funds) as at 31 March 2021 was approximately 6.5% (2020: 8.0%).

CHARGES OVER ASSETS OF THE GROUP

As at 31 March 2021, certain property, plant and equipment, right-of-use assets and bank deposit with an aggregate carrying value of approximately HK$31.1 million (2020: approximately HK$32.6 million) are secured for the Group’s bank borrowings and overdrafts.

CONTINGENT LIABILITIES

As at 31 March 2021, the Company had issued financial guarantees of HK$15,000,000 (2020: HK$15,000,000) to banks in respect of banking facilities granted to its subsidiaries, of which HK$14,053,920 (2020: HK$14,053,920) had been utilised by its subsidiaries.

CAPITAL COMMITMENTS

As at 31 March 2021, the Group had capital commitments of HK$815,046 (2020: HK$1,260,000).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 March 2021, the Group did not have other plans for material investments and capital assets.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to environmental protection and sustainable development through promoting and adopting green practices in its business activities. Initiatives within the Group include, but not limited to, encouraging employees to reduce paper consumption by reuse of single-sided printed paper, to assess the necessity of printing where appropriate and to use duplex printing. The management will continue to review the Group’s green practice to integrate environmental, health and safety management and compliance consideration into operational processes.

Managing Director and Chief Executive's Statement

USE OF PROCEEDS FROM PLACING

The net proceeds from the placing of shares under general mandate in March 2021 (the "Placing") after deducting the placing commission and other related expenses and professional fees, was amounted to approximately HK$12.7 million. The table below sets out the proposed application and the actual usage of the net proceeds from the Placing as at 31 March 2021 as follows:

	Planned use of net proceeds (HK$)	Actual use of the net proceeds up to the year ended 31 March 2021 (HK$)	Actual use of the net proceeds during the year ended 31 March 2021 (HK$)	Unused net proceeds as at 31 March 2021 (HK$)	Expected time frame of full utilisation of unused net proceeds
General working capital	12.7 million	–	–	12.7 million	By 30 June 2022

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group has approximately 70 employees (2020: 70). Employees are remunerated in accordance with the nature of the job and market conditions. Staff incentive bonus would be granted to reward and motivate those well-performed employees. The Company adopted a new share option scheme on 2 September 2016 as an incentive to the Directors and other eligible participants. The Group also provides and arranges on-the-jobs training for the employees.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

As at 31 March 2021, the Group's financial assets at FVTPL, with market value of approximately HK$29.0 million (2020: approximately HK$23.6 million), mainly represented investment portfolio of 29 equity securities listed in Hong Kong and 1 equity security listed in Singapore (2020: 13 equity securities listed in Hong Kong and 1 equity security listed in Singapore). The Board considers that the investments with market value as at 31 March 2021 accounting for more than 5% of the Group's total assets as at 31 March 2021 as significant investments. As at 31 March 2021, none of each investment represents 5% or more of the Group's total assets.

Save as the above, during the year ended 31 March 2021, there was no significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures by the Company.

APPRECIATION

On behalf of the board of directors of the Company, I would like to extend my sincere thanks to all our shareholders for their continued support, and to our staff for their dedication, loyalty and service.

Derek Chiu
Managing Director and Chief Executive

Hong Kong, 30 June 2021

Directors' Report

The directors of the Company (the "Directors") present their Directors' report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 March 2021 (the "Year").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries and associates are set out in notes 16 and 17 respectively, to the consolidated financial statements.

A fair review of the Group's business, a discussion and analysis of the Group's performance during the Year with financial key performance indicators and an analysis of the likely future development of the Group's business are set out in the section headed "Managing Director and Chief Executive's Statement" on pages 6 to 8 of this annual report. This discussion forms part of this report. Description of the principal risks and uncertainties facing the Group are set out in notes 4 and 39(b) to the consolidated financial statements respectively.

As at the date of this report, the Directors are not aware of any important events affecting the Group that have occurred since the end of the Year and the Company is not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

In addition, the Group is committed to maintaining the long-term sustainability of the environment and devoted to building an environmentally friendly corporation. The Group implements policies and practices to achieve resources conservation, energy saving and waste reduction, so as to minimise its impact on the environment. A detailed discussions on the Group's environmental policies and performance are set out in section headed "Environmental Policies and Performance" of the "Managing Director and Chief Executive's Statement" on page 7 of this annual report and contained in the "Environmental, Social and Governance Report" on pages 19 to 35 of this annual report.

In regard to the stakeholder relationships, the Group understands the importance of its customers, suppliers and employees to its long-term business development, and therefore has dedicated to establishing and maintaining a close and caring relationship with these stakeholders.

Recognising the crucial roles of our customers and suppliers in our business operations, the Group has reinforced its relationship with these business partners by ongoing communication in a proactive and effective manner. In particular, the Group has been through continuous interaction with its customers to ensure that the quality of our services has satisfied their needs and requirements and will, therefore, meet up to our customers' expectation. Besides, the Group is also dedicated to developing good relationship with its suppliers to ensure a stable supply of reliable and high-quality products for the Group's daily operation.

Apart from the above, the Group recognises the importance of human capital in its long-term development. The Group has provided a fair and safe workplace and offered competitive remuneration, benefits and career development opportunities based on the merits and performance of our employees. The Group also places ongoing effort to provide adequate training and development resources to our staff with the aim of fostering an environment in which the employees can develop to their fullest potential and can achieve their personal and professional growth.

Directors' Report

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 51 of this annual report.

The board of Directors (the "Board") has resolved not to recommend the payment of a final dividend in respect of the Year (2020: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 138 of this annual report.

RESERVES

Details of movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity on page 54 and note 42 to the consolidated financial statements, respectively.

There were no distributable reserves of the Company as at 31 March 2021 (2020: Nil), calculated under sections 291, 297 and 299 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong (the "Companies Ordinance").

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in investment properties of the Group are set out in note 15 to the consolidated financial statements.

PROPERTIES

Details of the major properties held by the Group at 31 March 2021 are set out on page 137 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES IN THE COMPANY

During the Year, the Company did not redeem any of the ordinary shares of the Company (the "Shares") listed and traded on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

EVENTS AFTER THE REPORTING DATE

The Group has no material event subsequent to the Year and up to the date of this report.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the consolidated financial statements.

PLACING OF SHARES UNDER GENERAL MANDATE

On 1 March 2021, the Company entered into a placing agreement with Kingston Securities Limited (the "Placing Agent"), pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 122,142,135 Shares at the placing price of HK$0.106 per placing Share to not less than six placees who are professional, institutional, or other investors who are third parties independent of the Company and its connected persons (the "Placing"), where the placing Shares were to be allotted and issued pursuant to the general mandate granted to the Directors pursuant to the resolutions of the shareholders (the "Shareholders") passed at the annual general meeting of the Company held on 9 September 2020 (the "2020 AGM") to allot, issue and deal with up to 20% of the then issued Shares (i.e. 122,142,135) as at the date of the 2020 AGM. The placing price represents a discount of approximately 16.54% to the closing price of HK$0.127 per Share as quoted on the Stock Exchange on 1 March 2021 (being the date of the placing agreement) and a discount of approximately 19.07% to the average closing price of HK$0.132 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding 1 March 2021.

Completion of the Placing took place on 22 March 2021 upon which a total of 122,142,135 placing Shares have been successfully placed by the Placing Agent to not less than six placees pursuant to the terms and conditions of the placing agreement.

The gross proceeds from the Placing amounted to HK$12.9 million and the net proceeds amounted to approximately HK$12.7 million (after deducting the placing commission and other related expenses and professional fees). The net price per placing Share is approximately HK$0.104.

The Directors are of the view that the terms of the placing agreement are fair and reasonable, and the Placing will strengthen the Group's financial position, broaden the Shareholders' base and is in the interests of the Company and the Shareholders as a whole.

Net proceeds from the Placing in the amount of approximately HK$12.7 million were intended to be used for general working capital for the Group. Details of the use of proceeds are set out in section headed "Use of Proceeds from Placing" of the "Managing Director and Chief Executive's Statement" on page 8 of this annual report.

For details of the Placing, please refer to the announcements of the Company dated 1 March 2021 and 22 March 2021.

PRE-EMPTIVE RIGHT

There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles of Association") which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders. However, the Companies Ordinance provides that the Directors must not exercise any power to allot Shares unless the allotment is made to the Shareholders in proportion to their shareholdings.

Directors' Report

DIRECTORS

The Directors who held office during the Year and up to the date of this report were:

Executive Directors

Mr. Derek Chiu *(Managing Director and Chief Executive)*
Ms. Amanda Chiu

Non-executive Directors

Madam Chiu Ju Ching Lan
Mr. Alex Chiu

Independent Non-executive Directors

Mr. Ip Shing Hing
Mr. Ng Wing Hang Patrick
Mr. Choy Wai Shek Raymond

During the Year and up to the date of this report, Mr. Derek Chiu, Madam Chiu Ju Ching Lan, Mr. Alex Chiu and Ms. Amanda Chiu are also directors in certain subsidiaries of the Company. Other directors of the Company's subsidiaries during the Year and up to the date of this report include: Ms. Tammie Tam, Mr. Ng Chi Kin (resigned during the Year) and Mr. Lui Tsun Kit (appointed during the Year).

Article 83 of the Articles of Association provides that the Directors shall have power at any time and from time to time to appoint any other person to be a Director, in order to fill a casual vacancy or as an additional member to the Board but so that such person appointed shall hold office only until the next following ordinary general meeting and shall then be eligible for re-election and so that the total number of Directors shall not any time exceed the maximum number fixed as mentioned in the Articles of Association.

Moreover, in accordance with articles 78 and 79 of the Articles of Association, one-third of the Directors shall retire from office and, being eligible, offer themselves for election. Also, under the code provision A.4.2 of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules" and "CG Code", respectively), every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. In accordance therewith, Mr. Derek Chiu, Ms. Amanda Chiu and Mr. Ip Shing Hing will retire by rotation at the forthcoming annual general meeting (the "AGM") and, being eligible, have offered themselves for re-election.

The term of office for each non-executive Director is the period up to his or her annual retirement by rotation in accordance with the Articles of Association.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence in writing pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) which were 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 and short positions which they were 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) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

(a) Long position in the Shares and underlying Shares

	Number of Shares held				
Name of Directors/ Chief executive	Personal interests (held as beneficial owner)	Corporate interests (held as a controlled corporation)	Number of underlying Shares held (Note 2)	Total	Approximate percentage of issued Shares
Mr. Derek Chiu	52,765,576	78,430,299 (Note 1)	24,270,000	155,465,875	21.21%
Madam Chiu Ju Ching Lan	188,000	–	2,000,000	2,188,000	0.30%
Mr. Alex Chiu	–	–	8,100,000	8,100,000	1.11%
Ms. Amanda Chiu	–	–	16,200,000	16,200,000	2.21%
Mr. Choy Wai Shek Raymond	3,000,000	–	3,000,000	6,000,000	0.82%
Mr. Ip Shing Hing	–	–	5,000,000	5,000,000	0.68%
Mr. Ng Wing Hang Patrick	–	–	5,000,000	5,000,000	0.68%

Notes:

(1) The 78,430,299 Shares were held by Energy Overseas Ltd., a company wholly owned by Mr. Derek Chiu, an executive Director who is also the managing director and the chief executive of the Company.

(2) The underlying Shares were comprised in the share options granted to the Directors. Please refer to section (b) "Shares options of the Company" below for further details.

(b) Share options of the Company

Pursuant to an ordinary resolution duly passed by Shareholders on 2 September 2016, the Company's old share option scheme adopted on 1 June 2007 (the "Old Scheme") was terminated on 2 September 2016 and a new share option scheme (the "New Scheme") was adopted for a period of 10 years commencing on the adoption date. Upon the termination of the Old Scheme, no further options were granted thereunder, and the options granted prior to and remaining outstanding at the termination shall continue to be valid and exercisable in accordance with the terms of the Old Scheme.

On 9 September 2020, a resolution has been approved by the Shareholders to refresh the limit of granting option under the New Scheme. More information can be referred in the Company's circular dated 31 July 2020.

Details of the Old Scheme and the New Scheme that complied with the Listing Rules are set out in note 36 to the consolidated financial statements. Movements of share options under the Old Scheme and the New Scheme held by the Directors and employees are as follows:

	Number of underlying Shares comprised in share options								
Category of grantees	Held as at 1 April 2020	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	Held as at 31 March 2021	Exercise Price per Share HK$	Grant date	Exercisable Period From	To
Executive Directors									
Mr. Derek Chiu	6,000,000	–	–	–	6,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	6,070,000	–	–	–	6,070,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	6,100,000	–	–	–	6,100,000	0.3400	18/03/2019	18/03/2019	17/03/2029
	6,100,000	–	–	–	6,100,000	0.1420	25/03/2020	25/03/2020	24/03/2030
Ms. Amanda Chiu	4,000,000	–	–	–	4,000,000	0.4430	23/10/2017	23/10/2017	22/10/ 2027
	2,100,000	–	–	–	2,100,000	0.3570	06/08/2018	06/08/2018	05/08/2028
	4,000,000	–	–	–	4,000,000	0.3400	18/03/2019	18/03/2019	17/03/2029
	6,100,000	–	–	–	6,100,000	0.1420	25/03/2020	25/03/2020	24/03/2030
Non-executive Directors									
Madam Chiu Ju Ching Lan	2,000,000	–	–	–	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
Mr. Alex Chiu	2,000,000	–	–	–	2,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	4,100,000	–	–	–	4,100,000	0.3570	06/08/2018	06/08/2018	05/08/2028
	2,000,000	–	–	–	2,000,000	0.3400	18/03/2019	18/03/2019	17/03/2029
Independent Non-executive Directors									
Mr. Ip Shing Hing	2,000,000	–	–	–	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
	1,000,000	–	–	–	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	–	–	–	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	–	–	–	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
Mr. Ng Wing Hang Patrick	2,000,000	–	–	–	2,000,000	0.2320	06/02/2014	06/02/2014	05/02/2024
	1,000,000	–	–	–	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	–	–	–	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	–	–	–	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
Mr. Choy Wai Shek Raymond	1,000,000	–	–	–	1,000,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	1,000,000	–	–	–	1,000,000	0.4430	23/10/2017	23/10/2017	22/10/2027
	1,000,000	–	–	–	1,000,000	0.1420	25/03/2020	25/03/2020	24/03/2030
Aggregate for employees	800,000	–	–	–	800,000	0.5600	23/10/2015	23/10/2015	22/10/2025
	64,370,000	–	–	–	64,370,000				

No vesting period was provided for the above share options granted.

No share options were granted or exercised or cancelled or lapsed during the Year.

As at the date of this report, the Company has outstanding share options comprising 64,370,000 underlying Shares under the Old Scheme and the New Scheme, which representing approximately 8.78% of the Shares in issue as at that date.

Save as disclosed above, as at 31 March 2021, none of the Directors nor the Company's chief executive, had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 and short positions which they were 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) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as the share options disclosed above, at no time during the Year was the Company, or its holding company or any of its subsidiaries or fellow 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

Other than the share option schemes and the placing agreement under the section headed "Placing of Shares Under General Mandate" disclosed above, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year, which required the Company to issue any of its Shares.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors or any of their respective close associates (as defined in the Listing Rules) are considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, AGREEMENTS OR CONTRACTS OF SIGNIFICANCE

The title of certain leasehold land and buildings owned by a subsidiary of the Company is registered in the name of a company controlled by the late Mr. Deacon Te Ken Chiu and his family (the "Chiu Family") as trustee for the said subsidiary.

Save as disclosed above, no transactions, arrangements or contracts of significance in relation to the Group's business in which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has a contract of service with the Company or any of its subsidiaries not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Report

PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the Companies Ordinance, every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, provided that the Articles of Association shall only have effect in so far as its provisions are not avoided by the Companies Ordinance. The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company during the Year. Such provision were in force during the Year and remained in force as of the date of this report.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

Save as the interests of certain Directors disclosed under the section headed "Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures", according to the register of interests maintained by the Company pursuant to section 336 of the SFO and as far as the Directors are aware, as at 31 March 2021, the following persons who (other than a Director or the chief executive of the Company) or corporations which had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the total number of Shares in issue carrying rights to vote in all circumstances at general meeting of the Company:

Long position in the Shares

Name of shareholders	Capacity/Nature of Interests	Number of issued Shares held	Approximated percentage of issued Shares
Mr. Deacon Te Ken Chiu *(deceased)* (Note 1)	Beneficial owner and interest in controlled corporations/Personal and corporate interest	113,726,476	15.52%
Achiemax Limited (Note 1)	Beneficial owner/Personal interest	72,182,400	9.85%
Energy Overseas Ltd. (Note 2)	Beneficial owner/Personal interest	78,430,299	10.70%
Mr. Chan Tai Keung David	Beneficial owner/Personal interest	48,568,000	6.63%

Notes:

1. The late Mr. Deacon Te Ken Chiu beneficially owned 12,491,424 Shares. Of the remaining 101,235,052 Shares, (i) 100,939,842 Shares were held by various private companies wholly owned by the late Mr. Deacon Te Ken Chiu of which 72,182,400 Shares were held by Achiemax Limited; and (ii) 295,210 Shares were held by Far East Consortium Limited, a wholly-owned subsidiary of Far East Consortium International Limited. The late Mr. Deacon Te Ken Chiu was a controlling shareholder of these companies and a director of Achiemax Limited.

2. Energy Overseas Ltd. is a company wholly owned by Mr. Derek Chiu (an executive Director who is also the managing director and the chief executive of the Company) who is also its director.

Save as disclosed above, as at 31 March 2021, the Company has not been notified of any persons who (other than a Director or the chief executive of the Company) or corporation which had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or was, directly or indirectly, interested in 5% or more of the total number of Shares in issue carrying rights to vote in all circumstances at general meeting of the Company.

RELATED PARTY TRANSACTIONS

The related party transactions as disclosed in note 35 to the consolidated financial statements did not constitute one-off connected transactions or continuing connected transactions which are required to comply with disclosure requirements in accordance with Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed during the Year.

DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately HK$5,500 (2020: HK$101,500).

MAJOR SUPPLIERS AND CUSTOMERS

The purchases made by the Group for its largest supplier and the five largest suppliers of the Group accounted for approximately 22% and 85% of the total purchases of the Group in the Year, respectively.

The sales attributable to the Group's largest customer and the five largest customers of the Group accounted for approximately 49% and 77% of the total sales of the Group in the Year, respectively.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the issued Shares) had any beneficial interest in the Group's five largest customers or suppliers.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 36 to 45 of this annual report.

AUDIT COMMITTEE

The Company's audit committee (the "Audit Committee") comprises all the independent non-executive Directors.

The principal duties of the Audit Committee include review and supervision of the Group's financial reporting system, financial statements, risk management and internal control systems. It has reviewed with management the audited consolidated financial statements of the Group for the Year.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors throughout the Year and up to the date of this report, the Company has maintained the prescribed public float under the Listing Rules (i.e. at least 25% of its issued Shares in public hands).

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the remuneration of the Directors and the five individuals with the highest emoluments for the Year are set out in notes 9 and 10 to the consolidated financial statements, respectively.

EMOLUMENT POLICY

The Company has established a remuneration committee with written terms of reference pursuant to the provisions set out in the CG Code. The remuneration committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management. The remuneration and compensation packages of the Directors and senior management are determined by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of the Directors and the performance of the Group.

The Company has adopted the share option schemes as an incentive to Directors and eligible participants and other consultants, details of the schemes are set out in note 36 to the consolidated financial statements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Following a specific enquiry made by the Company with each Director, the Directors have confirmed that they had fully complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the Year.

CHANGES IN INFORMATION OF DIRECTORS

There is no change in Directors' information during the Year and up to the date of this report as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INDEPENDENT AUDITOR

A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as independent auditor of the Company.

On behalf of the Board

Derek Chiu
Managing Director and Chief Executive

Hong Kong, 30 June 2021

Environmental, Social and Governance Report

INTRODUCTION

The board (the "Board") of directors (the "Directors") of Far East Hotels and Entertainment Limited (the "Company", together with its subsidiaries, "the Group") is pleased to present this Environmental, Social and Governance ("ESG") Report in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Guide"), as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board (the "Main Board Listing Rules") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This report aims to provide a balanced representation of the major ESG policies, initiatives and performances of the Group in the four main areas – employment and labour practices, operating practices, environmental protection and community participation.

SCOPE AND REPORTING PERIOD

The scope of this report covers the Group's hotel operations and management business of the Cheung Chau Warwick Hotel ("the Hotel") in Cheung Chau, Hong Kong. As the Board has made consideration of its operational simplicity, our operations and management business of holiday flats are excluded in this Report. Besides, in view of insignificance in terms of socio-economic and environmental impacts, our serviced property leasing segment in the People's Republic of China, Hong Kong and overseas property investment segment, securities investment and trading segment, as well as head office operations are also excluded from the reporting scope. The information stated in this report covers the period from 1 April 2020 to 31 March 2021 (the "Reporting Period") which aligns with the financial year as the 2021 annual report of the Hotel.

The Board firmly believes in the need to prioritize environmental and social responsibilities and continues to seek ways to improve its environmental management system. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations.

STAKEHOLDERS FEEDBACK

The Group's ESG approach is to ensure that the Group continues to create long-term value for its stakeholders includes retaining the economic and social advantages of its operations while taking the necessary steps to protect and support the local community, the natural, historic and cultural heritage.

The Group welcomes stakeholders' feedback on its ESG approach and performance. You are welcomed to provide your suggestions or share your views with the Group through any channel below to help the Group improve its ESG performance:

Website:	https://www.tricor.com.hk/webservice/00037/contact_en.asp
Address:	Suite 1902, 19th Floor, The Sun's Group Centre, 200 Gloucester Road, Wan Chai, Hong Kong
Phone:	+852 2744 9110
Fax:	+852 2785 3342

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

STAKEHOLDERS ENGAGEMENT AND MATERIALITY ANALYSIS

The Hotel strives to create positive values and believes that the interests of all stakeholders must be taken in account in order to strengthen relationship with our shareholders, employees, hotel guests, suppliers, government authorities and the society as a whole.

Our approach to stakeholder engagement is designed to ensure that our stakeholders' perspectives and expectations are fully understood to help define our current and future sustainability strategies.

The Hotel proactively engaged with the key stakeholder groups in a variety of ways to ensure effective communication of our objective and progress in relation to the following areas of concern:

Major Stakeholder	Major Communication Channels	Major Concerns
Shareholders and Investors	• Press release, Corporate Announcements and Circulars • Annual and Interim Reports • Annual General Meetings	• Business Development Plan • Financial and Business Stability • Information Disclosure and Transparency • Profitability
Employees	• Trainings and Team Building Activities • Business Meetings and Briefings • Performance Appraisals	• Career Development and Training Opportunities • Compensation and Benefits • Health & Safety Work Environment • Personal Data Protection and Security
Hotel Guests	• Customer Complaint Hotlines • Online Customer Feedback • Social Media Platforms • Correspondences	• Quality of Products and Services • Guests Satisfaction to Hotel Facilities • Privacy Protection
Suppliers	• Business Communications • Emails • Meetings and Discussions • Phone Calls and Site Visit • Tender Notice	• Business Stability • Compliance Operation • Cooperation on Fair Terms • Integrity
Public Community	• Charitable and Volunteering Activities • Community Interactions • Marketing	• Corporate Social Responsibilities • Community Investment and Charitable Activities

Environmental, Social and Governance Report

Major Stakeholder	Major Communication Channels	Major Concerns
Government and Supervisory Institutions	• Compliance Report • Major Meeting and Policy Consultation • Information Disclosures • Examinations and Inspections	• Compliance Operation • Corporate Governance • Environmental Protection
Environment	• ESG Reporting	• Energy Saving and Emission Reduction • Mitigation measures

Throughout the year, there is a wide range of communication channels, we found that ESG compliance, environmental emissions and corporate social responsibilities are the main focuses of our stakeholders. With the aim of contributing our effort to protecting the environment and supporting the society, we are dedicated to leading a business that are driven primarily by sustainability through tides of change. We emphasize the significance of sustainable development in our operational strategies as we believe to act responsibly, we must plan sustainably.

A. ENVIRONMENTAL ASPECTS

A1 Emissions

In order to preserve the rural character and natural landscape, Cheung Chau maintains a car-free environment where only small specially designed mini-fire engines, ambulances, police cars and permitted vehicles are allowed for transportation on the island. Under the permission, the Hotel follows the rules and operates a mini tractor for goods transportation within the island area which we regularly check to ensure its functionality and environmental performance.

In our daily operation, except the emission generated from the mini tractor, another exhaust gas emission is originated from cooking activities of the Chinese Bayview Restaurant. The Hotel applies stringent control on exhaust gas and greenhouse gas ("GHG") emissions by complying with the Air Pollution Control Ordinance (Cap. 311). In order to minimize the emissions to an acceptable target, all cooking fumes and exhaust gas generated from the cooking activities are processed by a filtering hydrovent before releasing to the environment.

Other emission sources included electricity consumption, freshwater and sewage processing, paper disposed at landfill and general domestic and food wastes. Hazardous wastes generated from the Chinese Bayview Restaurant were mainly cooking oil and respective kitchen sewage while non-hazardous wastes generated were mainly domestic and food waste.

Despite the insignificant emission impact the Hotel has made to the environment, we strive to adopt environmental friendly measures and sustainable approaches and materials to enhance the sustainability in Hong Kong, and to reduce energy and resource consumption in our operation of the Hotel. During the Reporting Period, the Hotel did not note any cases of material non-compliance in relation to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste.

Emission Sources and Use of Resources

Direct Emission

During the Reporting Period, the air pollutants of Respiratory Suspended Particles ("RSP", also known as Particulate Matter ("PM")) decreased in a large margin, whereas the air pollutants of nitrogen oxides ("NOx") and sulphur oxides ("SOx") remain unchanged. The changes were mainly due to the decreased usage of gas comparing to last Reporting Period. The Hotel is aware of the air pollutants generated from mini tractor usage and the emissions generated from the cooking activities. Due to the replacement of a more energy-efficient mini tractor and adoption of several energy saving initiatives, it is believed that the emissions are under control by carrying out the mitigation measures. In the future, we will keep monitoring on the emissions data in order to enhance the least usage of resources and our mitigation measures.

Besides, employees have been educated and encouraged to switch off electronic equipment when not in use. Air conditioning and lighting systems in the office and public areas are switched off after office hours and at night respectively. Measures have also been in place to reduce the amount of non-hazardous waste. We believe through continuous effort of the Hotel in reducing resources usage and generation of non-hazardous waste, it would bring greater operational efficiency, eco-friendly and paperless workplace, leading to continuous reduction of paper usage, and further environmental impact protection.

Air emission	**Unit**	2019/20	**2020/21**	**Percentage Comparison**
Nitrogen oxides (NOx)	Kilograms	1.47[1]	**0.52**	(64.63%)
Sulphur oxides (SOx)		0.01[1]	**0**	(100.00%)
Respiratory suspended particles (RSP)		0[1]	**0**	N/A

Note:

1 The direct emissions in 2019/20 have been recalculated, and figures have been restated accordingly.

The total emission of NOx, SOx and RSP are 0.52 kg, 0 kg, and 0 kg, respectively. Comparing to the emissions data in the last Reporting Period, the air emissions of NOx, SOx and RSP have reduced 64.63%, 100% respectively. The changes were mainly due to the decreasing usage of kitchen facilities cause of COVID-19 pandemic. The Group will keep monitoring on the emissions data in order to enhance the least usage of gas in the future.

During the Reporting Period, the Hotel produced a total of 755.37 tonnes of carbon emissions (mainly carbon dioxide, methane and nitrous oxide). The Group will continue to assess and record its greenhouse gas emissions and other environmental data annually and compare it with last year's data to assist the Group in further developing emission reduction targets in the future.

The total decrease of GHG Emission/energy consumption was mainly due to less usage of gas by the Hotel.

The data are referenced from the quantification methodology stated on "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010" and the emission factor is based on the latest figure provided by the China Light and Power Company Limited, Drainage Services Department and Water Supplies Department.

Emission	Unit	2019/20	2020/21	Percentage Comparison
Scope 1 & 2 Direct and Indirect GHG Emissions				
GHG Emission	tCO_2e	814.66[1]	**739.22**	(9.26%)
GHG Emission Intensity by Area	tCO_2e/m^2	0.17[1]	**0.15**	(11.76%)
Scope 3 Other Indirect GHG Emissions				
GHG Emission	tCO_2e	14.60[1]	**16.15**	10.62%
Total GHG Emission	tCO_2e	829.26[1]	**755.37**	(8.91%)

1 The direct emissions in 2019/20 have been recalculated, and figures have been restated accordingly.

Notes:

- Reference was made to Appendix 27 of the Listing Rules governing the Main Board and the relevant guidance of the Stock Exchange of Hong Kong Limited for the emission factors, unless stated otherwise.
- tCO_2e represents tonnes of carbon dioxide equivalent.
- Direct emissions of the Hotel were from fuel combustion in mini tractor and cooking activities.
- Energy indirect emissions of the Hotel were from purchased electricity. Other indirect emissions of the Hotel included paper used and recycled and electricity used for fresh water and sewage processing by government department.

A2 Use of Resources

Energy and Water Consumption

During the Reporting Period, the Hotel consumed 180.00L of petrol for the mini tractor, 2,709.20 kg of LPG and 250L naphtha for the cooking activities, 1,461,123.00 kWh of electricity and 24,233.00 m^3 of water for daily operations. Through continuous efforts in reducing direct fossil fuel and energy consumption and adoption of a more energy-efficient mini tractor and filtering hydrovent, the Hotel believes that it would lead to a dwindling level of energy consumption and progress towards a better stewardship in ESG management in the future. The Hotel keeps track of resources used to explore opportunities in conserving natural resources.

Energy Consumption	**Unit**	2019/20	**2020/21**	**Percentage Comparison**
Petrol consumption	L	180.00	**180.00**	–
Naphtha consumption	L	250.00	**250.00**	–
LPG consumption	kg	7,879.50	**2,709.20**	(65.62%)
Electricity consumption	kWh	1,581,222.00	**1,461,123.00**	(7.60%)
Total energy consumption	MWh	1,587.66	**1,467.57**	(9.09%)
Total energy consumption Intensity by Area	MWh/m^2	0.33	**0.3**	(100%)
Water consumption	m^3	22,862.00	**24,233.00**	6.00%
Water Consumption Intensity by Area	m^3/m^2	4.70	**4.98**	5.96%

The Hotel proactively monitors the usage of resources and maintains best environmental practices to use energy efficiently and hence mitigate GHG emission. These measures include:

- suspending food and beverage services on Wednesdays to minimise energy consumption and relevant GHG emissions from kitchen and restaurant usage, including steamers, cookers, lighting and air-conditioning system;
- making use of natural sea breeze to substitute the reliance on air-conditioners for improved indoor air quality and lessened energy usage;
- keeping light fixtures and lamps clean to maximize efficiency, and turning off all inessential lights, electronic appliances and air conditioners when not in use;
- monitoring on any effective ways to enhance the energy efficiency and consumption; and
- reviewing the internal policies and practices regularly so as to seek opportunities for integrating environmental considerations into working procedures.

For the Hotel operations, water usage is essential for hygiene and cooking purposes and a little amount is unavoidably consumed for daily activities of staff. There is an increase of usage during the reporting period due to maintaining high hygiene environment. Due to COVID-19 pandemic, the hotel required to maintain clean environment for guests and staff, which required to use more water. As water is considered as precious resource, the Hotel has implemented a number of measures to conserve water resources among our employees, as well as our guests, such as consideration and evaluation of whether there is a need to operate swimming pool given our proximity to the Tung Wan Beach, replacement project of underground water pipeline system and changing the linen upon our guests' requests. Water saving reminder labels are also posted in guest rooms and public toilets to raise our guests' and employees' awareness of water saving. No issue in sourcing water for the Hotel's operation had been noted in the Reporting Period.

Paper Consumption

A total of 1.12 tonnes (2019–2020: 0.42 tonnes) per carbon emission was produced for of paper used and disposed for daily office operations during the Reporting Period. Since the COVID-19 pandemic, the hotel is using more paper than last year for the notice and manual to given out to different individuals for their own reading in order to lower the chance of cross contamination by reusing the materials. The Hotel strives to minimize paper waste by reusing paper when it is possible. During the Reporting Period, 30 kg of paper had been recycled. Employees are constantly reminded to reuse single-side used paper and adopt two-sided printing. The Hotel will be following for the future years in order to reduce more paper consumption.

- using office automation system and emails for internal communication;
- electronic marketing materials and newsletters are used to minimise massive printing of promotion materials;
- encouraging our staff to view documents on electronic devices instead of printing out hard copies. When printing is unavoidable, staff members are required to reuse paper for internal documentation, print on both sides and few pages per sheet; and
- collecting waste paper to government recognised recyclers for recycling purpose regularly.

Wastes

During the Reporting Period, the Hotel has developed a system to record the amount of hazardous waste and paper waste generated and recycled. The major wastes disposal generated is defined as non-hazardous wastes, including general domestic and food waste, paper waste, old furniture, plastic foam boxes and bottles.

By applying simplified waste collection arrangement, the Hotel appoints professional waste contractor to collect or recycle waste for disposal at landfills. However, due to the restriction of location to the island, shipping is the only transportation method for collecting and transferring the waste disposal to respective landfills. We have considered the transportation arrangement is also resource-consuming and energy-exhaustive, we strictly monitor and follow the Waste Disposal Ordinance (Cap. 354) to ensure the disposal process is properly handled by our professional waste contractor.

Environmental, Social and Governance Report

We understand that is not enough to consider only on the energy and resources usages of the transportation, reduction of the waste disposal and resources usage are always our major consideration on how to alleviate the burden of Hong Kong's landfill capacity. Employees are reminded to reduce waste generation, reuse and recycle resources whenever possible.

Hazardous Waste

During the Reporting Period, respective kitchen sewage of hazardous waste was generated by the Hotel. We have appointed a licensed service provider to collect these wastes. The Hotel closely monitors and follows the Water Pollution Control Ordinance (Cap. 358) in order to mitigate the levels of sewage discharge. Other than that, on-site treatment facility was installed in the Hotel for filtering, processing and treating the sewage before discharging into the sea.

The Hotel is aware of the health and environmental impacts of hazardous waste and strives to reduce generation of hazardous waste whenever possible. In order to minimize the waste discharge to the environment, the Hotel installed a grease interceptor for processing oil particles and other impurities in the kitchen, cleans the relevant treatments regularly and monitors the functional efficiency.

Non-hazardous Waste

During the Reporting Period, general domestic and food waste was the Hotel's major source of non-hazardous waste. A total of 234.31 kg have been used during the Reporting Period, compared with last year 152 kg of papers have been used and disposed of for daily office operations, there is an increased amount of paper using as mentioned above. We have been reusing more papers than last year. Employees are reminded to reduce waste generation, reuse and recycle resources whenever possible.

The Hotel implemented the following measures for minimizing the non-hazardous waste disposal:

- inspecting and monitoring the condition and functional effectiveness of the treatment facility;
- participating in the paper waste separation on site;
- performing segregation of leftover shower gel and reusing as hand soap;
- collecting unused soup bars and other bathroom amenities for future use;
- collecting leftover toilet paper rolls which are repurposed for guest use in our public toilets; and
- placing collection bins outside the Hotel for collecting bottled and canned amenities in our guest rooms.

Apart from the paper wastes, the Hotel currently has not established a system to record the amount of other non-hazardous waste generated and recycled. In order to alleviate the waste challenge in Hong Kong, the Hotel strives to design and implement a more effective waste management system focusing on the use of resources in a more environmentally friendly manner and to ensure compliance with relevant statutory and contractual standards and requirements. In the future, we shall proactively explore new ways to effectively monitor our waste generation.

A3 The Environment and Natural Resources

Since the management acknowledges that the Hotel consumes a significant amount of natural resources, which might not be aligned with the principle of sustainable development, the Hotel seeks to identify and manage environmental impacts attributable to its operations, in order to minimize these impacts if possible. The Hotel has adopted an environmental policy with a focus including but not limited to adopting eco-friendly practices in daily operation as well as communicating the policy to its key stakeholder and encouraging it to integrate the environmental concerns into its operation process. We perceive and align the principles of sustainability by permeating four major aspects throughout our governance and management values, including customer service quality, community interaction, health and well-being, and last but not least environmental stewardship.

The Hotel has taken steps to reduce its impact on the environment by adopting energy saving measures mentioned in A1 Emissions and A2 Use of Resources. The Hotel has complied with relevant laws and regulations and did not find any cases of breach of regulations relating to emissions and the environment. Looking ahead, the Hotel will continue to assess environmental risks in our business operations to formulate responsive measures and regularly review and update our environmental protection policies.

B. SOCIAL ASPECTS

B1 Employment and Labor Practices

The Hotel has always considered talents as its most valuable resource and asset. The Hotel respects and protects the statutory rights and interests of employees, provide a fair career development platform, cares about its employees' physical and mental health, and join hands with employees to realize sustainable development.

The Hotel is committed to providing a workplace free from any form of discrimination and harassment and provides opportunities to employees with different backgrounds and characteristics so as to build a diversified workforce. Any form of discrimination against our potential or current employees on the ground of nationality, age, gender, sexual orientation, gender identity, ethnicity, disability, pregnancy, political inclination is strongly prohibited.

The Hotel provides a wide range of incentives, including competitive remuneration and benefits packages, which are based on individual performances and qualifications of employees and benchmarked against our industry peers on an annual basis.

Environmental, Social and Governance Report

The Hotel ensure the business operation are in compliance with the applicable local laws and regulations, such as the Minimum Wage Ordinance (Cap. 608), all employment rights and benefits are commensurate with local rules and legal requirements. All of our employees are essentially treated with fair wage, fixed working hours, proper insurance coverage, statutory holidays and miscellaneous types of leaves, including sick leave, maternity leave, marriage leave, compassionate leave and jury service leave. In addition, a various of leisure activities are organized which includes but not limited to annual dinners, birthday or Christmas parties to enhance the staff bonding. The Hotel has established a "Staff Handbook" that includes the terms and conditions of employment, the staff benefits (leave entitlement, insurance and training), and the hotel rules and policies.

The total workforce by gender, employment level and age group, as compared to last year, are as follows:

	As at 31 March	
Number of Employee of the Hotel	2019/20	**2020/21**
By Gender		
Male	15	**16**
Female	11	**11**
By Employment Level		
Senior Level	4	**1**
Intermediate Level	6	**8**
General Level	16	**18**
By Age		
Below 30 years old	–	**–**
Between 30 to 50 years old	9	**9**
Over 50 years old	17	**18**

There is a slightly increase on the total employment figures compared with 2019–2020. Some of the senior level's employees may seek for other opportunities and have reduce the amount from 4 to 1 employee this year. Due to the change of the structure, it has increased the numbers of staff in other levels to maintain the Hotel's standard and daily operations of the Hotel.

Since its establishment, the Hotel implemented different measures to reduce employee turnover rate, such as strengthening recruitment controls, so that applicants can fully understand the working environment and control of the Hotel strengthen the staff trainings system to meet the career development requirement of employees at all levels; focus on the work pressure of employees, expand the development prospects of the Hotel so that competitive career platform can be provided to the employees. The employee turnover rate was low. Only 6 employees left the company during the Reporting Period.

B2 Health and Safety

As a responsible employer, the Hotel is committed to reducing accidents, illness, and risks in the working area as far as possible, promoting the health of its employees, and thus also reducing the absence rate and employee turnover rate.

The Hotel provides full time employees with a comprehensive set of medical insurance, including but not limited to medical insurance, surgical insurance, hospitalization insurance and employees' compensation insurance.

The Hotel strictly complied with the Occupational Safety and Health Ordinance (Cap. 509), and has established the Staff Handbook on occupational health and safety for primary prevention of hazards and to deal with all aspects of health and safety in the workplace. The main focus of our practices has three different objectives: (1) to maintain and promote workers' health and capacity at work; (2) to improve the working environment so to be conducive to safety and health; and (3) to develop a work culture in a direction which supports health and safety at the workplace. Other procedures regarding fire safety system, first-aid boxes, CCTV system are also required to be followed by all employees to protect employees from risks resulting from factors averse to health.

Safety drills are conducted regularly to enhance awareness and alertness to react in times of accidents. For example, fire safety drills were carried out during the Reporting Period, at which evacuation routes, proper usage of fire extinguishers, as well as relevant safety tools were displayed.

During the Reporting Period, the Hotel was not aware of any violations of Hong Kong health and safety laws and regulations and no employee injury case incurred and reported. We are strongly committed to increase training and to roll out related programs in order to prevent any work injuries incurred in the daily operation, we will continue put in effort in this area. Moving forward, the Hotel seeks the possibility to hire professional first-aid instructors to offer training courses to our employees.

B3 Development and Training

The Hotel emphasizes the importance of employee training and development. It strives to assist employees not only in acquiring professional knowledge to fulfil their duties, but also in developing their lifelong career. Training includes internal, external, induction, on-the-job, capability and corporate culture training. All directors of the Hotel receive comprehensive, formal and tailored induction training, to ensure that they understand business operations of the Hotel, directors' responsibilities and obligations under the Listing Rules and other regulatory requirements. They are also trained regularly on the newest relevant statutory requirements and market changes, to ensure their high level of awareness on the industrial trends.

		2020/21	
Total and average training hours completed per employee	**Total training hours**	**Person**	**Average training hours**
By Gender			
Male	780	16	52.00
Female	572	11	52.00
Total	1,352	27	
By Employment Level			
Senior management	–	1	N/A
Middle management	416	8	52.00
Frontline and other employees	936	18	52.00
Total	1,352	27	

During the Reporting Period, the Hotel arranged and conducted several in-house training sessions on all-round safety measures and instructions on how to use the fire installations and equipment, in order to enhance the awareness of the safety concepts to our employees, as well as the importance on regular inspections of our safety systems displayed in the Hotel, which in turn serves the interests of the Hotel. Increase training for our employees are our aimed for the upcoming years, in order to make sure all-round development for both our staff and the Hotels. We strived to develop a great experience for all the staff and guests.

B4 Labor Standards

The Hotel strictly complies with the Employment Ordinances (Cap. 57) of Hong Kong and other legal employment requirements to avoid any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfill our responsibilities to employees, respects their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees, in order to realize the common development of the Hotel and its employees.

As prescribed in the policies and procedures, the Hotel emphases a transparent recruitment and employment mechanism by adopting a competence-based management approach. During the recruitment process, all candidates are required to provide identification proof to ensure compliance with the relevant laws and regulations on prohibiting child labor and forced labor. If applicants are found in providing any counterfeit or false information, the Hotel has right to dismiss the employee immediately.

The employment terms and conditions are set out in "Staff Handbook" which is required to be signed by all newly hired employees in order to make sure that they understand the Hotel's guidelines.

During the Reporting Period, the Hotel did not discover any non-compliance with laws and regulations which have a significant impact on employment and labor practices.

B5 Supply Chain Management

In purchasing perishable products, we incorporate local sourcing into our procurement strategies. Currently, we source seafood from local Cheung Chau fish stockers. It does not only guarantee the freshness but also carries an implication of shorter travel distance for delivery, hence less fuel use and reduced carbon footprint.

The Hotel has established processes in accordance with certain requirements and standards set by the Hotel to select and evaluate suppliers to ensure that the purchased goods comply with relevant standards and criteria. In selecting and evaluating suppliers, the Hotel also pays attention to their environmental compliance record as well as their commitment to social responsibility. Environmentally and socially responsible suppliers will be prioritized in the selection process.

B6 Operating Practices and Product Responsibility

Service Responsibility

With a perceived trend of digitalization in the travel industry, we have partnered with Online Travel Agencies (the "OTA") and utilized online platform for the sales and marketing for the Hotel. Guests publish their comments on every social media platforms as a reference to other travelers, we also take those comments as reference and review in the regular meeting to execute the improvements on various areas, including the hospitality services provided, increasing the number of themed rooms, renovation and decoration.

In order to facilitate better services provided to our guests, we continue to adopt the Standard Operating Procedures ("SOP") as a guiding handbook for all our employees to have a better understanding on their responsibilities and duties at respective units, including the front desk department, the housekeeping department, the sales and marketing department, and the food and beverage department.

The Hotel has established a performance review system. Random inspections are carried out for examining the daily performances and regular team meetings are hosted by corresponding managers to clarify the areas that require improvements. Performance assessment is carried out biannually by respective department managers and the performance review results are subject to approval from the hotel manager. Further trainings will be provided when necessary.

Prioritizing health and safety of our guest

In the areas of design, structure, fire precautions, health, sanitation and safety, we comply with the requirements of the Buildings Ordinance (Cap. 123). Precautions are taken against fire or other unlikely incidents to protect the welfare and property of our guests in accordance with the Fire Services Ordinance (Cap. 95). For example, to safeguard public health, maintain indoor air quality and prevent the cause of fires, smoking is prohibited in all indoor areas in compliance with the Smoking (Public Health) Ordinance (Cap. 371). We have put the relevant labels and stickers at noticeable areas to remind our guests about the potential health and safety risks.

On the other hand, we maintain and comply with consistent and rigorous hygiene standard and food quality in order to ensure the food safety served by our restaurant. For those who prepare and serve the food and beverages in the kitchen and restaurant, they are required to strictly follow the instructions that are outlined in the SOP and reviewed regularly under inspections.

All positive and negative feedbacks from our guest are valuable for us. In the operation of our hotel business, we ensure the adequacy and suitability in the use of apparatus and equipment in accordance with the Hotel and Guesthouse Accommodation Ordinance (Cap. 349).

Safeguarding Privacy and Personal Information

The nature of our business requires that we frequently and regularly collect, retain, and utilize personal data from our existing and potential guests. Therefore, we must abide by the fair information practices relating to the collection, retention, handling, disclosure and use of personal data as stipulated in the data protection principles of the Personal Data (Privacy) Ordinance (Cap. 486).

For the protection of privacy in respect of personal data, the Group has well established internal control and compliance procedures developed on the basis of the Ordinance and implement strict control over the security of information to ensure compliance with the relevant laws and regulations.

We seek to ensure that appropriate measures are taken to prevent the misuse or disclosure of personal data and to hold such personal data solely for such collection purposes. We inform our customers of their rights under the Ordinance and the purpose for which their data may be used by the Hotel. Relevant documents containing personal information are stored and accessible only by our authorized employees. All documents will be properly destroyed and shredded after 7 years of storage whereas the use of personal data in direct marketing or communication without prior consent from guests is strictly prohibited.

We have drawn attention on the information security awareness regarding the use of computer, internal email system and the Internet. For those employees who can access into the IT system and review the sensitive and private data, we require them to set up personalized passwords and protect their own passwords by not to disclose to anyone in order to prevent any unauthorized accesses. In addition, virus scan is performed mainly for the email attachment downloads or transfers from external sources by responsible employees on a regular basis in view of minimizing the information technology hacking risks.

The Hotel has educated its employees the following:

- Preserving the guests' trust by safeguarding and handling their information in a private and confidential manner.

- The importance of guest privacy.

- Exchanging confidential information is prohibited.

During the Reporting Period, the Group received no substantial complaints regarding breaches of customer privacy, also they did not discover any circumstances of consumers' personal data being stolen, altered, damaged or leaked during the reporting period.

B7 Anti-Corruption & Anti-Money Laundering

The Group maintains and effectively implements a comprehensive system of internal control and stringent policies for anticorruption, and is committed to prevent and monitor any malpractices or unethical practice.

The Hotel strictly abides by the laws and regulations regarding bribery, extortion, fraud and money laundering, including the Prevention of Bribery Ordinance (Cap. 210). We stand against any form of bribery, corruption, extortion, fraud, and has a zero-tolerance policy towards misconduct and is committed to create a culture of integrity and justice by accepting internal complaints and whistleblowing.

The whistle blowing channel, as set out in the "Staff Handbook", has been in place for all employees to raise any concerns without fear of any negative impacts. The Hotel encourages reporting of suspected business irregularities and provides clear channels specifically for this purpose. All employees can contact the management or, in case of any serious matter, directly to the Chairman of the Board's audit committee for lodging a complaint or whistleblowing. The Hotel is committed to the highest standards of integrity and ethics and require our employees to maintain the confidentiality of proprietary information entrusted by the Hotel, our customers and suppliers. Such information includes intellectual property.

Environmental, Social and Governance Report

During the period under review, the Group has complied with Anti-Money Laundering and Counter-Terrorist Finance Ordinance (Cap. 615) in Hong Kong and Prevention of Bribery Ordinance of Hong Kong and the other relevant laws and regulations of relating to bribery, extorting, fraud and money laundering. The Group was not aware of any of non-compliance with laws or regulations that has a significant impact concerning bribery, extortion, fraud or money laundering during the Reporting Period.

B8 Community

We are grateful to operate our Hotel in the delightful and cozy island and be supported by the local Cheung Chau community over the decades. Sustainability of the island becomes indispensable to the Hotel as our business is relied on the resources, infrastructure and markets provided by the island. Recognizing our responsibility to the community, we are committed to providing available resources to support the community and encouraging employees to participate in various charitable and voluntary activities. We promote cohesiveness and aim to achieve a win-win situation in order to maintain and strengthen the sustainability, development and value of both our Hotel and our community.

We actively advocate employees to participate in charitable events, to arouse attention to the community and drive further participation in community services.

The Hotel will continue to uphold the principles of accountability to shareholders, investors, suppliers, guests and the public community and seek further development opportunities to maintain a harmonious relationship with stakeholders.

Over the years, the Hotel has focused on community activities and strongly encouraged our employees to participate in various volunteering works. During the Year, the Hotel has participated in several public activities.

Supporting the Local Social and Cultural Activities

Cheung Chau island with full of cultural features draws significant attention among tourists and becomes one of the tourist paradises in Hong Kong. Especially in the Cheung Chau Bun Festival, which was inscribed onto the Third National List of Intangible Cultural Heritage of China in 2011. The festival is celebrated annually with a series of weeklong activities, including traditional ritual events, the "Piu Sik", and the Bun Scrambling Competition.

Due to the huge demands on the tourism, the Hotel seizes the business opportunities and offers package deals to our guests providing the hotel accommodation and a guided tour. We coordinated respective guided excursions to the island's tourist attractions with the collaborated travel agencies, for example, the Cheung Po Tsai Cave and Pak Tai Temple. The tourists can deeply understand and assimilate into the Cheung Chau's customs and heritage when they have a stay in Cheung Chau.

In terms of monetary donation, the Hotel gave support to various social and cultural events with donations of approximately HKD 5,500, supporting the Cheung Chau New Year Carnival, the Cheung Chau Bun Festival, the Mid-autumn festival events and the promotion of Cheung Chau island.

Apart from the monetary donation, we also hope our guests can experience the local cultural through foods. Following the local cultural and tradition of thanksgiving rituals organized by the local community, the Hotel prepared both meat and vegetarian meals available in order to fulfill different needs of our guests throughout the weeklong Cheung Chau Bun Festival as it also coincides with the Buddha's Birthday.

Supporting Local Community on Anti-Epidemic Measures

During the Reporting Period, it is critical to enhance the anti-epidemic measures as a response to the virus outbreak. In view of maintaining safety measures during COVID-19 pandemic, the Hotel has helped different charitable organisations to deliver face masks for local residents to minimise the risk of community transmission, and to support the society in the prolonged periods of social unrest. In addition, the Hotel's staff also helped out in the Community Testing Centre for registration in order to support locals to get checked to protect themselves and others. Apart from distributing face masks and supporting Community Testing Centre, we also elevate the standard of hygiene to create a more secure environment for our Hotel guests.

Facilitating Local Replantation Projects

Being as one of the community members in Cheung Chau, the Hotel participated in the events whenever there is a need for helps. As we all knew by the experiences of past years, visitors are attracted when Sakura trees blossom during spring every year. Therefore, we perceived our obligation to help restore the landscape and assisted to source Sakura trees.

Joining Force in Local Animal Welfare Protection

The Hotel continues to collaborate with the Cheung Chau Independent Animal Volunteers Group in organizing fundraising events at our hotel area. We hope to show to our guests and other stakeholders that we are not only being social responsible to human beings but also the animals residing in the surrounding neighborhood and raise the awareness on characteristics and rights of animals in our community.

Retaining Local Talent

In our hotel operation, we directly create employment opportunities for 23 local residents out of 26 total employees representing we make good use of the local supply of labor force in Cheung Chau. Other than that, employing local residents can indirectly reduce carbon footprint implied by shortened travel distance.

Corporate Governance Report

COMMITMENT TO CORPORATE GOVERNANCE

The Company is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance emphasising transparency, independence, accountability, responsibility and fairness. The board of directors of the Company (the "Directors" and the "Board", respectively) and its senior management ensure that effective self-regulatory practices exist to protect the interests of the shareholders of the Company (the "Shareholders").

Throughout the year ended 31 March 2021 (the "Year"), the Company had complied with all the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" and the "Listing Rules", respectively), except for the following:

(a) Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The role of chairman is responsible for formulating and setting the strategies and policies of the Company and its subsidiaries (collectively the "Group") in conjunction with the Board.

The role of chief executive is responsible for managing the Group's strategic initiatives, investor relations, corporate and investor communications, mergers or acquisitions, and financing.

The post of the chairman of the Board (the "Chairman") has left vacant since 17 March 2015. Mr. Derek Chiu, an executive Director, assumes the roles and responsibilities of both the Chairman and the Managing Director and Chief Executive. The Board considers that the current structure of vesting the roles of the Chairman and the Managing Director and Chief Executive in the same person will not impair the balance of power and authority between the Board and the management of the Company.

In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Code, and maintain a high standard of corporate governance practices of the Company.

(b) Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors are subject to retirement by rotation at each annual general meeting under articles 78 and 79 of the Company's articles of association (the "Articles of Association"). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those provided in the Code.

THE BOARD OF DIRECTORS

The Board's primary responsibilities are to formulate long-term corporate strategy, oversee the management of the Group, to evaluate the performance of the Group and assess the achievement of targets periodically set by the Board. The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The senior management is mainly responsible for execution of the business plan, strategies and policies adopted by the Board and assigned to it from time to time. The Board is directly accountable to the Shareholders and is responsible for preparing the financial statements.

Currently, the Board comprises seven Directors, whose biographical details are set out in the "Profile of Directors" of this annual report. Two of the Directors are executive, two are non-executive and three are independent non-executive. The five non-executive Directors (including the independent non-executive Directors) bring a broad range of legal, financial, regulatory and commercial experience and skills to the Board, which contribute to the effective strategic management of the Group. The executive Directors are not permitted to engage in any other business which is in competition with that of the Group, and are required, to devote all of their active business time to the business and affairs of the Group.

Please refer to the "Directors' Report" and the "Profile of Directors" of this annual report for the composition of the Board and relationship among the members. Save for such relationship disclosed in the "Profile of Directors", there is no other financial, business, family or other material/relevant relationships among the members of the Board.

Pursuant to the independence requirements set out in Rule 3.13 of the Listing Rules, the Company has received annual written confirmation from all independent non-executive Directors of their independence and the Company considers them to be independent.

BOARD MEETINGS

Four board meetings and one general meeting were held during the Year. The attendance record of each individual Director at the Board meetings and the Shareholders' meeting is set out in the table below:

	Number of Board meetings attended/eligible to attend	Number of Shareholders' meeting* attended/eligible to attend
Executive Directors		
Derek Chiu *(Managing Director and Chief Executive)*	4/4	1/1
Amanda Chiu	4/4	1/1
Non-executive Directors		
Chiu Ju Ching Lan	0/4	0/1
Alex Chiu	0/4	0/1
Independent Non-executive Directors		
Ip Shing Hing	4/4	1/1
Ng Wing Hang Patrick	4/4	1/1
Choy Wai Shek Raymond	4/4	1/1

* an annual general meeting was held on 9 September 2020.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound and effective risk management and internal control systems of the Group. The Company has an established risk framework under which it identifies risks relevant to the operations and activities of the Group, and assesses these risks in relation to their likelihood and potential impacts. The Group's internal control system includes a well-defined management structure with limits of authority, which is designed to achieve business objectives, safeguard assets against unauthorised use or disposition, ensure proper maintenance of books and records for the provision of reliable financial information for internal use or publication, and ensure compliance with relevant legislations and regulations. Such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, and aims to provide a reasonable, as opposed to an absolute assurance against material misstatement or loss. In addition, the Board also considers the adequacy of resources, staff qualification and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

The Company does not have internal audit department. The Board currently takes the view that there is no immediate need to set up an internal audit function in light of the size, nature and complexity of the Group's business. The need for an internal audit function will be reviewed from time to time. An audit committee (the "Audit Committee") has been set up to review the Group's risk management and internal control systems so as to ensure that such systems are sound and adequate, and to protect the Shareholders' investment and the integrity, effectiveness and efficiency of the Company's assets. During the Year, the Company has carried out a review of, and the Audit Committee and the Board have received a confirmation from the management on, the effectiveness of the risk management and internal control systems of the Group and no significant areas of concern were identified. Based on the outcome of the review performed by the Audit Committee, administrative management and the independent auditor of the Company (the "Independent Auditor"), the Directors were of the view that the systems of internal control and risk management are effective and there were no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's risk management and internal control systems for the Year.

DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regards to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;

- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;

- the Group has strictly prohibited unauthorised use of confidential or inside information; and

- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, the company secretary and investor relations officers are authorised to communicate with parties outside the Group.

COMMUNICATION WITH SHAREHOLDERS

The Board adopts an open and transparent communication policy and encourages full disclosure to the public as a way to enhance corporate governance. The Board aims to provide the Shareholders and the public with the necessary information to form their own judgement on the Company.

INDEPENDENT AUDITOR'S REMUNERATION

For the Year, the Independent Auditor received HK$1,180,000 (2020: HK$1,180,000) for audit service and HK$25,000 (2020: HK$25,000) for non-audit service in connection with tax advisory service and review of preliminary results announcement.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Board has adopted a new code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiries of all Directors, the Directors have confirmed that they had fully complied with the Model Code and the Company's code of conduct regarding directors' securities transactions during the Year.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. They ensure that the preparation of the consolidated financial statements of the Group is in accordance with the statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the consolidated financial statements of the Group is in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the Independent Auditor regarding its reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

AUDIT COMMITTEE

The Company has established the Audit Committee. The terms of reference of the Audit Committee are consistent with the provisions set out in the relevant sections of the Code.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, risk management and internal control systems, and financial reporting matters including the review of the consolidated financial statements. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ng Wing Hang Patrick (chairman of the Audit Committee), Mr. Ip Shing Hing and Mr. Choy Wai Shek Raymond.

The principal duties of the Audit Committee include the review and supervision of the Group's financial statements, financial reporting system, risk management and internal control systems. It also acts as an important link between the Board and Independent Auditor in matters within the scope of the Group's audit.

During the Year, the Audit Committee, amongst other matters, reviewed the Group's draft annual results for the year ended 31 March 2020 and draft interim results for the six months ended 30 September 2020 and recommended the same to the Board for approval.

During the Year, three meetings were held by the Audit Committee. The individual attendance record of each member of the Audit Committee is as follows:

	Number of meetings attended/eligible to attend
Ng Wing Hang Patrick *(Chairman of the Audit Committee)*	3/3
Ip Shing Hing	3/3
Choy Wai Shek Raymond	3/3

The Audit Committee met on 30 June 2021 and, among other matters, reviewed the Group's draft audited consolidated results for the Year.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee"). The terms of reference of the Remuneration Committee are consistent with the provisions set out in the relevant sections of the Code.

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Choy Wai Shek Raymond (chairman of the Remuneration Committee), Mr. Ip Shing Hing and Mr. Ng Wing Hang Patrick, and an executive Director who is also the Managing Director and the Chief Executive, Mr. Derek Chiu.

The Remuneration Committee is principally responsible for formulating and making recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management. None of the Directors is involved in deciding his/her own remuneration.

During the Year, one meeting was held by the Remuneration Committee to review the remuneration package of all the Directors, and made recommendation to the Board on the remuneration proposal for all Directors. The individual attendance record of each member of the Remuneration Committee is as follows:

	Number of meeting attended/eligible to attend
Choy Wai Shek Raymond *(Chairman of the Remuneration Committee)*	1/1
Ng Wing Hang Patrick	1/1
Ip Shing Hing	1/1
Derek Chiu	1/1

The Remuneration Committee met on 30 June 2021 and reviewed the remuneration package of all the Directors and senior management.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") was established by the Board on 2 March 2012. The terms of reference of the Nomination Committee are consistent with the provisions set out in the relevant sections of the Code.

The Nomination Committee comprises three independent non-executive Directors, namely Mr. Ip Shing Hing (chairman of the Nomination Committee), Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond, and an executive Director who is also the Managing Director and the Chief Executive, Mr. Derek Chiu.

The Nomination Committee is principally responsible for formulating and making recommendation to the Board regarding the composition of the Board. The Nomination Committee also reviews the structure, size and composition of the Board, recommends the re-appointment of Directors and assesses the independence of the independent non-executive Directors.

During the Year, two meetings were held by the Nomination Committee, among other matters, (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the independent non-executive Directors; and (iii) reviewed and made a recommendation on the re-appointment of the retiring Directors. The individual attendance record of each member of the Nomination Committee is as follows:

	Number of meetings attended/eligible to attend
Ip Shing Hing *(Chairman of the Nomination Committee)*	2/2
Ng Wing Hang Patrick	2/2
Choy Wai Shek Raymond	2/2
Derek Chiu	2/2

The Nomination Committee met on 30 June 2021 and recommended the re-election of all the retiring Directors at the forthcoming annual general meeting of the Company.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy in September 2013 and discussed all measurable objectives set for implementing the policy.

The Company recognises and embraces the benefits of a diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and education background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

NOMINATION POLICY

The Company has adopted a nomination policy (the "Nomination Policy") for the purpose to identify and evaluate a candidate for nomination to the Board for appointment or to the Shareholders for election as a Director. The Nomination Committee shall consider, among others, the following criteria in evaluating and selecting candidates for directorships:

(a) reputation for integrity;

(b) accomplishment and experience in the business in which the Group is engaged in;

(c) commitment in respect of available time and relevant interest;

(d) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), educational background, professional experience, skills and length of service;

(e) qualifications which include professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(f) the number of existing directorships and other commitments that may demand the attention of the candidate;

(g) requirement for the Board to have independent non-executive Directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rule 3.13 of the Listing Rules;

(h) board diversity policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and

(i) such other perspectives appropriate to the Company's business.

Each proposed new appointment, election or re-election of a director shall be assessed and/or considered against the criteria and qualifications set out in the Nomination Policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

COMPANY SECRETARY

Ms. Cheng Lucy ("Ms. Cheng") was appointed as company secretary of the Company on 29 November 2018.

Ms. Cheng was nominated by Boardroom Corporate Services (HK) Limited ("Boardroom") to assume such position and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Ms. Cheng has been contacting in respect of company secretarial matters is Mr. Derek Chiu, an executive Director who is also the Managing Director and the Chief Executive, or his delegate.

Ms. Cheng had received no less than 15 hours of relevant professional training for the Year.

BOARD'S CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions of the Company as set out in code provision D.3.1 of the Code. The Board has, among others, reviewed this corporate governance report in discharge of its corporate governance functions, ensuring compliance with the Listing Rules.

REMUNERATION OF DIRECTORS

Particulars of the Directors' remuneration for the Year are set out in note 9 to the consolidated financial statements.

Pursuant to code provision B.1.5 of the Code, the remuneration payable to the senior management of the Company, including those members of senior management who are also the executive Directors, is shown in the following table by band:

Remuneration Bands	Number of Individuals
HK$500,000 – HK$1,000,000	1
HK$1,000,001 – HK$1,500,000	1

DIVIDEND POLICY

The Company formalised and adopted a dividend policy (the "Dividend Policy") on 29 November 2018. In deciding on whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(a) the Company's actual and expected financial performance;

(b) retained earnings and distributable reserves of the Company and each of the members of the Group;

(c) the Group's working capital requirements, capital expenditure requirements and future expansion plans;

(d) the Group's liquidity position;

(e) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and

(f) other factors that the Board deems relevant.

The declaration and payment of dividends shall also be subject to all applicable requirements under the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the "Companies Ordinance") and the Articles of Association. If the Board thinks fit it may from time to time make a recommendation as to the amount (if any) which it considers ought to be paid by way of dividend and the Company may thereafter declare the amount of the dividend to be paid but such dividend shall not exceed the amount recommended by the Board. The Board may from time to time pay to the Shareholders, or any class of Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company.

The Board endeavours to strike a balance between the Shareholders' interests and prudent capital management with a sustainable dividend policy. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary.

SHAREHOLDERS' RIGHTS

The general meetings shall be convened by the Directors on the requisition of Shareholders pursuant to section 566 of the Companies Ordinance.

The Directors are required to call a general meeting if the Company has received requests to do so from Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings. A request must state the general nature of the business to be dealt with at the meeting, and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Requests may consist of several documents in like form. A request may be sent to the Company in hard copy form or in electronic form, and must be authenticated by the person or persons making it.

For putting forward proposals at any general meeting or enquiries to the Board, a Shareholder may do so in writing to the Managing Director and Chief Executive. The letter shall state clearly the identity of the Shareholder, the number of shareholding, correspondence address and contact telephone number, and the related suggestions and enquiries. The Company shall, in a reasonable and practicable manner, pass the said matter to the Board and respond according to the situation.

In addition, the Company may receive letters or phone enquiries from Shareholders from time to time, and it shall, in a reasonable and practicable manner, respond as quickly as possible.

Contact particulars of the Company are as follows:

Suite 1902, 19th Floor
The Sun's Group Centre
200 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2744 9110
Fax:(852) 2785 3342
website: www.tricor.com.hk/webservice/00037
Office Hours: 9:00 a.m. to 5:00 p.m.
Monday to Friday (except public holidays, the hoisting of tropical cyclone warning signal no. 8 or above or the issue of a black rainstorm warning notice)

CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 13.90 of the Listing Rules, the Company has posted its Articles of Association on the respective websites of the Stock Exchange and the Company. During the Year, no amendments were made to the constitutional documents of the Company.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company has been encouraging the Directors to enroll in a wide range of professional development courses and seminars so as to develop and refresh their professional skills. During the Year, all Directors, namely Mr. Derek Chiu, Ms. Amanda Chiu, Madam Chiu Ju Ching Lan, Mr. Alex Chiu, Mr. Ip Shing Hing, Mr. Ng Wing Hang Patrick and Mr. Choy Wai Shek Raymond have participated in continuous professional development by reading materials on the amendments to or updates on the relevant laws, rules and regulations according to the training records maintained by the Company. All Directors have been required to provide the Company with their training records.

Independent Auditor's Report

Deloitte. 德勤

To the Members of Far East Hotels and Entertainment Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Hotels and Entertainment Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 51 to 136, which comprise the consolidated statement of financial position as at 31 March 2021, and the 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 (the "HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significant judgements and estimate associated with determining the fair value and the significance of the Group's investment properties to the consolidated financial statements as a whole. As disclosed in notes 4 and 15 to the consolidated financial statements, the investment properties carried at HK$267,675,776 as at 31 March 2021. A net decrease in fair value of HK$11,121,449 was recognised in profit or loss for the year ended 31 March 2021. The Group's investment properties are carried at fair value based on the valuations performed by independent firms of qualified professional valuers (the "Valuers"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 15 to the consolidated financial statements. The valuations have been arrived at using direct comparison approach and discounted cash flow analysis, which are dependent on certain key inputs, including market unit rate of comparable properties, ex-gratia compensation rate of comparable properties less cost of disposal, rental income, market rent and discount rate and adjusted based on the knowledge of the Valuers and management of the Group on the factors specific to the respective properties.	Our procedures in relation to evaluating the appropriateness of valuation of investment properties included: • Obtaining an understanding of the valuation process and significant assumptions and judgement made by the management of the Group and the Valuers to assess whether the approach adopted on valuing the investment properties is appropriate; • Evaluating the Valuers' competence, capabilities and objectivity and obtaining an understanding of the Valuers' scope of work and terms of engagement; • Evaluating the appropriateness of the valuation approaches and estimations, in particular, the key inputs used by the management of the Group and the Valuers; and • Assessing the reasonableness of the key inputs adopted in the valuation, including the market unit rate of comparable properties, ex-gratia compensation rate of comparable properties less cost of disposal, rental income, market rent and discount rate by reference to market information of properties in similar conditions.

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 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 405 of the Hong Kong Companies Ordinance, 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.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Sze On Tat.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

30 June 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	NOTES	2021 HK$	2020 HK$
Revenue	5	**49,691,581**	48,935,816
Cost of sales		**(23,142,330)**	(23,150,113)
Gross profit		**26,549,251**	25,785,703
Other income		**2,859,574**	965,419
Other gains or losses	6	**9,832,855**	(3,770,433)
Net decrease in fair values of investment properties	15	**(11,121,449)**	(32,175,408)
Administrative expenses		**(18,051,171)**	(17,268,705)
Selling expenses		**(1,014,048)**	(1,455,491)
Finance costs	7	**(1,587,764)**	(1,867,520)
Share of results of associates		**630,841**	551,862
Profit (loss) before tax	8	**8,098,089**	(29,234,573)
Income tax (expense) credit	11	**(207,093)**	5,190,399
Profit (loss) for the year attributable to owners of the Company		**7,890,996**	(24,044,174)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instrument at fair value through other comprehensive income ("FVTOCI")	18	**–**	21,422
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**7,902,150**	(7,651,921)
Total comprehensive income (expense) for the year attributable to owners of the Company		**15,793,146**	(31,674,673)
EARNINGS (LOSS) PER SHARE	12		
Basic (HK cents)		**1.29**	(3.94)
Diluted (HK cents)		**1.29**	(3.94)

Consolidated Statement of Financial Position

At 31 March 2021

	NOTES	2021 HK$	2020 HK$
Non-current assets			
Property, plant and equipment	13	**31,695,028**	30,665,995
Right-of-use assets	14	**4,115,252**	1,978,826
Deposits for capital expenditure		**359,230**	3,895,232
Investment properties	15	**267,675,776**	263,678,656
Interests in associates	17	**988,670**	857,829
Paintings	19	**4,403,210**	4,367,221
		309,237,166	305,443,759
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")	20	**28,962,867**	23,590,760
Inventories	21	**260,431**	309,381
Trade receivables	22	**1,732,288**	8,183,982
Other receivables, deposits and prepayment		**1,296,554**	1,266,666
Pledged bank deposits	23	**–**	2,118,000
Bank deposits	23	**15,380,975**	5,474,053
Demand deposits held with security broker companies	23	**5,221,707**	5,564,000
Bank balances and cash	23	**27,022,281**	9,475,449
		79,877,103	55,982,291
Current liabilities			
Trade and other payables and accruals	24	**9,196,395**	5,771,862
Contract liabilities	25	**353,190**	300,782
Rental deposits received		**128,200**	95,628
Amount due to an associate	26	**810,381**	293,381
Amounts due to related companies	27	**672,551**	675,731
Bank borrowings	28	**16,776,772**	16,699,810
Lease liabilities	29	**7,783,595**	5,900,183
Tax payable		**1,973,490**	2,152,333
		37,694,574	31,889,710
Net current assets		**42,182,529**	24,092,581
Total assets less current liabilities		**351,419,695**	329,536,340

Consolidated Statement of Financial Position

At 31 March 2021

	NOTES	2021 HK$	2020 HK$
Capital and reserves			
Share capital	30	**325,837,279**	312,890,213
Reserves		**(472,284)**	(16,265,430)
		325,364,995	296,624,783
Non-current liabilities			
Deferred taxation	32	**6,326,612**	7,590,692
Provision for long service payments	31	**627,173**	974,705
Bank borrowings	28	**4,233,909**	6,956,665
Lease liabilities	29	**14,867,006**	17,389,495
		26,054,700	32,911,557
		351,419,695	329,536,340

The consolidated financial statements on pages 51 to 136 were approved and authorised for issue by the Board of Directors on 30 June 2021 and are signed on its behalf by:

DEREK CHIU
DIRECTOR

AMANDA CHIU
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital HK$	Share option reserve HK$	Investment revaluation reserve HK$	Translation reserve HK$	Accumulated profit (losses) HK$	Total HK$
At 1 April 2019	312,890,213	11,573,594	–	(3,900,925)	6,757,694	327,320,576
Loss for the year	–	–	–	–	(24,044,174)	(24,044,174)
Fair value gain on equity instrument at FVTOCI	–	–	21,422	–	–	21,422
Exchange differences arising on translation of foreign operations	–	–	–	(7,651,921)	–	(7,651,921)
Total comprehensive income (expense) for the year	–	–	21,422	(7,651,921)	(24,044,174)	(31,674,673)
Shares-based payment expenses	–	978,880	–	–	–	978,880
Lapsed share options transferred to accumulated losses	–	(750,222)	–	–	750,222	–
Reclassification to accumulated losses upon disposal of equity instrument at FVTOCI	–	–	(21,422)	–	21,422	–
At 31 March 2020	**312,890,213**	**11,802,252**	**–**	**(11,552,846)**	**(16,514,836)**	**296,624,783**
Profit for the year	**–**	**–**	**–**	**–**	**7,890,996**	**7,890,996**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**7,902,150**	**–**	**7,902,150**
Total comprehensive income for the year	**–**	**–**	**–**	**7,902,150**	**7,890,996**	**15,793,146**
Placement of new shares (note 30)	**12,947,066**	**–**	**–**	**–**	**–**	**12,947,066**
At 31 March 2021	**325,837,279**	**11,802,252**	**–**	**(3,650,696)**	**(8,623,840)**	**325,364,995**

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$	2020 HK$
Operating activities		
Profit (loss) before tax	**8,098,089**	(29,234,573)
Adjustments for:		
Net decrease in fair values of investment properties	**11,121,449**	32,175,408
Share of results of associates	**(630,841)**	(551,862)
(Increase) decrease in fair values of financial assets at FVTPL	**(9,959,464)**	3,920,171
Impairment loss reversed in respect of promissory notes receivables	**–**	(165,000)
Interest income	**(148,130)**	(216,879)
Depreciation of property, plant and equipment	**2,747,753**	2,754,717
Depreciation of right-of-use assets	**821,919**	244,523
Finance costs	**1,587,764**	1,867,520
Loss on disposal of property, plant and equipment	**126,609**	15,262
Share-based payment expenses	**–**	978,880
Operating cash flows before movements in working capital	**13,765,148**	11,788,167
Decrease in financial assets at FVTPL	**4,587,357**	10,949,933
Decrease in inventories	**53,948**	1,447
Decrease (increase) in trade receivables	**7,122,121**	(7,137,845)
(Increase) decrease in other receivables, deposits and prepayment	**(729)**	330,053
Increase (decrease) in trade and other payables and accruals	**2,888,791**	(6,415,707)
Increase (decrease) in contract liabilities	**52,408**	(3,945)
Increase in rental deposits received	**32,572**	15,628
Cash generated from operations	**28,501,616**	9,527,731
Income tax paid	**(3,036,801)**	(1,592,194)
Net cash generated from operating activities	**25,464,815**	7,935,537
Investing activities		
Dividend received from an associate	**500,000**	365,000
Interest received	**148,130**	216,879
Addition of investment properties	**(2,773,153)**	(4,439,317)
Addition of property, plant and equipment	**(2,948,048)**	(1,420,996)
Addition of paintings	**–**	(446,004)
Deposits paid for capital expenditure	**(50,000)**	(3,895,232)
Proceeds from disposal of property, plant and equipment	**118,215**	–
Proceeds from disposal of equity instrument at FVTOCI	**–**	21,422
Receipt of promissory notes receivables	**–**	8,250,000
Withdrawal of bank deposits	**2,118,000**	1,094,811
Placement of bank deposits	**(9,465,215)**	–
Net cash used in investing activities	**(12,352,071)**	(253,437)

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$	2020 HK$
Financing activities		
Proceeds from placement of new shares	**12,947,066**	–
Repayment of bank borrowings	**(2,645,794)**	(2,866,000)
Interest paid	**(1,587,764)**	(1,867,520)
Repayment of lease liabilities	**(5,663,194)**	(3,568,170)
Advances from an associate	**517,000**	–
Repayment to related companies	**(3,180)**	(3,390)
Net cash generated from (used in) financing activities	**3,564,134**	(8,305,080)
Net increase (decrease) in cash and cash equivalents	**16,676,878**	(622,980)
Cash and cash equivalents brought forward	**15,039,449**	16,392,859
Effect of foreign exchange rate changes	**527,661**	(730,430)
Cash and cash equivalents carried forward	**32,243,988**	15,039,449
Represented by:		
Bank balances and cash	**27,022,281**	9,475,449
Demand deposits held with security broker companies	**5,221,707**	5,564,000
	32,243,988	15,039,449

1. GENERAL INFORMATION

Far East Hotels and Entertainment Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company and its subsidiaries are together referred to as the Group. 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 Company is an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries are set out in note 16.

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

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

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 (the "HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 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

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 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[5]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 9, HKAS 39 and 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 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements as a result of interest rate benchmark reform and disclosure requirements under HKFRS 7 *Financial Instruments: Disclosures*.

- **Changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for changes required by the reform (i.e. as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These changes 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;

- **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 disclosed in note 28, as at 31 March 2021, the Group has a bank loan amounting to HK$14,053,920, with interest rate which is based on Hong Kong Interbank Offered Rate ("HIBOR"). The Group is in the process of discussing with the relevant bank and it is not certain at this stage whether the contractual cash flows of the loan will be changed as a consequence of the interest rate benchmark reform. The impacts of the change and the related disclosure, if any, will be made in the Group's future consolidated financial statements.

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

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

Amendment to HKFRS 16 Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

The amendments are effective for annual reporting periods beginning on or after 1 June 2020 and 1 April 2021 respectively.

The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application is not expected to have impact on the Group's financial position and performance as the Group does not intend to apply the practical expedient.

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's intentions or expectations to settle the liability within 12 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.

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

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

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

- 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.

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement to help entities.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

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

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

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 3 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the investment property located in the Mainland China of which were leased out under subleases and the related lease liabilities.

In addition, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the provisions for decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related assets.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2021, the portion of carrying amounts of investment property located in the Mainland China leased out under subleases and the related lease liabilities which are subject to the amendments amounted to HK$16,111,972 and HK$19,884,590 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

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

3.1 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 Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out 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 *Leases* and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 *Impairment of Assets*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals 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;

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

3.1 Basis of preparation of consolidated financial statements *(Continued)*

- 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.

3.2 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 where 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 Group 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 and other comprehensive income 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.

Where 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.

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

3.2 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. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

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

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 except for those that are classified and accounted for as investment properties under the fair value model. 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.

Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

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

3.2 Significant accounting policies *(Continued)*

Investment properties *(Continued)*

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Investment in associates

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.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates 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 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. When the Group's share of losses of an associate exceeds the Group's interest in that associate, 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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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.

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

3.2 Significant accounting policies *(Continued)*

Investment in associates *(Continued)*

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate 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 and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers *(Continued)*

Contracts with multiple performance obligations (including allocation of transaction price)
For contracts that contain more than one performance obligations (hotel rooms revenue and food and beverages), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method
The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (property management services and hotel room fees), the Group recognises revenue in the amount to which the Group has the right to invoice.

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

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

3.2 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 or arising from business combinations on or after 1 April 2019, 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 staff quarters 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.

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets
The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease terms, the cost of relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within “investment properties”.

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities
Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications
The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease modifications *(Continued)*

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

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

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)*

3.2 Significant accounting policies *(Continued)*

Leases *(Continued)*

The Group as a lessor (Continued)

Allocation of consideration to components of a contract
When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Sublease
When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Lease modification
Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

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.

Government grants
Government grants are not recognised until there is reasonable assurance that the Company 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 receivables. Such grants are presented under "other income".

Paintings
Paintings are stated at cost less any identified impairment loss.

Impairment on property, plant and equipment, right-of-use assets and paintings
At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and paintings to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

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

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and paintings *(Continued)*

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) 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 cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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

3.2 Significant accounting policies *(Continued)*

Inventories

Inventories, representing inventories of goods, beverages and general stores, are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

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

A financial asset is classified as held for trading if:

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

(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 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 asset and is included in the "other gains and losses" line item.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank deposits, bank deposits, demand deposits held with security broker companies and bank balances and cash) 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-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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

For 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.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(i) Significant increase in credit risk *(Continued)*

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

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

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

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets *(Continued)*

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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.

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.

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.

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 where the corresponding adjustment is recognised through a loss allowance account.

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

3.2 Significant accounting policies *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Classification as debt or equity
Debt and equity instruments 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 Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost
Financial liabilities including bank borrowings, trade and other payables, amounts due to an associate and related companies are subsequently measured at amortised cost, using the effective interest method.

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.

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

3.2 Significant accounting policies *(Continued)*

Equity-settled share-based payment transactions

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration any non-market vesting conditions 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). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. 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 share options are exercised, forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to accumulated (losses) profit.

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 recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the 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 ,except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal.

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

3.2 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. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, 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.

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. 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.

Employee benefits

Retirement benefit costs
Payments to defined contribution retirement benefit plans, including stated managed retirement benefit scheme and the Mandatory Provident Fund Scheme, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-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 in the statement of profit or loss 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 deduction of any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in the statement of profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

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

3.2 Significant accounting policies *(Continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for 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 base 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 difference 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, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (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.

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

3.2 Significant accounting policies *(Continued)*

Taxation *(Continued)*

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

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 are 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.

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 are 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 associated 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 are the critical judgements, 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.

Deferred taxation on investment properties

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the directors of the Company have determined that the Group's investment properties comprising right-of-use assets subject to subleases as at 31 March 2021 amounting to HK$69,576,971 (2020: HK$82,834,140) situated in the Mainland China are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The presumption that the carrying amounts of these investment properties situated in the Mainland China are recovered entirely through sale has been rebutted. For remaining investment properties amounting to HK$198,098,805 (2020: HK$180,844,516) located in Hong Kong and Fiji, the presumption that the carrying amounts of these investment properties measured using fair value model were recovered entirely through sales was not rebutted. The deferred tax on the changes in fair value of these investment properties is recognised according to the relevant tax rules.

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

Critical judgements in applying accounting policies *(Continued)*

Measurement of certain agricultural lands in Survey District No. 4, Tsuen Wan, New Territories (the "Agricultural Land")

As disclosed in note 15, the Group holds certain plots of agricultural land in Survey District No. 4, Tsuen Wan, New Territories as investment properties as at year ended 31 March 2021 and 2020. Certain plots of the Group's Agricultural Land are subject to potential risk of dispossession or having suspected trespass. In addition, unauthorised structures were erected on certain plots of the Group's Agricultural Land and letters issued by the Lands Department of the Hong Kong Special Administrative Region ("HKSAR") (the "Lands Department") (the "Letters") to the Group stated that such unauthorised structures were in breach of lease conditions and the Lands Department required the Group to purge the said breach by demolishing or removing the unauthorised structures. It is further stated in the Letters that in the event that the unauthorised structures still remain on such plots of the Group's Agricultural Land on the expiry of the time limit stipulated, the Lands Department shall without further warning re-enter the lot or vest all the interests held under the Government lease in the Financial Secretary Incorporated under the Government Rights Re-entry and Vesting Remedies Ordinance (Chapter 126), in which the rights in the lot held under the Government lease will be forfeited (the "Re-entry issue"). As at 31 March 2021, the allowable time to remove the unauthorised structure has been expired.

The Directors have taken into account the risks of dispossession and the Re-entry issue as well as the possibility in recovering such land when measuring the Group's Agricultural Land. The Directors considered that the fair value of the Group's Agricultural Land having risks of dispossession, having suspected trespass or risk of forfeiture by the Lands Department is minimal and such plots of Agricultural Land are measured at HK$1. The historical cost of the Group's Agricultural Land, having risk of dispossession and Re-entry issue that valued at HK$1, amounted to HK$24,998,521 (2020: HK$29,956,990).

Key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty *(Continued)*

Fair values of investment properties

In addition to the measurement of the Group's Agricultural Land as disclosed above, the determination of the fair value of investment properties involves certain assumptions of market conditions which are set out in note 15, based on the valuation performed by independent professional valuers.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including, market unit rate of comparable properties and ex-gratia compensation less cost of disposal, discount rate, rental income, market rent would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2021, the carrying amount of the Group's investment properties is HK$267,675,776 (2020: HK$263,678,656) of which an independent valuer draw attention in his valuation report in respect of investment property amounting to HK$26,495,079 (2020: HK$23,801,428) that the valuation is valid as at 31 March 2021 and the value assessed may change rapidly in response to the future spread of COVID-19. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing COVID-19 pandemic may result in greater market volatility depending on how the COVID-19 pandemic may progress and evolve.

Deferred taxation on unused tax losses

As at 31 March 2021, a deferred tax asset in relation to unused tax losses of HK$11,885,000 (2020: HK$10,773,000) has been recognised in the Group's consolidated statement of financial position, details of which are set out in note 32. No deferred tax asset has been recognised on the tax losses of approximately HK$229,974,000 (2020: HK$230,043,000) as at 31 March 2021, due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

Segments	Hotel operation in Hong Kong HK$	Serviced property letting in the Mainland China HK$	Total HK$
	2021		
Types of goods or services			
Hotel operation			
– Hotel rooms revenue	13,370,953	–	13,370,953
– Food and beverages	4,609,962	–	4,609,962
Property management services	–	964,381	964,381
Total	17,980,915	964,381	18,945,296
Geographical markets			
Hong Kong	17,980,915	–	17,980,915
Mainland China	–	964,381	964,381
Total	17,980,915	964,381	18,945,296
Timing of revenue recognition			
A point in time	4,609,962	–	4,609,962
Over time	13,370,953	964,381	14,335,334
Total	17,980,915	964,381	18,945,296

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Revenue *(Continued)*

(i) Disaggregation of revenue from contracts with customers *(Continued)*

Segments	2020 Hotel operation in Hong Kong HK$	 Serviced property letting in the Mainland China HK$	 Total HK$
Types of goods or services			
Hotel operation			
– Hotel rooms revenue	11,222,236	–	11,222,236
– Food and beverages	7,899,940	–	7,899,940
Property management services	–	892,374	892,374
Total	19,122,176	892,374	20,014,550
Geographical markets			
Hong Kong	19,122,176	–	19,122,176
Mainland China	–	892,374	892,374
Total	19,122,176	892,374	20,014,550
Timing of revenue recognition			
A point in time	7,899,940	–	7,899,940
Over time	11,222,236	892,374	12,114,610
Total	19,122,176	892,374	20,014,550

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(a) Revenue *(Continued)*

(ii) Performance obligations from contracts with customers

Hotel operation

For income from hotel room revenue, revenue is recognised over time using output method when the service and facilities are provided. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers. All the hotel operation services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

For income from food and beverages, revenue is recognised when control of the goods has transferred to customers, being at the point the goods are delivered to the customer.

Property management services

Revenue from property management services are payable by the tenants, are recognised over time using output method when the services are provided. The Group applied the practical expedient in HKFRS by recognising revenue in the amount to which the Group has right to invoice, since the Group is entitled to bill a fixed amount for every three months according to the terms of the relevant agreement. As permitted under HKFRS 15, the aggregate amount of the transaction price allocated to the unsatisfied contracts is not disclosed.

(iii) Leases

	2021 **HK$**	2020 HK$
For operating leases:		
Lease payments that are fixed	**30,746,285**	28,921,266

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information

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

	2021 HK$	2020 HK$
Hotel operation in Hong Kong		
– Hotel rooms revenue	**13,370,953**	11,222,236
– Food and beverages	**4,609,962**	7,899,940
Property management services in the Mainland China	**964,381**	892,374
Revenue from contracts with customers	**18,945,296**	20,014,550
Serviced property letting in the Mainland China	**29,911,913**	27,735,711
Property investment in Hong Kong	**834,372**	678,066
Property investment overseas	**–**	507,489
Gross rental income from properties	30,746,285	28,921,266
Total revenue	**49,691,581**	48,935,816

Information reported to the executive directors, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance is based on the financial information of subsidiaries engaged in different operations at different locations. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

1. Hotel operation in Hong Kong

2. Serviced property letting in the Mainland China

3. Property investment in Hong Kong

4. Property investment overseas

5. Securities investment and trading

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment revenue and results

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

	2021					
	Hotel operation in Hong Kong HK$	Serviced property letting in the Mainland China HK$	Property investment in Hong Kong HK$	Property investment overseas HK$	Securities investment and trading HK$	Total HK$
Revenue	17,980,915	30,876,294	834,372	–	–	49,691,581
Segment profit (loss)	4,137,161	(3,644,355)	11,231,543	(2,930,028)	10,228,263	19,022,584
Unallocated gains and losses						(134,738)
Unallocated other income						474,586
Unallocated expenses						(11,362,801)
Unallocated finance costs						(532,383)
Share of results of associates						630,841
Profit before tax						8,098,089

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment revenue and results *(Continued)*

	2020					
	Hotel operation in Hong Kong HK$	Serviced property letting in the Mainland China HK$	Property investment in Hong Kong HK$	Property investment overseas HK$	Securities investment and trading HK$	Total HK$
Revenue	19,122,176	28,628,085	678,066	507,489	–	48,935,816
Segment profit (loss)	1,323,913	(10,122,412)	2,618,571	(7,272,510)	(3,170,151)	(16,622,589)
Unallocated gains and losses						154,151
Unallocated other income						30,551
Unallocated expenses						(12,536,091)
Unallocated finance costs						(812,457)
Share of results of associates						551,862
Loss before tax						(29,234,573)

The accounting policies of the operating segments are same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of certain other income, certain other gains and losses, corporate expenses including auditor's remuneration, directors' emoluments, administrative staff costs and depreciation of unallocated corporate assets, unallocated finance costs and share of results of associates. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Information about major customers

Revenue from external customers included in serviced property letting in the Mainland China segment contributing over 10% of the total revenue of the Group is as follows:

	2021 HK$	2020 HK$
Customer A	**6,475,810**	5,962,239
Customer B	**24,300,484**	22,664,870
	30,776,294	28,627,109

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment assets and liabilities

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

	2021	2020
	HK$	HK$
Segment assets		
Hotel operation in Hong Kong	**23,039,855**	21,404,115
Serviced property letting in the Mainland China	**97,029,556**	102,669,417
Property investment in Hong Kong	**172,198,032**	157,442,631
Property investment overseas	**27,605,586**	27,770,339
Securities investment and trading	**34,195,615**	29,183,315
Total segment assets	**354,068,644**	338,469,817
Paintings	**4,403,210**	4,367,221
Other unallocated assets	**30,642,415**	18,589,012
Consolidated assets	**389,114,269**	361,426,050
Segment liabilities		
Hotel operation in Hong Kong	**2,762,936**	2,359,486
Serviced property letting in the Mainland China	**33,698,344**	34,738,995
Property investment in Hong Kong	**1,196,098**	790,457
Property investment overseas	**140,392**	253,928
Securities investment and trading	**150,000**	150,000
Total segment liabilities	**37,947,770**	38,292,866
Bank borrowings	**21,010,681**	23,656,475
Lease liabilities	**2,041,198**	341,677
Other unallocated liabilities	**2,749,625**	2,510,249
Consolidated liabilities	**63,749,274**	64,801,267

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Segment assets and liabilities *(Continued)*

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

- all assets are allocated to reportable segments other than paintings, interests in associates and other unallocated corporate assets.
- all liabilities are allocated to reportable segments other than amounts due to an associate and related companies, bank borrowings, provision for long service payments (other than those staff employed for hotel operation), certain unallocated lease liabilities and other corporate liabilities.

Other segment information

The following segment information is included in the measurement of segment profit or loss and segment assets and segment liabilities:

2021	Hotel operation in Hong Kong HK$	Serviced property letting in the Mainland China HK$	Property investment in Hong Kong HK$	Property investment overseas HK$	Securities investment and trading HK$	Segment total HK$	Unallocated HK$	Total HK$
Additions of property, plant and equipment	3,129,765	591,103	-	-	-	3,720,868	42,619	3,763,487
Additions of right-of-use assets	-	912,179	-	-	-	912,179	2,260,242	3,172,421
Additions of investment properties	-	2,715,253	57,900	2,967,797	-	5,740,950	-	5,740,950
Depreciation of property, plant and equipment	2,049,757	198,901	-	-	-	2,248,658	499,095	2,747,753
Depreciation of right-of-use assets	28,016	200,690	-	-	-	228,706	593,213	821,919
Decrease (increase) in fair values of investment properties	-	22,656,388	(14,502,738)	2,967,799	-	11,121,449	-	11,121,449
Finance costs	-	1,033,353	-	-	22,028	1,055,381	532,383	1,587,764
Increase in fair values of financial assets at FVTPL	-	-	-	-	(9,959,464)	(9,959,464)	-	(9,959,464)

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

Other segment information *(Continued)*

2020	Hotel operation in Hong Kong HK$	Serviced property letting in the Mainland China HK$	Property investment in Hong Kong HK$	Property investment overseas HK$	Securities investment and trading HK$	Segment total HK$	Unallocated HK$	Total HK$
Additions of property, plant and equipment	2,110,540	–	–	–	–	2,110,540	11,111	2,121,651
Additions of investment properties	–	8,097,726	366,625	–	–	8,464,351	–	8,464,351
Depreciation of property, plant and equipment	1,867,311	372,715	–	–	–	2,240,026	514,691	2,754,717
Depreciation of right-of-use assets	28,017	–	–	–	–	28,017	216,506	244,523
Decrease (increase) in fair values of investment properties	–	27,048,722	(2,523,773)	7,650,459	–	32,175,408	–	32,175,408
Finance costs	–	1,055,063	–	–	–	1,055,063	812,457	1,867,520
Decrease in fair values of financial assets at FVTPL	–	–	–	–	3,920,171	3,920,171	–	3,920,171

Geographical information

The Group's operations are located in Hong Kong, the Mainland China and overseas.

The Group's revenue from external customers and the Group's non-current assets by geographical location are analysed below.

	Revenue from external customers		**Non-current assets**	
	2021 HK$	2020 HK$	**2021 HK$**	2020 HK$
Hong Kong	**18,815,287**	19,800,242	**210,707,700**	194,461,074
Mainland China	**30,876,294**	28,628,085	**71,725,157**	84,080,897
Overseas	**–**	507,489	**26,804,309**	26,901,788
	49,691,581	48,935,816	**309,237,166**	305,443,759

6. OTHER GAINS OR LOSSES

	2021 HK$	2020 HK$
Increase (decrease) in fair values of financial assets at FVTPL	9,959,464	(3,920,171)
Impairment loss reversed in respect of promissory notes receivables	–	165,000
Loss on disposal of property, plant and equipment	(126,609)	(15,262)
	9,832,855	(3,770,433)

7. FINANCE COSTS

	2021 HK$	2020 HK$
Interests on borrowings	524,872	793,150
Interests on lease liabilities	1,062,892	1,074,370
	1,587,764	1,867,520

8. PROFIT (LOSS) BEFORE TAX

	2021 HK$	2020 HK$
Profit (loss) before tax has been arrived at after charging:		
Auditor's remuneration		
– audit service	**1,180,000**	1,180,000
– non-audit services	**25,000**	25,000
Cost of inventories recognised as an expense	**2,842,609**	3,391,974
Depreciation of property, plant and equipment	**2,747,753**	2,754,717
Depreciation of right-of-use assets	**821,919**	244,523
Staff costs:		
Directors' remuneration (note 9)	**2,065,902**	3,031,914
Other staff:		
– Salaries and other allowances	**12,170,167**	13,019,039
– Retirement benefit schemes contributions	**782,943**	759,516
	12,953,110	13,778,555
and crediting:		
Interest income (included in other income)		
– Bank deposits	**148,130**	204,556
– Promissory notes receivables	**–**	12,323
	148,130	216,879
Dividend income from financial assets at FVTPL (included in other income)	**290,767**	748,540
Government grants (included in other income)	**2,420,677**	–

During the current year, the Group recognised government grants of HK$2,420,677 in respect of Covid-19 related subsidies, of which HK$1,670,677 relates to Employment Support Scheme provided by the Government.

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

Name of directors	Fees HK$	Salaries and other allowances HK$	Retirement benefit schemes contributions HK$	Share-based payment expenses HK$	Estimated money value of other benefits HK$ (Note)	Total HK$
2021						
Executive directors:						
Mr. Derek Chiu	10,000	652,364	25,000	–	–	687,364
Ms. Amanda Chiu	10,000	360,509	16,800	–	749,400	1,136,709
	20,000	1,012,873	41,800	–	749,400	1,824,073
Non-executive directors:						
Madam Chiu Ju Ching Lan	10,000	431,229	–	–	–	441,229
Mr. Alex Chiu	10,000	–	–	–	–	10,000
	20,000	431,229	–	–	–	451,229
Independent non-executive directors:						
Mr. Ip Shing Hing	180,000	–	–	–	–	180,000
Mr. Ng Wing Hang	180,000	–	–	–	–	180,000
Mr. Choy Wai Shek	180,000	–	–	–	–	180,000
	540,000	–	–	–	–	540,000
	580,000	1,444,102	41,800	–	749,400	2,815,302

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Name of directors	Fees HK$	Salaries and other allowances HK$	Retirement benefit schemes contributions HK$	Share-based payment expenses HK$	Estimated money value of other benefits HK$ (Note)	Total HK$
2020						
Executive directors:						
Mr. Derek Chiu	10,000	673,826	18,000	392,840	–	1,094,666
Ms. Amanda Chiu	10,000	339,970	16,800	392,840	787,200	1,546,810
	20,000	1,013,796	34,800	785,680	787,200	2,641,476
Non-executive directors:						
Madam Chiu Ju Ching Lan	10,000	360,000	–	–	–	370,000
Mr. Dick Tat Sang Chiu (retired on 9 September 2019)	4,438	–	–	–	–	4,438
Mr. Alex Chiu (redesignated from executive director to non-executive director on 27 June 2019)	10,000	–	–	–	–	10,000
	24,438	360,000	–	–	–	384,438
Independent non-executive directors:						
Mr. Ip Shing Hing	200,000	–	–	64,400	–	264,400
Mr. Ng Wing Hang	200,000	–	–	64,400	–	264,400
Mr. Choy Wai Shek	200,000	–	–	64,400	–	264,400
	600,000	–	–	193,200	–	793,200
	644,438	1,373,796	34,800	978,880	787,200	3,819,114

Note: Other benefits include certain property of the Group with estimated rateable value of HK$749,400 (2020: HK$787,200) occupied by Ms. Amanda Chiu (2020: Ms. Amanda Chiu) as her residence.

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

For the year ended 31 March 2020, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share option schemes are set out in note 36 to the Group's consolidated financial statements. For the year ended 31 March 2021, no share options were granted.

Mr. Derek Chiu is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

No emolument was paid to any directors as an inducement to join or upon joining the Group or as compensation for loss of office in both years ended 31 March 2021 and 2020.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

10. FIVE HIGHEST PAID EMPLOYEES

The five (2020: five) highest paid employees of the Group during the year included two directors (2020: two directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2020: three) highest paid employee who are neither a director nor Chief Executive of the Company are as follows:

	2021	2020
	HK$	HK$
Salaries and other allowance	**2,566,474**	2,123,170
Retirement benefit schemes contributions	**36,000**	33,000
	2,602,474	2,156,170

10. FIVE HIGHEST PAID EMPLOYEES *(Continued)*

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2021 No. of employees	2020 No. of employees
Nil to HK$1,000,000	**2**	3
HK$1,000,001 to HK$1,500,000	**1**	–
	3	3

11. INCOME TAX EXPENSE (CREDIT)

	2021 HK$	2020 HK$
Current tax:		
Mainland China	**2,035,936**	1,773,342
Fiji	**–**	76,712
	2,035,936	1,850,054
Under(over) provision in prior year:		
Mainland China	**361,021**	23,408
Fiji	**(178,358)**	–
	182,663	23,408
Deferred taxation (note 32)	**(2,011,506)**	(7,063,861)
	207,093	(5,190,399)

No provision for Hong Kong Profits Tax is required as the individual companies comprising the Group either incurred a loss or has tax losses brought forward from prior years to offset the assessable profits.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the Mainland China subsidiary is 25% for both years.

Fiji corporate income tax is calculated in accordance with Income Tax Act at a rate of 20%.

11. INCOME TAX EXPENSE (CREDIT) *(Continued)*

The tax expense (credit) for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2021 **HK$**	2020 HK$
Profit (loss) before tax	**8,098,089**	(29,234,573)
Tax at the Hong Kong Profits Tax rate of 16.5% (note)	**1,336,185**	(4,823,705)
Tax effect of share of results of associates	**(104,089)**	(91,057)
Tax effect of expenses not deductible for tax purposes	**784,320**	1,186,710
Tax effect of income not taxable for tax purposes	**(2,218,558)**	(1,086,418)
Tax effect of tax losses not recognised	**1,554,363**	1,953,021
Utilisation of tax losses previously not recognised	**(1,565,747)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(313,863)**	(1,717,077)
Underprovision in prior year	**182,663**	23,408
Others	**551,819**	(635,281)
Income tax expense (credit) for the year	**207,093**	(5,190,399)

Note: The domestic tax rate which is Hong Kong Profits Tax rate in the jurisdiction where the operation of the Group is substantially based is used.

12. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the profit for the year of HK$7,890,996 (2020: loss for the year of HK$24,044,174) and the number of shares as calculated below.

	2021	2020
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**614,057,035**	610,710,675

For the year ended 31 March 2021, the computation of the diluted earnings per share for the year did not assume the exercise of the Company's share options, because the exercise price of those potions was higher than the average market price for shares for the year.

For the year ended 31 March 2020, the computation of the diluted loss per share for the year did not assume the exercise of the Company's share options, because this would result in a decrease in the loss per share.

13. PROPERTY, PLANT AND EQUIPMENT

	Hotel building HK$	Owned property HK$	Leasehold improvements HK$	Furniture, fixtures, equipment, motor vehicles and others HK$	Total HK$
COST					
At 1 April 2019	37,323,408	19,846,984	2,840,000	40,700,459	100,710,851
Exchange adjustments	–	–	–	(255,239)	(255,239)
Additions	–	–	1,567,053	554,598	2,121,651
Disposals/written off	–	–	–	(517,690)	(517,690)
At 31 March 2020	**37,323,408**	**19,846,984**	**4,407,053**	**40,482,128**	**102,059,573**
Exchange adjustments	**–**	**–**	**–**	**314,188**	**314,188**
Additions	**–**	**–**	**2,808,338**	**955,149**	**3,763,487**
Reclassify from right-of-use assets	**–**	**–**	**–**	**676,036**	**676,036**
Disposals/written off	**–**	**–**	**–**	**(968,370)**	**(968,370)**
At 31 March 2021	**37,323,408**	**19,846,984**	**7,215,391**	**41,459,131**	**105,844,914**
DEPRECIATION					
At 1 April 2019	26,624,080	6,826,429	2,787,535	33,098,656	69,336,700
Exchange adjustments	–	–	–	(195,411)	(195,411)
Provided for the year	746,472	454,895	66,260	1,487,090	2,754,717
Eliminated on disposals/written off	–	–	–	(502,428)	(502,428)
At 31 March 2020	**27,370,552**	**7,281,324**	**2,853,795**	**33,887,907**	**71,393,578**
Exchange adjustments	**–**	**–**	**–**	**270,141**	**270,141**
Provided for the year	**746,472**	**454,895**	**97,788**	**1,448,598**	**2,747,753**
Reclassify from right-of-use assets	**–**	**–**	**–**	**461,960**	**461,960**
Eliminated on disposals/written off	**–**	**–**	**–**	**(723,546)**	**(723,546)**
At 31 March 2021	**28,117,024**	**7,736,219**	**2,951,583**	**35,345,060**	**74,149,886**
CARRYING VALUES					
At 31 March 2021	**9,206,384**	**12,110,765**	**4,263,808**	**6,114,071**	**31,695,028**
At 31 March 2020	9,952,856	12,565,660	1,553,258	6,594,221	30,665,995

As at 31 March 2021 and 2020, certain furniture and fixtures are fully depreciated but still in use.

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

Hotel building	Over 50 years
Owned property	Over the shorter of the terms of the lease, or 50 years
Leasehold improvements	Over the shorter of the terms of the lease, or 10 years
Furniture, fixtures, equipment, motor vehicles and others	10% to 33.3%

14. RIGHT-OF-USE ASSETS

	Leasehold lands HK$	**Leased properties** HK$	**Motor vehicles** HK$	**Total** HK$
As at 31 March 2020				
Carrying amount	721,252	–	1,257,574	1,978,826
As at 31 March 2021				
Carrying amount	693,236	2,595,024	826,992	4,115,252
For the year ended 31 March 2021				
Depreciation charge	(28,016)	(577,397)	(216,506)	(821,919)
For the year ended 31 March 2020				
Depreciation charge	(28,017)	–	(216,506)	(244,523)

	2021 **HK$**	2020 HK$
Expense relating to leases with leases term end within 12 months of the date of initial application of HKFRS 16	**–**	600,733
Expense relating to short-term leases	**1,004,869**	994,385
Total cash outflow for leases	**1,815,195**	1,913,156
Additions to right-of-use assets	**3,172,421**	–

14. RIGHT-OF-USE ASSETS *(Continued)*

For the year ended 31 March 2021, the Group leases office, staff quarters and motor vehicles (2020: motor vehicles) for its operation. Lease contracts are entered into for fixed term of one to five years (2020: one to two years).

During the year ended 31 March 2021, certain motor vehicles of carrying amount HK$214,076 (2020: nil) were transferred to property, plant and equipment upon the end of lease terms.

Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group is the registered owner of a hotel property and a residential unit in Hong Kong, including the underlying leasehold land. Lump sum payments were made upfront to acquire these properties. The leasehold land component of the hotel property is presented separately as a right-of-use assets as the payments made therefore can be ascertained reliably. As regards the residential unit, as the purchase cost cannot be allocated reliably between the leasehold land and the building components, the entire property is classified as property, plant and equipment.

The Group regularly entered into short-term leases for property. As at 31 March 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

15. INVESTMENT PROPERTIES

	HK$
FAIR VALUE	
At 1 April 2019	296,617,766
Exchange adjustments	(9,228,053)
Additions	8,464,351
Net decrease in fair values recognised in profit or loss	(32,175,408)
At 31 March 2020	**263,678,656**
Exchange adjustments	**9,377,619**
Additions	**5,740,950**
Net decrease in fair values recognised in profit or loss	**(11,121,449)**
At 31 March 2021	**267,675,776**

15. INVESTMENT PROPERTIES *(Continued)*

The Group leases out properties under operating leases with rentals generally payable monthly. The leases generally run for an initial period of a few months to 5 years (2020: a few months to 5 years), without any termination or extension options. All of the Group's property interests which are held to earn rentals, for capital appreciation purposes or held for an undetermined future use are measured using the fair value model and are classified and accounted for as investment properties.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain any residual value guarantees or any lessee's option to purchase the property.

The investment properties which are stated at fair value at the end of the reporting period are situated in Hong Kong, Fiji and the Mainland China.

On 12 November 2013, the High Court of the HKSAR dismissed the claims of a subsidiary of the Group and a related company controlled by Mr. Derek Chiu and his family ("Chiu Family") as trustee for the Group in respect of the possession of seven plots of Agricultural Land. The titles in these plots of the Agricultural Land were extinguished and accordingly, the respective plots of land of HK$4,981,457 were de-recognised and charged to profit or loss in the year ended 31 March 2014.

In view of this event, the directors have performed internal assessment on the potential risk of dispossession in relation to the Group's Agricultural Land. Certain plots of Agricultural Land are considered having risks of dispossession or having suspected trespass.

In addition, unauthorised structures were erected on certain plots of the Group's Agricultural Land and Letters issued by the Lands Department to the Group stated that such unauthorised structures were in breach of lease conditions and the Lands Department required the Group to purge the said breach by demolishing or removing the unauthorised structures. It is further stated in the Letters that in the event that the unauthorised structures still remain on such plots of the Group's Agricultural Land on the expiry of the time limit stipulated, the Lands Department shall without further warning re-enter the lot or vest all the interests held under the Government lease in the Financial Secretary Incorporated under the Government Rights Re-entry and Vesting Remedies Ordinance (Chapter 126), in which the rights in the lot held under the Government lease will be forfeited. As at 31 March 2021 and 2020, the allowable time to remove the unauthorised structure has been expired.

The Directors have taken into account the risks of dispossession and the Re-entry issue as well as the possibility in recovering such land when measuring the Group's Agricultural Land. The Directors considered that the fair value of the Group's Agricultural Land having risks of dispossession, having suspected trespass or risk of forfeiture by the Government is minimal and such plots of Agricultural Land are measured at HK$1. The historical cost of the Group's Agricultural Land, having risk of dispossession and Re-entry issue that valued at HK$1, amounted to HK$24,998,521 (2020: HK$29,956,990).

15. INVESTMENT PROPERTIES *(Continued)*

During the year ended 31 March 2021 and 2020, a subsidiary of the Group has removed certain occupiers or entered rental agreements with certain occupiers who has been occupying certain plots of agricultural lands in previous years. Pursuant to signed rental agreements, the occupiers forfeited the right to possess the ownership of the plots of agricultural lands they occupied previously and the Group considers the risk of dispossession are remote. Accordingly, the fair values of these plots of lands of HK$27,200,658 (2020: HK$28,847,695) was recognised and credited to profit or loss for the year ended 31 March 2021.

In estimating the fair values of other investment properties, the Group uses market-observable data to the extent it is available. The Group engages a third party qualified valuer to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the qualified external valuer to establish and determine the appropriate valuation techniques and inputs to the model.

Other than the value of the Group's Agricultural Land as disclosed above, for the remaining Group's investment properties located in Hong Kong, the fair value of HK$171,603,701 at 31 March 2021 (2020: HK$157,043,046) has been arrived at on the basis of a valuation carried out on that date by Moore Transaction Services Limited (2020: Chung, Chan & Associates), an independent qualified professional valuer not connected with the Group. The valuation was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties under the prevailing property market conditions and adjusted based on the knowledge of the independent qualified professional valuer and management of the Group on the factors specific to the respective properties. In the valuation under direct comparison approach, which falls under Level 3 of the fair value hierarchy, market unit rate of comparable properties and the ex-gratia compensation rates of comparable properties less cost of disposal are the key inputs for the Group's residential units and the land respectively. The higher/lower the market unit rate or ex-gratia compensation rate of comparable properties less cost of disposal is the higher/lower the fair value will be. The adopted market unit rates for the Group's residential units are from range of HK$4,486 to HK$5,000 (2020: HK$5,140 to HK$5,143) per square foot and the ex-gratia compensation rates of comparable properties less cost of disposal for the Group's interests in various lots of land of HK$981 (2020: HK$348 to HK$1,140) per square foot.

For the Group's investment property located in Fiji, the fair value of HK$26,495,079 at 31 March 2021 (2020: HK$23,801,428) has been arrived at on the basis of a valuation carried out on that date by Savills Valuations Pty Ltd. (2020: Savills Valuations Pty Ltd.), an independent qualified professional valuer not connected with the Group. The valuation was arrived at by adopting the direct comparison approach making reference to the recent transactions of similar properties under the prevailing property market conditions and adjusted based on the knowledge of the independent qualified professional valuer and management of the Group on the factors specific to the respective properties. In the valuation under direct comparison approach, which falls under Level 3 of the fair value hierarchy, market unit rates of comparable properties are the key inputs for the Group's investment property. The higher/lower the market unit rates is the higher/lower the fair value will be. The adopted market unit rate for the Group's investment property is FJ$10 (equivalent to HK$37) (2020: FJ$10 (equivalent to HK$33)) per square foot. The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve. Independent valuer drew attention in his valuation report in respect of the investment property located in Fiji that the valuation is valid as at 31 March 2021 and 2020 and the value assessed may change rapidly in response to future spread of COVID-19.

15. INVESTMENT PROPERTIES *(Continued)*

As at 31 March 2021, the carrying amount of investment properties located in the Mainland China, all of which were leased out under subleases, amounted to HK$69,576,971 (2020: HK$82,834,140). During the year ended 31 March 2021, income from subleasing these properties amounted to HK$29,911,913 (2020: HK$27,735,711) and a fair value loss of these properties amounted to HK$22,656,388 (2020: HK$27,048,722) was recognised in profit of loss. The fair value has been arrived at on the basis of a valuation carried out on that date by Moore Transaction Services Limited (2020: Land Asia Surveyor), an independent qualified professional valuer not connected with the Group. The valuation was arrived at by adopting the discounted cash flow analysis, which falls under Level 3 of the fair value hierarchy. The discounted cash flow analysis requires periodic net cash flows to be forecasted over the lease term of the head lease and discounted by an appropriate discount rate to arrive at a present value. The discounted cash flow analysis takes into consideration the yearly net cash flows after deductions for direct cost attributable to the sublease business, and having regard to the assumptions made relating to rental growth projections and leasing costs. The discounted cash flow analysis incorporates the current passing rent income of the committed lease terms and the reversionary value of the remaining leases until the end of the lease term of the head lease, discounted by an appropriate discount rate of 6% (2020: 5%) to derive at a net present value. The higher the discount rate, the lower the fair value and vice versa.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers into or out of Level 3 during the year.

Certain investment properties with a carrying value of HK$81,229,855 (2020: HK$69,361,529) are registered in the name of a company controlled by the Chiu Family as trustee for the Group.

For the year ended 31 March 2021, the total cash outflow for leases included in investment properties amounted to HK$5,915,760 (2020: HK$4,324,502).

16. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Name of subsidiary	Issued and fully paid ordinary share capital/ registered capital	Proportion of issued share capital/ registered capital held by the Company		Principal activities
		2021	2020	
		%	%	
Direct owned subsidiaries				
Alabama Investment Company Limited	HK$9,000	**97.8**	97.8	Hotel operation
Kingwell Century Limited	HK$2	**100**	100	Property holding
Lai Chi Kok Amusement Park Company, Limited	HK$25,200,000	**100**	100	Property investment
Mainstar International Limited	HK$1	**100**	100	Property investment
Rex Entertainment Limited	HK$100,000	**100**	100	Property investment
Sino Noble Development Limited	HK$100	**100**	100	Property investment
Indirect owned subsidiaries				
Beijing Hai Lian Property Management Co., Ltd.	US$3,000,000 Paid up registered capital	**90**	90	Property investment
Oneyon Limited	HK$2	**100**	100	Investment holding
Tradeland Investments Limited	HK$250,000	**100**	100	Investment holding
Yuk Sue Investment Limited	HK$2	**100**	100	Securities trading and investment
Far East Beach Villa Pte Limited	FJ$250,000	**100**	100	Property investment

16. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES *(Continued)*

The directors of the Company are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of principal subsidiaries which have a significant impact on the results or assets of the Group.

All principal subsidiaries are incorporated and operate in Hong Kong except for Beijing Hai Lian Property Management Co., Ltd. which is a sino-foreign equity joint venture registered and operates in the Mainland China and Far East Beach Villa Pte Limited which is incorporated and operates in Fiji.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. All these other subsidiaries were established in the Hong Kong and their principal activities are mainly either investment holding or inactive.

17. INTERESTS IN ASSOCIATES

	2021	2020
	HK$	HK$
Unlisted shares, at cost	**2**	2
Share of post-acquisition results, net of dividends received	**988,668**	857,827
	988,670	857,829

The financial year end date of the associates is 31 December which is different from that of the Company. For the purpose of applying the equity method of accounting, their financial statements for the year ended 31 December 2020 (2019: 31 December 2019) have been adopted and adjusted for the effects of significant transactions, if any, that occur from 1 January 2021 to 31 March 2021 (2020: 1 January 2020 to 31 March 2020).

17. INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the associates are as follows:

Name of associate	Place of incorporation/ operation	Issued share capital	Proportion of nominal value of issued share capital held by the Group		Principal activities
			2021 **%**	2020 %	
Central More Limited ("Central More")	Hong Kong	HK$2 Ordinary shares	**50**	50	Property development
Nob Hill Management Limited ("Nob Hill")	Hong Kong	HK$2 Ordinary shares	**50**	50	Property management

The Group holds 50% of the issued share capital of its associates. However, under the agreement, the other shareholders control the composition of the board of directors of these associates and have control over these associates. The directors of the Company consider that the Group has significant influence over these associates and they are therefore classified as associates of the Group.

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

No individual or aggregate financial information of Central More and Nob Hill is presented as they are not individually material to the Group.

18. EQUITY INSTRUMENT AT FVTOCI

The Group had an equity interest in a private entity established in Australia. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as it is the Group's strategy to hold the investment for long-term purposes and to realise its performance potential in the long run.

The unlisted equity investment were disposed on 24 June 2019 at a cash consideration of USD2,745 (equivalent to HK$21,422).

19. PAINTINGS

Paintings are stated at cost less impairment at the end of the reporting period. The accumulated impairment losses of HK$1,182,173 at 31 March 2021 (2020: HK$1,182,173) were made by the directors of the Company with reference to the open market values of those paintings.

20. FINANCIAL ASSETS AT FVTPL

	2021 HK$	2020 HK$
Equity securities listed in Hong Kong and Singapore, at fair value	**28,962,867**	23,590,760

These investments are held-for-trading and their fair value have been determined by reference to the quoted market bid prices available on the Stock Exchange and Singapore Stock Exchange Limited at the end of each reporting period.

21. INVENTORIES

The amount mainly represents food and beverage and other consumables is stated at the lower of cost and net realisable value.

22. TRADE RECEIVABLES

Trade debtors mainly comprise of receivable from renting of properties and hotel operation. Rentals are payable on presentation of demand notes. No credit is allowed to these customers. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of not more than 30 days to travel agents and corporate customers.

	2021 HK$	2020 HK$
Trade receivables		
– contracts with customers	**108,555**	165,714
– leases	**1,623,733**	8,018,268
	1,732,288	8,183,982

As at 1 April 2019, trade receivables from contracts with customers amounted to HK$232,668.

22. TRADE RECEIVABLES *(Continued)*

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates at the end of the reporting period which approximate the respective date of rendering of services.

	2021	2020
	HK$	HK$
0–30 days	**666,044**	2,015,554
31–60 days	**250,801**	1,857,414
Over 60 days	**815,443**	4,311,014
	1,732,288	8,183,982

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,066,244 (31 March 2020: HK$6,168,428) which are past due but which are not considered in default because there had not been a significant change in credit quality of these debtors with reference to track records as well as relevant forward looking information of these customers under internal assessment by the Group.

Trade receivables aged over 30 days are normally past due.

Trade receivable due from the related party

As at 31 March 2021, included in the Group's trade receivables is an unsecured amount due from the Group's related company of HK$776,005 (2020: HK$725,371). An amount of HK$776,005 (2020: HK$690,826) is past due at the reporting date but which is not considered as in default. No impairment has been recognised in accordance with ECL model in respect of the amount outstanding from the related company. The related company was controlled by a common director of a subsidiary of the Company.

Details of impairment assessment of trade receivables are set out in note 39.

23. PLEDGED BANK DEPOSITS/BANK DEPOSITS/DEMAND DEPOSITS HELD WITH SECURITY BROKER COMPANIES/BANK BALANCES AND CASH

Bank balances and demand deposits held with security broker companies carry interest at prevailing market rate of 0.01% (2020: 0.01%) per annum.

The pledged bank deposits carry interest at prevailing market rates which range from 0.01% to 0.70% per annum as at 31 March 2020 and are pledged to secure banking overdrafts granted to the Group and therefore classified as current assets. During the year ended 31 March 2021, such bank deposits were released upon expiry of the banking overdrafts facilities.

The bank deposits represent fixed bank deposits with original maturity more than three months carry fixed interest rate at 1.55% (2020: 1.55%) per annum.

Details of impairment assessment of bank balances, bank deposits, pledged bank deposits and demand deposits held with security broker companies are set out in note 39.

24. TRADE AND OTHER PAYABLES AND ACCRUALS

	2021 **HK$**	2020 HK$
Trade payables	**379,878**	348,710
Other payables and accruals	**4,814,170**	4,066,344
Rental receipt in advance	**4,002,347**	1,356,808
	9,196,395	5,771,862

The following is an aged analysis of the trade payables based on invoice date:

	2021 **HK$**	2020 HK$
0–30 days	**194,685**	222,023
31–60 days	**157,046**	99,615
Over 60 days	**28,147**	27,072
	379,878	348,710

The average credit period on purchase of goods is 60 days.

Included in the other payables and accruals of HK$2,233,838 (2020: HK$2,251,640) related to accrued professional fees.

25. CONTRACT LIABILITIES

	2021 HK$	2020 HK$
Hotel rooms operation	**353,190**	300,782

As at 1 April 2019, contract liabilities amounted to HK$304,727.

During the year ended 31 March 2021, contract liabilities of HK$300,782 (2020: HK$304,727) at the beginning of the year was recognised as revenue.

26. AMOUNT DUE TO AN ASSOCIATE

The amount is non-trade related, unsecured, interest-free and repayable on demand.

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts are non-trade related, unsecured, interest-free and repayable on demand. The related companies are controlled by a director of the Company, who is also a substantial shareholder of the Company.

28. BANK BORROWINGS

	2021 HK$	2020 HK$
The secured bank borrowings are repayable as follows:		
Within one year*	**2,722,852**	2,645,890
Within a period of more than one year but not exceeding two years*	**2,802,174**	2,722,854
Within a period of more than two years but not exceeding five years*	**1,431,735**	4,233,811
	6,956,761	9,602,555
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	**14,053,920**	14,053,920
	21,010,681	23,656,475
Less: Amount due within one year shown under current liabilities	**(16,776,772)**	(16,699,810)
Amount due after one year shown under non-current liabilities	**4,233,909**	6,956,665

* The amounts due are based on schedule repayment dates set out in the loan agreements.

28. BANK BORROWINGS *(Continued)*

The bank borrowings carry floating-rate interest based on the bank's prime rate ("Prime Rate") minus 2.5% and the HIBOR plus 1.3% ranged from 2.88% to 3.06% (2020: 2.88% to 3.98%) per annum.

The bank borrowings are secured by the pledge of assets as set out in note 33.

29. LEASE LIABILITIES

	2021 **HK$**	2020 HK$
Lease liabilities payable:		
Within one year	**7,783,595**	5,900,183
Within a period of more than one year but not more than two years	**6,166,345**	4,829,294
Within a period of more than two year but not more than five years	**8,700,661**	12,560,201
	22,650,601	23,289,678
Less: Amount due for settlement with 12 months shown as current liabilities	**(7,783,595)**	(5,900,183)
Amount due for settlement after 12 months shown as non-current liabilities	**14,867,006**	17,389,495

30. SHARE CAPITAL

	Number of shares	HK$
Issued and fully paid:		
Ordinary shares with no par value		
At 1 April 2019 and 31 March 2020	610,710,675	312,890,213
Issue of new shares pursuant to a placing agreement (note)	122,142,135	12,947,066
At 31 March 2021	**732,852,810**	**325,837,279**

Note: On 1 March 2021, arrangements were made for a private placement to independent private investors of 122,142,135 ordinary shares at a price of HK$0.106 per ordinary share representing a discount of approximately 16.54% to the closing price of the Company's ordinary shares on 1 March 2021. The private placement was completed on 22 March 2021.

The proceeds were used to provide additional working capital for the Company. These new shares were issued under the general mandate granted to the Directors of the Company at the annual general meeting of the Company held on 9 September 2020 and rank pari passu with other shares in issue in all respects.

31. RETIREMENT BENEFIT

The Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees in Hong Kong commencing from December 2000. The Group contributes 5% of relevant payroll costs to the Scheme or HK$1,500, whichever is the lower.

According to the relevant laws and regulations in the Mainland China, the Mainland China subsidiary is required to contribute a certain percentage of the salaries of its employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

Provision for long service payments represents the present value of the retirement benefit obligation as adjusted for unrecognised past service cost in accordance to the The Employment Ordinance, Cap. 57.

During the year ended 31 March 2021 and 2020, the Group had no forfeited contributions under the retirement benefits scheme utilised to reduce future contributions.

32. DEFERRED TAXATION

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

	Right-of-use assets under subleases and the related lease liabilities HK$	Accelerated tax depreciation HK$	Tax losses HK$	Total HK$
At 1 April 2019	14,093,816	3,311,230	(1,802,768)	15,602,278
(Credit) charge to profit or loss	(4,945,541)	(2,143,471)	25,151	(7,063,861)
Exchange realignment	(857,911)	(89,814)	–	(947,725)
At 31 March 2020	**8,290,364**	**1,077,945**	**(1,777,617)**	**7,590,692**
Credit to profit or loss	**(1,687,696)**	**(140,399)**	**(183,411)**	**(2,011,506)**
Exchange realignment	**588,325**	**159,101**	**–**	**747,426**
At 31 March 2021	**7,190,993**	**1,096,647**	**(1,961,028)**	**6,326,612**

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

At 31 March 2021, the Group has unused tax losses of approximately HK$241,859,000 (2020: HK$240,816,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK$11,885,000 (2020: HK$10,773,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately HK$229,974,000 (2020: HK$230,043,000) due to the unpredictability of future profit streams.

As at 31 March 2021 and 2020, all unrecognised tax losses may be carried forward indefinitely at the end of each reporting period.

33. PLEDGE OF ASSETS/RESTRICTIONS ON ASSETS

The secured bank borrowings are secured by assets of the Group analysed as follows:

	2021 HK$	2020 HK$
Property, plant and equipment	**30,425,376**	29,800,945
Right-of-use assets	**693,236**	721,252
Pledged bank deposits	**–**	2,118,000
	31,118,612	32,640,197

Lease liabilities of HK$144,865(2020: HK$341,677) are secured over the related right-of-use assets of motor vehicles amounting to HK$826,992 as at 31 March 2021 (2020: HK$1,257,574). In addition, lease liabilities of HK$2,621,146 (2020: nil) are recognised with related right-of-use assets of leased properties amounting to HK$2,595,024 (2020: nil) as at 31 March 2021. Furthermore, lease liabilities of HK$19,884,590 (2020: HK$22,948,001) are recognised with investment properties of HK$69,576,971 as at 31 March 2021 (2020: HK$82,834,140). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

34. OPERATING LEASES

The Group as lessee

A subsidiary entered into an agreement with its non-controlling shareholder for the lease of its properties for a non-cancellable period of twenty-eight years at a fixed rent of RMB4,200,000 per year. During the year ended 31 March 2020, supplementary agreement has been entered to increase the rent to RMB5,000,000 per year effective from 1 October 2019. The lease will expire on 30 September 2024.

The Group as lessor

The properties have committed tenants for a remaining term of one to four years (2020: one to five years) at fixed rental.

Minimum lease payments receivable on leases are as follows:

	2021 HK$	2020 HK$
Within one year	**26,885,105**	24,118,560
In the second year	**5,448,106**	23,068,844
In the third year	**1,519,000**	5,007,808
In the fourth year	**910,000**	1,506,628
In the fifth year	**–**	910,000
	34,762,211	54,611,840

35. RELATED PARTY DISCLOSURES

During the year, the Group entered into the following transactions with related companies which are controlled by a director of the Company:

	2021 HK$	2020 HK$
Interest from promissory notes receivables	–	12,323
Income related to investment properties in Fiji	–	507,489

The Group has entered into an agreement with a related company which is controlled by a director of the Company. The agreement grants a licence to the related company to operate the Group's hotel properties in Fiji. During the year ended 31 March 2020, the agreement was renewed for 5 years. The income has been disclosed as gross rental income from properties as set out in note 5. During the year ended 31 March 2021, the Group provided rental concession due to the closure of hotel properties as a result of Covid-19 impact. The related amounts of the agreement are included in note 34 as lease payments receivable from operating leases.

Remuneration to the key management personnel comprising the directors and three (2020: three) highest paid employees is disclosed in notes 9 and 10, respectively. The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Balances with associates and related companies are set out in the Group's consolidated statement of financial position and related notes.

Other receivables due from related parties

At 31 March 2021, included in the Group's other receivables are amounts due from the Group's related companies of HK$18,270 (2020: HK$136,467). The related companies are controlled by a director of the Company. The amount is unsecured, interest-free and repayable on demand.

36. SHARE OPTION SCHEMES

The share option scheme (the "Scheme") was approved and adopted on 1 June 2007 for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business associates or any other person who will contribute or have contributed to the Company or any of its subsidiaries. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The Scheme was terminated by an ordinary resolution duly passed at the general meeting of the Company held on 2 September 2016. Upon termination of the Scheme, no further options were granted thereunder, and the options granted prior to and remaining outstanding at termination shall continue to be valid and exercisable in accordance with the terms of the Scheme.

36. SHARE OPTION SCHEMES *(Continued)*

Without prior approval from the Company's shareholders, (a) the total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time; (b) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

Options vested immediately may be exercised at any time not exceeding a period of 10 years from the date on which the share options are accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

On 2 September 2016, the Company terminated the Scheme adopted on 1 June 2007 and adopted a new share option scheme (the "New Scheme"). The New Scheme was approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the New Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the New Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the shares of the Company then in issue and with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

Options granted will be taken up upon payment of HK$1.00 by the grantee. Options vested immediately may be exercised at any time not exceeding a period of 10 years from the date on which the share options are accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; and (ii) the average closing price of the shares for the five business days immediately preceding the date of grant.

During the year ended 31 March 2021, no share options were granted by the Company. During the year ended 31 March 2020, additional share options of 15,200,000 were granted by the Company to the directors at an initial exercise price of HK$0.1420 per share.

At 31 March 2021, the number of share options held by the directors and employees remained outstanding under the Scheme was 64,370,000 (2020: 64,370,000), which, if exercise in full, the new shares issued would represent 9% (2020: 10%) of the enlarged capital of the Company.

36. SHARE OPTION SCHEMES *(Continued)*

The following table sets out the movements of the Company's share options during the year ended 31 March 2021 and 2020:

Eligible person	Date of grant	Fair value of the options at the grant date	Exercise period	Exercise price HK$	Number of options: Outstanding as at 1.4.2019	Granted during the year	Lapsed during the year	Forfeited during the year	Outstanding as at 31.3.2020 and 31.3.2021
Directors	30.12.2009	0.153	30.12.2009 to 29.12.2019	0.2820	2,000,000	–	(2,000,000)	–	**–**
	6.2.2014	0.074	6.2.2014 to 5.2.2024	0.2320	6,000,000	–	–	–	**6,000,000**
	23.10.2015	0.307	23.10.2015 to 22.10.2025	0.5600	9,000,000	–	–	–	**9,000,000**
	23.10.2017	0.254	23.10.2017 to 22.10.2027	0.4430	15,070,000	–	–	–	**15,070,000**
	6.8.2018	0.340	6.8.2018 to 5.8.2028	0.3570	6,200,000	–	–	–	**6,200,000**
	18.3.2019	0.340	18.3.2019 to 17.3.2029	0.3400	12,100,000	–	–	–	**12,100,000**
	25.3.2020	0.071	25.3.2020 to 24.3.2030	0.1420	–	15,200,000	–	–	**15,200,000**
					50,370,000	15,200,000	(2,000,000)	–	**63,570,000**
Employees and other providing similar services	23.10.2015	0.307	23.10.2015 to 22.10.2025	0.5600	2,300,000	–	–	(1,500,000)	**800,000**
Exercisable at the end of the year					52,670,000				**64,370,000**
Weighted average exercise price					0.4042	0.1420	0.2820	0.5600	**0.3424**

During the year ended 31 March 2021, no share options were exercised.

36. SHARE OPTION SCHEMES *(Continued)*

No share options lapsed during the year ended 31 March 2021 (2020: 3,500,000). No share options were cancelled during the two years ended 31 March 2021 and 2020.

The fair values of share options granted on 25 March 2020 were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	15,200,000 share options granted on 25 March 2020
Closing price at the date of grant	HK$0.1320
Exercise price	HK$0.1420
Risk-free rate	1.18%
Expected life	10 years
Expected volatility	54.43%
Expected dividend yield	Nil
Early exercise behaviour	217%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate.

No share-based payment expenses were recognised for the year ended 31 March 2021 in relation to share options granted by the Company (2020: HK$978,880).

37. CAPITAL COMMITMENT

	2021 HK$	2020 HK$
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**815,046**	1,260,000

38. 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 capital structure of the Group consists of net debts, which includes lease liabilities, bank borrowings less bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves as disclosed in consolidated statement of changes in equity.

38. CAPITAL RISK MANAGEMENT *(Continued)*

The management of the Group reviews the capital structure periodically. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Currently, the management uses short-term funding to finance its daily operation to minimise finance costs. The Group will balance its overall capital structure through the payment of dividends, as well as raising new debt or repayment of existing debt.

There are no changes on the Group's approach to capital management during the year.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021	2020
	HK$	HK$
Financial assets		
At amortised cost	**49,651,251**	31,136,484
Financial assets at FVTPL	**28,962,867**	23,590,760
Financial liabilities		
Amortised cost	**22,873,491**	24,974,297

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, pledged bank deposits, bank deposits, demand deposits held with security broker companies, bank balances and cash, trade and other payables, amounts due to an associate and related companies and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the Group's exposure to risks or the manner in which they manage and measure the risks.

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(i) Currency risk

Certain subsidiaries of the Company have foreign currency inter-company balances which expose the Group to foreign currency risk in which settlement is neither planned nor likely to occur and therefore forming part of the net investment in the relevant foreign operations. Other than that, the transactions made by the group entity is denominated in the group entity's respective functional currency. The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

In management's opinion, the foreign currency risks related to these balances are insignificant and no further details to be disclosed.

(ii) Interest rate risk

The Group has exposures to cash flow interest rate risk as the pledged bank deposits, bank balances, demand deposits held with security broker companies and bank borrowings are carried at variable interest rate.

In addition, the Group also has exposures to fair value interest rate risk relating to its bank deposits and lease liabilities which are carried at amortised cost at a fixed effective interest rate.

The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the floating rates and ensure they are within reasonable range.

In management's opinion, the Group's exposure to cash flow interest rate risk is insignificant and no further details to be disclosed.

(iii) Other price risk

The Group is exposed to price risks arising from financial assets at FVTPL. The management manages the exposure to price risk by maintaining a portfolio of investments in various securities.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks of financial assets at FVTPL at the end of the reporting period. If the market price of the financial assets at FVTPL had been 15% (2020: 15%) higher/lower while all other variables were held constant, the Group's profit for the year would increase/decrease by approximately HK$3,628,000 (2020: loss for the year would decrease/increase by approximately HK$2,955,000), as a result of the changes in fair value of the financial assets at FVTPL.

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

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(iv) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, pledged bank deposits, bank deposits, demand deposits held with security broker companies and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

Before accepting any new customer, the Group uses an internal credit grading system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed regularly. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as 46% (2020: 88%) of the total trade receivables was due from the Group's second largest customer (2020: largest customer) within the serviced property letting in the Mainland China segment. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performed and applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL on trade balances individually. Except for the trade receivables with a related party (see note 22), the directors of the Company consider that the impairment on trade receivables are insignificant as there has been no significant increase in credit risk of these amounts since initial recognition or events of default occurred. For the trade receivable with a related party, the Group assessed the ECL was insignificant and thus no loss allowance was recognised.

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(iv) Credit risk and impairment assessment *(Continued)*

Other receivables and deposits

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

Pledged bank deposits, demand deposits held with security broker companies, bank deposits and bank balances

The credit risks on pledged bank deposits, demand deposits held with security broker companies, bank deposits and bank balances are limited because the counterparties are banks and financial institutions with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged bank deposits, bank deposits, demand deposits held with security broker companies and bank balances 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. Based on the average loss rates, the 12m ECL on pledged bank deposits, bank deposits, demand deposits held with security broker companies and bank balances was considered to be insignificant.

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(iv) Credit risk and impairment assessment *(Continued)*

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

Internal credit grading	Description	Trade receivables	Other financial assets
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

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(iv) Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets categorised by internal credit rating, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2021 HK$	Gross carrying amount 2020 HK$
Financial assets at amortised cost						
Trade receivables	22	N/A	Low risk	Lifetime ECL – not credit impaired	**666,044**	947,503
			Watch list	Lifetime ECL – not credit impaired	**1,066,244**	7,236,479
					1,732,288	8,183,982
Other receivables and deposits	N/A	N/A	Low risk	12m ECL	**294,000**	321,000
Pledged bank deposits, bank deposits, demand deposits held with security broker companies and bank balances	23	Baa2 – Aa1	N/A	12m ECL	**47,561,516**	22,582,873

(v) Liquidity risk

The Group finances its working capital requirements through a combination of funds generated from operations and banking facilities.

The directors of the Company believe that these loan facilities will continue to be made available to the Group and will not be withdrawn by the banks within the next twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Group has a number of sources of finance available to fund its operations. The Group will be able to refinance its existing banking facilities or obtain additional financing from financial institutions by taking into account the current value of the Group's assets which have not been pledged. As at 31 March 2021, the Group has no available unutilised overdraft and bank borrowing facilities (2020: HK$2,000,000).

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(v) Liquidity risk (Continued)

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. the tables have 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. The tables include both interest and principal cash flows.

	Weighted average effective interest rate	Repayable on demand or less than 1 year	1–2 years	2–5 years	Total undiscounted cash flows	Carrying amounts
	%	HK$	HK$	HK$	HK$	HK$
2021						
Non-derivative instruments						
Trade payables	**–**	**379,878**	**–**	**–**	**379,878**	**379,878**
Amount due to an associate	**–**	**810,381**	**–**	**–**	**810,381**	**810,381**
Amounts due to related companies	**–**	**672,551**	**–**	**–**	**672,551**	**672,551**
Bank borrowings at variable rate	**2.38**	**16,941,303**	**2,887,383**	**1,443,691**	**21,272,377**	**21,010,681**
Lease liabilities	**4.34**	**8,622,497**	**6,961,594**	**8,767,018**	**24,351,109**	**22,650,601**
		27,426,610	**9,848,977**	**10,210,709**	**47,486,296**	**45,524,092**
2020						
Non-derivative instruments						
Trade payables	–	348,710	–	–	348,710	348,710
Amount due to an associate	–	293,381	–	–	293,381	293,381
Amounts due to related companies	–	675,731	–	–	675,731	675,731
Bank borrowings at variable rate	2.99	–	–	5,774,816	5,774,816	23,656,475
Lease liabilities	4.28	6,835,567	5,544,217	13,323,219	25,703,003	23,289,678
		8,153,389	5,544,217	19,098,035	32,795,641	48,263,975

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(v) Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2021, the carrying amounts of these bank borrowings amounted to HK$14,053,920 (2020: HK$14,053,920).

For the purpose of managing liquidity risk, management reviewed the expected cash flow information of the Group's bank loans with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as set out in the table below:

	On demand or less than 1 year	1–2 years	2–5 years	Total undiscounted cash flows	Carrying amounts
	HK$	HK$	HK$	HK$	HK$
As at 31 March 2021					
Bank borrowings with a repayment on demand clause	**2,073,796**	**2,046,439**	**10,546,534**	**14,666,769**	**14,053,920**
As at 31 March 2020					
Bank borrowings with a repayment on demand clause	14,158,782	–	–	14,158,782	14,053,920

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(vi) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

39. FINANCIAL INSTRUMENTS *(Continued)*

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

(vi) Fair value measurements of financial instruments *(Continued)*

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

The only financial instrument of the Group that is measured at fair value is the financial assets at FVTPL and is grouped into Level 1 whose fair value measurements are derived from quoted prices (unadjusted) in an active market for identical assets with carrying value of HK$28,962,867 (2020: HK$23,590,760).

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liability 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.

	Amount due to an associate HK$	Amounts due to related companies HK$	Lease liabilities HK$	Bank borrowings HK$
At 1 April 2019	678,381	679,121	24,271,258	26,522,475
Financing cash flows	–	(3,390)	(4,642,540)	(3,659,150)
Offset of dividend income declared	(385,000)	–	–	–
Lease modified	–	–	4,025,034	–
Finance costs	–	–	1,074,370	793,150
Exchange adjustments	–	–	(1,438,444)	–
At 31 March 2020	**293,381**	**675,731**	**23,289,678**	**23,656,475**
Financing cash flows	**517,000**	**(3,180)**	**(6,726,086)**	**(3,170,666)**
New lease liabilities	**–**	**–**	**3,172,421**	**–**
Finance costs	**–**	**–**	**1,062,892**	**524,872**
Exchange adjustments	**–**	**–**	**1,851,696**	**–**
At 31 March 2021	**810,381**	**672,551**	**22,650,601**	**21,010,681**

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2020, the associate of the Group has declared dividend of HK$750,000 to the Group. HK$385,000 was offset through amounts due to associates.

During the year ended 31 March 2021, the Group entered into new lease agreement for the use of leased properties from 2 to 5 years. On the lease commencement, the Group recognised HK$3,172,421 of right-of-use assets and lease liabilities.

42. FINANCIAL POSITION OF THE COMPANY

Below is the financial position of the Company at the end of the reporting period:

	2021 HK$	2020 HK$
Non-current assets		
Property, plant and equipment	**56,389**	50,211
Interests in subsidiaries (Note 2)	**278,628,378**	279,330,728
Paintings	**3,921,217**	3,921,217
	282,605,984	283,302,156
Current assets		
Financial assets at FVTPL	**590,478**	562,360
Other receivables, deposits and prepayment	**259,588**	192,202
Pledged bank deposits	**–**	2,000,000
Bank balances and cash	**13,508,296**	819,685
	14,358,362	3,574,247
Current liabilities		
Other payables and accrued charges	**1,074,765**	1,275,686
Amounts due to subsidiaries	**4,426,716**	3,438,530
Amounts due to related companies	**767,885**	771,065
Bank borrowings	**2,722,852**	2,645,890
	8,992,218	8,131,171
Non-current liabilities		
Provision for long service payments	**319**	27,093
Bank borrowings	**4,233,909**	6,956,665
	4,234,228	6,983,758
Net assets	**283,737,900**	271,761,474
Share capital	**325,837,279**	312,890,213
Reserves (Note 1)	**(42,099,379)**	(41,128,739)
Total equity	**283,737,900**	271,761,474

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 June 2021 and is signed on its behalf by:

DEREK CHIU
DIRECTOR

AMANDA CHIU
DIRECTOR

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

Notes:

(1) The movements in reserve of the Company are presented below.

	Share option reserve HK$	Investment revaluation reserve HK$	Accumulated losses HK$	Total HK$
At 1 April 2019	11,573,594	–	(72,349,586)	(60,775,992)
Profit for the year	–	–	18,646,951	18,646,951
Fair value gain on equity instrument at FVTOCI	–	21,422	–	21,422
Shares-based payment expenses	978,880	–	–	978,880
Lapsed share options transferred to accumulated losses	(750,222)	–	750,222	–
Reclassification to accumulated losses upon disposal of equity instrument at FVTOCI	–	(21,422)	21,422	–
At 31 March 2020	**11,802,252**	**–**	**(52,930,991)**	**(41,128,739)**
Loss for the year	**–**	**–**	**(970,640)**	**(970,640)**
At 31 March 2021	**11,802,252**	**–**	**(53,901,631)**	**(42,099,379)**

(2) Included in interests in subsidiaries of HK$210,513,456 (2020: HK$210,323,857) represented the net investments in subsidiaries.

List of Major Properties held by the Group

Location	Approximate gross floor area/ site areas* (square feet)	Group's interest	Existing land use	Term of lease
Leasehold land and buildings				
Duplex No. 1 on 1/F and 2/F with Garden and Rear Open Yard of House 15 (Dynasty Villa 6) and car park space No. 202, Dynasty Heights, No. 2 Yin Ping Road, Kowloon, Hong Kong	2,592	100.0%	Residential	Medium-term
Hotel property				
East Bay, Cheung Chau, New Territories, Hong Kong 8443/9000 parts or shares of and in C.C.L. 1147	27,000*	97.8%	Hotel	Medium-term
Investment properties				
Wing On Street, Peng Chau, New Territories, Hong Kong 370/700 parts or shares of and in P.C.L. 415	5,230*	100.0%	Cinema	Medium-term
Various agricultural lots in Survey District No. 4 in Lai Chi Kok, Kowloon, Hong Kong	265,579*	100.0%	Agricultural land	Medium-term
Various agricultural lots in DD118, Yuen Long, New Territories, Hong Kong	149,846*	100.0%	Agricultural land	Medium-term
Nasausau & Raramakawa Lots 1 & 2 on N1825, Coral Coast, Viti Levu, Fiji	717,673*	100.0%	Resort	Long lease

Five-Year Financial Summary

RESULTS

	For the year ended 31 March				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Revenue	46,677	52,580	52,379	48,936	**49,692**
(Loss) profit before taxation	(4,775)	10,059	(5,743)	(29,234)	**8,098**
Income tax (expense) credit	–	(2,623)	(3,852)	5,190	**(207)**
(Loss) profit for the year attributable to owners of the Company	(4,775)	7,436	(9,595)	(24,044)	**7,891**

ASSETS AND LIABILITIES

	At 31 March				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Total assets	326,578	340,172	330,990	361,426	**389,114**
Total liabilities	(47,439)	(46,343)	(45,951)	(64,801)	**(63,749)**
Equity attributable to owners of the Company	279,139	293,829	285,039	296,625	**325,365**