德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 199

2021-2022
ANNUAL REPORT

* For identification purpose only

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Hon Kit *(Chairman)*
Dr. Chan Kwok Keung, Charles *(Joint Vice Chairman)*
Mr. Chan Yiu Lun, Alan
Ms. Lam Sau Fung *(Chief Financial Officer)*
Ms. Chau Mei Wah

Independent Non-executive Directors

Hon. Shek Lai Him, Abraham, *GBS, JP (Joint Vice Chairman)*
Mr. Chan Pak Cheong Afonso
Mr. Ip Hon Wah

BOARD COMMITTEES

Audit Committee

Mr. Chan Pak Cheong Afonso *(chairman)*
Hon. Shek Lai Him, Abraham, *GBS, JP*
Mr. Ip Hon Wah

Remuneration Committee

Mr. Chan Pak Cheong Afonso *(chairman)*
Hon. Shek Lai Him, Abraham, *GBS, JP*
Mr. Ip Hon Wah
Ms. Chau Mei Wah

Nomination Committee

Hon. Shek Lai Him, Abraham, *GBS, JP (chairman)*
Mr. Cheung Hon Kit
Mr. Chan Pak Cheong Afonso
Mr. Ip Hon Wah

Corporate Governance Committee

Mr. Cheung Hon Kit *(chairman)*
Ms. Lam Sau Fung
Mr. Ip Hon Wah
Ms. Chau Mei Wah

Investment Committee

Mr. Cheung Hon Kit
Dr. Chan Kwok Keung, Charles
Mr. Chan Yiu Lun, Alan
Ms. Lam Sau Fung
Ms. Chau Mei Wah

COMPANY SECRETARY

Ms. Wong Siu Mun

AUTHORISED REPRESENTATIVES

Mr. Cheung Hon Kit *(Alternate: Ms. Chuk Wai Yin)*
Ms. Lam Sau Fung *(Alternate: Ms. Wong Siu Mun)*

LEGAL ADVISORS

Conyers Dill & Pearman *(as to Bermuda law)*
Iu, Lai & Li, Solicitors *(as to Hong Kong law)*
Vincent T. K. Cheung, Yap & Co. *(as to Hong Kong law)*
Leong Hon Man, Advogado *(as to Macau law)*

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited, Macau Branch
The Bank of East Asia, Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

30/F., Bank of America Tower
12 Harcourt Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE

www.itcproperties.com

STOCK CODE

Hong Kong Stock Exchange 199

will be changed to 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022

INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

Announcement of 2021-2022 Annual Results	30 June 2022
Ex-Dividend Date for Second Interim Dividend	14 July 2022
Book Closure Dates for Second Interim Dividend	18 to 19 July 2022
Record Date for Second Interim Dividend Entitlement	19 July 2022
Payment Date of Second Interim Dividend	on or about 10 August 2022
Book Closure Dates for Annual General Meeting	6 to 9 September 2022
Annual General Meeting	9 September 2022
Announcement of 2022-2023 Interim Results	November 2022

MEANS OF RECEIPT AND LANGUAGE OF CORPORATE COMMUNICATIONS

This annual report, in both English and Chinese versions, is now available in printed form, and in accessible format on the website of the Company at www.itcproperties.com.

For Shareholders and non-registered shareholders of the Company who:

(i) have elected to receive or are deemed to have consented to receive this annual report by electronic means on the Company's website, or

(ii) have difficulty in receiving or gaining access to this annual report on the Company's website,

they may obtain printed copies free of charge by sending a written request to the Company or the branch share registrar of the Company in Hong Kong (the "Branch Share Registrar"), Tricor Secretaries Limited, at # Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

If Shareholders and non-registered shareholders of the Company wish to change their elected means of receipt or language of all future corporate communications of the Company, they may at any time notify the Company by prior notice of at least seven days in writing to the Branch Share Registrar at the address stated above or by e-mail to itcproperties-ecom@hk.tricorglobal.com or by completing and returning the change request form.

SHAREHOLDER ENQUIRIES

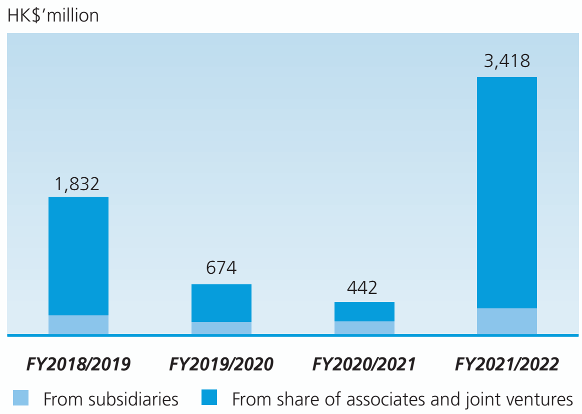
E-mail	:	info@itcproperties.com
Telephone	:	(852) 2831 8138
Fax	:	(852) 2858 2697

will be changed to 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022

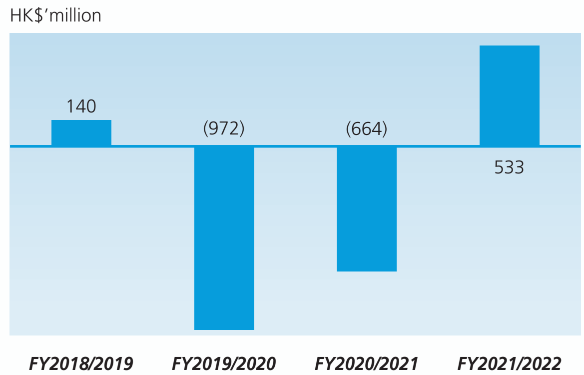
FINANCIAL HIGHLIGHTS

	Year ended 31 March	
	2022	2021
HK$'million		
Revenue		
Per consolidated statement of profit or loss	**332**	258
Property income and hotel revenue		
– share of associates and joint ventures	**2,458**	184
– by way of disposal of subsidiaries	**354**	–
– by way of partial disposal of interest in an associate	**274**	–
	3,418	442
Net profit (loss)	**533**	(664)
HK cents		
Basic earnings (loss) per Share	**59**	(69)
HK cents		
Dividend per Share		
– first interim	**10**	–
– second interim	**5**	–
	15	–

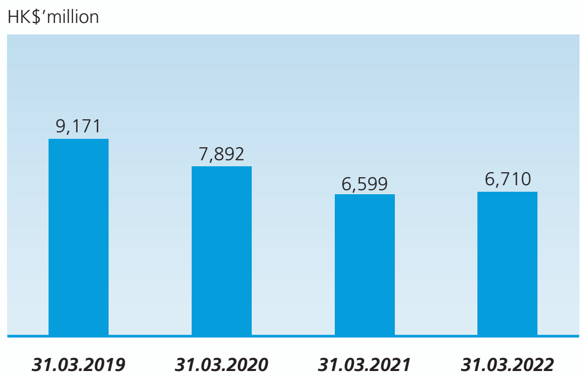
Revenue



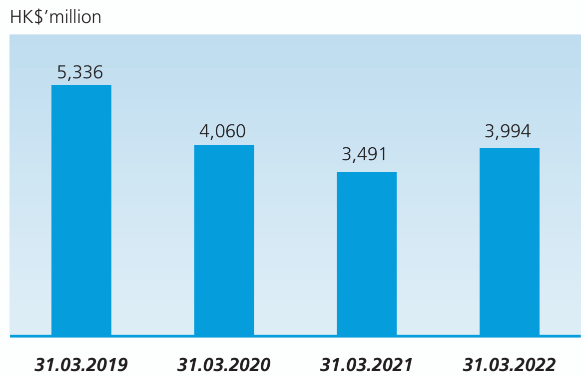
Net Profit (Loss)



Total Assets



Total Shareholders' Fund



EXECUTIVE DIRECTORS

Mr. Cheung Hon Kit *(age: 68)*

Mr. Cheung joined the Company as an executive Director and the Chairman in April 2005 and is also a director of various members of the Group. He is also the chairman of the Corporate Governance Committee, and a member of each of the Nomination Committee and the Investment Committee of the Company. Mr. Cheung graduated from the University of London with a Bachelor of Arts Degree. He has over 44 years of experience in real estate development, property investment and corporate finance, holding key executive positions in various leading property development companies in Hong Kong. Mr. Cheung is an independent non-executive director of Future Bright Holdings Limited, a listed company in Hong Kong.

Dr. Chan Kwok Keung, Charles *(age: 67)*

Dr. Chan has been appointed as an executive Director and Joint Vice Chairman with effect from 29 November 2021. He has become a member of the Investment Committee of the Company upon his appointment. Dr. Chan is a director of a member of the Group and was a senior consultant of the Group up to his appointment as an executive Director and Joint Vice Chairman. He has over 41 years of international corporate management experience in the construction and the property sectors, as well as in strategic investments. He holds an Honorary Degree of Doctor of Laws and a Bachelor's Degree in Civil Engineering. Dr. Chan had been the chairman and an executive director of a number of listed companies over the years. He resigned as the chairman and a non-executive director of Television Broadcasts Limited, a listed company in Hong Kong, on 4 February 2020. Dr. Chan is a substantial shareholder of the Company and also the sole director of ITC Holdings Limited and Galaxyway Investments Limited whose interests in the Company are disclosed in the section headed "Interests of Substantial Shareholders and Other Persons" in the directors' report of this annual report. Dr. Chan is the spouse of Ms. Ng Yuen Lan, Macy, a substantial shareholder of the Company and the father of Mr. Chan Yiu Lun, Alan, an executive Director.

Mr. Chan Yiu Lun, Alan *(age: 38)*

Mr. Chan joined the Company as an executive Director in March 2010 and is also a director of various members of the Group. He is also a member of the Investment Committee of the Company. He graduated from Trinity College of Arts and Sciences of Duke University, United States of America, with a Bachelor of Arts Degree in Political Science – International Relations. Mr. Chan previously worked in the investment banking division of The Goldman Sachs Group, Inc. He is a director of Burcon NutraScience Corporation whose issued shares are listed on the Toronto Stock Exchange, the Frankfurt Stock Exchange and the NASDAQ Capital Market. Mr. Chan is the son of Dr. Chan Kwok Keung, Charles, an executive Director and Joint Vice Chairman and Ms. Ng Yuen Lan, Macy, both of whom are the substantial shareholders of the Company.

BIOGRAPHIES OF DIRECTORS

Ms. Lam Sau Fung *(age: 50)*

Ms. Lam joined the Group in July 2020 and was appointed as an executive Director and the Chief Financial Officer of the Company in February 2021 responsible for the finance and accounting functions of the Group. She is a member of each of the Corporate Governance Committee and Investment Committee of the Company. Ms. Lam is also a director of various members of the Group. She was a partner of Deloitte Touche Tohmatsu before joining the Group, and has over 25 years of experience in audit of multi-national corporations and listed companies and initial public offerings in Hong Kong and overseas. Ms. Lam holds a Bachelor of Business Administration Degree in Accounting. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

Ms. Chau Mei Wah *(age: 67)*

(alias: Rosanna)

Ms. Chau has been appointed as an executive Director with effect from 29 November 2021 and has become a member of the Investment Committee of the Company upon her appointment. She has also been appointed as a member of each of the Remuneration Committee and the Corporate Governance Committee of the Company, both with effect from 1 January 2022. Ms. Chau is a director of various members of the Group and was a consultant of the Group up to her appointment as an executive Director. She has over 43 years' experience in international corporate management and finance. She had served on the board of directors of a number of listed companies over the years. She holds a Bachelor's Degree and a Master's Degree in Commerce and has professional accounting qualifications and experience in different jurisdictions. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the CPA Australia, and a member of the Chartered Professional Accountants of British Columbia. Ms. Chau is a director of Burcon NutraScience Corporation whose issued shares are listed on the Toronto Stock Exchange, the Frankfurt Stock Exchange and the NASDAQ Capital Market.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hon. Shek Lai Him, Abraham, ***GBS, JP*** *(age: 77)*
(alias: Abraham Razack)
Mr. Shek joined the Company as an independent non-executive Director and the Vice Chairman in September 2010. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. Shek graduated from the University of Sydney, Australia with a Bachelor of Arts Degree and a Diploma in Education. He holds a Juris Doctor Degree. He was a member of the Legislative Council of Hong Kong representing the real estate and construction functional constituency from 2000 to 2021. He was appointed as a Justice of the Peace in 1995. He was awarded Silver Bauhinia Star in 2007 and was further awarded the Gold Bauhinia Star in 2013.

Mr. Shek is the honorary chairman and an independent non-executive director of Chuang's China Investments Limited, a listed company in Hong Kong. He is an executive director and was re-designated from the vice chairman to the chairman of Goldin Financial Holdings Limited, a listed company in Hong Kong, with effect from 6 June 2022. Mr. Shek is also an independent non-executive director of China Resources Cement Holdings Limited, Chuang's Consortium International Limited, Cosmopolitan International Holdings Limited, Country Garden Holdings Company Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, International Alliance Financial Leasing Co., Ltd., Lai Fung Holdings Limited, Landing International Development Limited, Lifestyle International Holdings Limited, NWS Holdings Limited and Paliburg Holdings Limited, all being listed companies in Hong Kong. He is also an independent non-executive director of Eagle Asset Management (CP) Limited – the manager of Champion Real Estate Investment Trust and Regal Portfolio Management Limited – the manager of Regal Real Estate Investment Trust, both of the trusts being listed in Hong Kong. Mr. Shek retired from the position of independent non-executive director of Hop Hing Group Holdings Limited, shares of which were delisted on 27 January 2022, and SJM Holdings Limited, a listed company in Hong Kong, on 2 June 2020 and 28 May 2021 respectively. Mr. Shek is an honorary member of the Court of The Hong Kong University of Science and Technology, and a member of both of the Court and the Council of The University of Hong Kong.

BIOGRAPHIES OF DIRECTORS

Mr. Chan Pak Cheong Afonso *(age: 75)*

Mr. Chan joined the Company as an independent non-executive Director in August 2015. He is also the chairman of each of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Chan has over 42 years of experience in the financial and accounting industries. He is the sole owner of Chan Pak Cheong (Auditor) Accountant Office, an accounting and auditing firm. He has been a Certified Public Accountant for more than 42 years and acted as the vice director and the vice president of Macau Society of Accountants from 1980 to 2008 and from 2008 to 2018 respectively. Mr. Chan is an independent non-executive director of Future Bright Holdings Limited, a company listed in Hong Kong. He acted as a Commissioner of the Finance Department of Macau – Commission of the Revision of Profit Tax from 1984 to 1996, from 2011 to 2014 and 2018, as well as one of the Examination Commissioners of the Commission of Registry of the Auditors and the Accountants from 2006 to 2011. Mr. Chan holds a Bachelor's Degree in Accountancy.

Mr. Ip Hon Wah *(age: 40)*

Mr. Ip joined the Company as an independent non-executive Director in February 2021. He is also a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee of the Company. Mr. Ip graduated from the University of Cambridge with a Bachelor of Arts Degree and a Master of Arts in Economics. He also obtained a Graduate Diploma in Law (Distinction) from the College of Law, England and a Postgraduate Certificate in Laws from the University of Hong Kong. Mr. Ip is a Barrister-at-Law in Hong Kong and a partner of a real estate investment and asset management firm responsible for Hong Kong capital markets and business development. He previously worked in a global management consultancy firm where he specialised in real estate and public sectors in Hong Kong and Mainland China. Mr. Ip resigned as an independent non-executive director of Sun Cheong Creative Development Holdings Limited, a listed company in Hong Kong, on 6 December 2019.

The executive Directors are regarded as members of the Group's senior management.

CHAIRMAN'S STATEMENT

TO OUR SHAREHOLDERS

On behalf of the Board, I am pleased to present the annual report of the Group for the Year.

Throughout the Year, the Group continued facing with challenging business environment under the threat of COVID-19 pandemic and has been continuously reviewing its business model and adjusting its agility. With the local housing demand remaining stable under the combination of stringent regulations on land development and low interest rates environment during the Year, the Group continued receiving positive responses from the sales of units of Hyde Park which enhanced the Group's revenue for the Year by an increase of 28.5% to HK$332.2 million. However, as the competition in the property market is keen, gross profit for the Year decreased to HK$25.2 million. The Group recorded a net profit attributable to owners of the Company of HK$566.2 million for the Year.

The Board has declared a second interim dividend of HK5 cents per Share for the Year, which will be payable in cash. Together with the first interim dividend of HK10 cents, the total dividend is HK15 cents per Share.

With the increasing vaccination rates in various places around the world, it is anticipated that the impact of the COVID-19 pandemic on the global economy will gradually be diminishing. However, we expect that the COVID-19 pandemic continues to pose risks and uncertainties on the continual recovery of global economy in future. In addition, the Russian-Ukrainian War, the global inflation and the increasing trend in interest rates cast uncertainties over the business environment. In order to cope with the fast changing world and the uncertainties in the business environment, the Group has been continuously reviewing its business model and striving to improve the efficiency and effectiveness of its business operations. We will focus on the sale of the remaining blocks in Sky Oasis and Grand Oasis in Macau and other local redevelopment projects in order to secure the revenue for the coming few years. In addition to stepping our existing businesses further to the PRC, Macau, Canada and the United Kingdom, we will keep on improving earnings and enhancing the value of the Shareholders by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

Appreciation

On behalf of the Board, I would like to welcome Dr. Chan Kwok Keung, Charles and Ms. Chau Mei Wah for joining the Board in November 2021 and express the sincere gratitude to Mr. Cheung Chi Kit, the former Managing Director, and Mr. Wong Lai Shun, Benny, a former executive Director, both of whom resigned in January 2022, for their outstanding dedication and valuable contribution to the Group over their tenure of services.

I would also like to take this opportunity to express my appreciation to the Shareholders for their support, to the fellow Board members, management and staff for their dedicated efforts to the Group and to our clients, consultants and business partners for all their valuable assistance offered during the Year.

Cheung Hon Kit
Chairman

Hong Kong, 30 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Throughout the Year, the Group continued facing with challenging business environment under the threat of COVID-19 pandemic and has been continuously reviewing its business model and adjusting its agility. With the local housing demand remaining stable under the combination of stringent regulations on land development and low interest rates environment during the Year, the Group continued receiving positive responses from the sales of units of Hyde Park which enhanced the Group's revenue for the Year by an increase of 28.5% to HK$332.2 million (2021: HK$258.4 million). However, as the competition in the property market is keen, gross profit for the Year decreased to HK$25.2 million (2021: HK$38.1 million).

During the Year, the pre-sold units of a luxury residential project in Cotai South, Macau developed by an associate of the Group were gradually handed over to the end buyers and the corresponding sales were recognised. Accordingly, share of net profits from associates of the Group of HK$921.7 million (2021: share of net losses of HK$20.3 million) was recorded.

In addition, the Group disposed of its equity interests in certain wholly-owned subsidiaries, which hold redevelopment and residential projects in Hong Kong, during the Year. Such disposal resulted in gain on disposal of subsidiaries of HK$101.8 million.

However, the COVID-19 pandemic has continuously exerted adverse impacts on the fair value of properties held by the Group, which resulted in recognition of a decrease in fair value of the Group's investment properties of HK$52.4 million (2021: HK$77.0 million). Furthermore, a significant loss allowance of HK$159.0 million for expected credit loss (the "ECL") was recognised on the deposits in aggregate of HK$159.0 million (the "Deposits") paid for the acquisition of 45.76% interests in Paul Y. Engineering Group Limited ("PYE").

As a result, the Group recorded a marked turnaround to a net profit attributable to owners of the Company of HK$566.2 million for the Year (2021: a net loss of HK$662.2 million).

The Board has declared a second interim dividend (the "Second Interim Dividend") of HK5 cents per Share for the Year (2021: nil) in lieu of a final dividend. The Second Interim Dividend will be payable in cash. Together with the first interim dividend of HK10 cents per Share, the total dividend for the Year is HK15 cents (2021: nil) per Share.

One Oasis, Sky Oasis, Grand Oasis

Property

Segment profit for the Year of HK$945.6 million was recorded, as compared to a loss of HK$179.9 million for the last financial year.

Macau

Following the issuance of the occupation permit, the pre-sold units of a luxury residential project in Cotai South, Macau developed by an associate of the Group were gradually handed over to the end buyers and the corresponding sales were recognised during the Year. This project contributed a profit of HK$975.2 million (2021: a loss of HK$9.5 million) to the Group for the Year.

Hong Kong

Hyde Park is a project with the Urban Renewal Authority and consists of 76 residential flats and a commercial podium, all of which were sold out as at the date of this report. During the Year, 39 flats (2021: 34 flats) were handed over to the end buyers and accordingly, revenue of HK$299.5 million (2021: HK$205.3 million) was contributed to the Group for the Year.

The Group completed the acquisition of all units of Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan and the consolidation of the undivided shares. The property is planned for residential redevelopment upon compliance with town planning issues.

The project at No. 23 Po Shan Road, Mid-levels is a deluxe residential project for sale. Its superstructure work of a 10-storey mid-rise building was completed in February 2022, and its occupation permit is expected to be issued in the second half of 2022. During the Year, the Group disposed of 20% effective interests in the project and the proceeds have been utilised for repayment of the Guaranteed Notes (as defined below) which were due on 14 October 2021.

In addition, the Group disposed of the project at Nos. 41, 43 and 45 Pau Chung Street, To Kwa Wan, which is a redevelopment project comprising a residential tower with retail shops at lower levels, at a consideration of HK$318.3 million. Such disposal secured a profit of HK$79.8 million and enhanced the cash position of the Group.

Hyde Park

PRC

Dabiao International Centre is a composite tower comprising a commercial podium, offices and a hotel, situated in Guangzhou City and conveniently connected to the Changgang Metro Station. During the Year, the Group increased its effective interests in Dabiao International Centre from 31.5% to 45.0% by acquiring a further 13.5% at the current market price under the prevailing relative low-side market condition with a view to realising the value appreciation upon sales when the market becomes fully recovered.

The occupancy rate of Dabiao International Centre remained stable over 90% but with some reduction in renewed rental due to the intermittent adverse impact of the COVID-19 pandemic.

Overseas

London, United Kingdom

The project at Greycoat Place is being redeveloped into a mixed residential and commercial tower. In May 2021, the Group successfully obtained the revised approval for redeveloping the site into a seven-storey building. With such approval, the gross floor area increased from 39,000 sq. ft. to 43,200 sq. ft.. The demolition works have been completed while the superstructure works are expected to be completed at the end of 2022.

Townsend House

Vancouver, Canada

The property market in Vancouver was strong with sharp price increase during the Year. The residential redevelopment project at Alberni Street is in the course of obtaining the development and building permits from the local authority.

Hotel and Leisure

As the Group no longer recorded revenue from Le Petit Rosedale Hotel Hong Kong after its disposal on 31 December 2020, the revenue from this segment for the Year was solely derived from the hotel management fee received by the Group, which amounted to HK$1.0 million, representing a substantial decrease from that of HK$6.6 million for the last financial year.

The hotel and leisure businesses have been continuously affected by the COVID-19 pandemic. Therefore, segment loss of HK$73.0 million (2021: HK$92.3 million) was recorded for the Year.

During the Year, the Group acquired additional 15% effective interests in Renaissance Shanghai Caohejing Hotel at the current market price under the relatively sluggish market condition with a view to capturing the potential appreciation in its capital value. After the acquisition, the Group's effective interests in Renaissance Shanghai Caohejing Hotel increased from 9.5% to 24.5%.

Subsequent to the end of the Year, a joint venture owned as to 40% by the Group has disposed of Rosedale Hotel Kowloon, Tai Kok Tsui, Hong Kong at an aggregate consideration of HK$1,374.9 million, which resulted in a share of profit of approximately HK$223.0 million.

The Westin Bayshore

Outlined below is a summary of the Group's interests in properties which are significant to the operations of the Group as at the date of this report:

Location	Usage	Group's interests (%)	Attributable gross floor area[1] (sq. ft.)
Macau			
One Oasis, Sky Oasis and Grand Oasis situated at Estrada de Seac Pai Van	Residential/Commercial	35.5	379,200
Sub-total			**379,200**
Hong Kong			
Hyde Park situated at No. 205 Hai Tan Street, Sham Shui Po	Residential/Commercial	100	4,200
Premises situated at 30/F., Bank of America Tower, No. 12 Harcourt Road, Central	Office	100	13,800
250 Hennessy situated at No. 250 Hennessy Road, Wanchai	Office/Car parks	100	55,600
Redevelopment project situated at Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan	Residential[2]	72	30,100
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	20	16,000
Sub-total			**119,700**

Location	Usage	Group's interests (%)	Attributable gross floor area[1] (sq. ft.)
PRC			
Land situated at the Yazhou Bay Science and Technology City, Sanya City, Hainan Province	Hotel	100	886,000
Portions of Dabiao International Centre situated at No. 362 Jiangnan Avenue South and No. 238 Changgang Zhong Road, Haizhu District, Guangzhou City	Commercial/Office/Hotel/Car parks	45	285,600
Renaissance Shanghai Caohejing Hotel situated at No. 397 Tianlin Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai	Hotel	24.5	170,000
Sub-total			**1,341,600**
Overseas			
Townsend House situated at Greycoat Place, London, United Kingdom	Residential/Commercial	90.1	39,000
The Westin Bayshore situated at 1601 Bayshore Drive, Vancouver, British Columbia, Canada	Hotel/Conference/Ancillary uses	50	224,500
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street and 740 Nicola Street, Vancouver, British Columbia, Canada	Residential/Commercial	28	171,200
Sub-total			**434,700**
Total			**2,275,200**

Notes:

(1) The attributable gross floor area represents the area under the existing use.

(2) The property is currently for industrial use and is planned to be redeveloped for residential use upon compliance with town planning issues.

Securities Investments

Segment profit from securities investments for the Year was HK$11.4 million (2021: HK$19.3 million), representing an unrealised gain arising from the increases in market prices.

As at 31 March 2022, the Group had equity and fund investments in aggregate of HK$153.6 million, 74% being unlisted securities and funds denominated in United States dollars and the remaining 26% being listed securities denominated in Hong Kong dollars.

Finance

As at 31 March 2022, other loan receivables of the Group amounted to HK$166.5 million (2021: HK$277.3 million).

During the Year, the Group had interest income of HK$14.8 million (2021: HK$30.3 million) and segment profit from finance of HK$35.0 million (2021: loss of HK$81.7 million), which was mainly attributable to the reversal of loss allowance for the ECL of HK$19.9 million on loan receivables (together with the outstanding interest accrued thereon) held by the Group in accordance with the accounting policies adopted by the Group.

Deposits Paid for the Acquisition of PYE

As disclosed in the announcement of the Company dated 28 June 2021, the annual report of the Company for the year ended 31 March 2021 and the interim report of the Company for the six months ended 30 September 2021, the Group rescinded the agreement for the acquisition of 45.76% interests in PYE and claimed against the vendor and South Shore Holdings Limited (In Liquidation) ("South Shore") (being the guarantor of the vendor) for the refund of the Deposits paid.

During the Year, the Group monitored the situation and considered the following incidents as disclosed by South Shore from 1 April 2021 to 31 March 2022:

(i) there was a change in the beneficial ownership in PYE due to actions taken by a creditor of South Shore;

(ii) on 23 July 2021, South Shore was ordered to be wound up by the Supreme Court of Bermuda in accordance with section 161 of the Company Act 1981 and provisional liquidators were appointed;

(iii) Hotel Nova Concórdia, Limitada (English name: New Concordia Hotel Limited, Chinese name: 新聯生酒店有限公司, which is an indirect wholly-owned subsidiary of South Shore and the owner of THE 13 Hotel in Macau (being the sole significant asset of South Shore and its subsidiaries), had itself applied to the court of Macau for voluntary liquidation;

(iv) on 11 March 2022, the Supreme Court of Bermuda ordered that the joint and several liquidators be appointed and that a committee of inspection be formed under section 181(2) of the Bermuda Companies Act 1981; and

(v) the shares of South Shore have been suspended from trading on the Stock Exchange since 2 July 2021.

After considering the above incidents and the global economic condition in the nearest future, the Company is of the view that there are no signs of improvement in the businesses of South Shore, which resulted in a more reasonably pessimistic forward-looking view based on the negative facts and circumstances as at 31 March 2022. Thus, in accordance with the accounting policies adopted by the Group, the loss rate assessed on the Deposits for the Year remained at 100% (the "Internal Assessment") and a loss of HK$159.0 million was provided for the Year.

To assess the reasonableness of the Internal Assessment, the Group engaged an independent professional valuer, Norton Appraisals Holdings Limited (the "Valuer"), to perform an additional analysis for reassessing the ECL provision on the Deposits as at 31 March 2022 in accordance with Hong Kong Financial Reporting Standard 9 (2014). The Valuer adopted its independently selected parameters which contained credit rating profile similar to South Shore (the "External Assessment"). Taking into account South Shore's business situation and the unfavourable economic conditions, the Valuer determined its assumptions, including probability of default of 100% and recovery ratio of 0%, in its assessment. The External Assessment indicated that the average loss rate was approximately 100%.

Since the results of the Internal Assessment and the External Assessment were the same, the Group considered that it was fair and reasonable to make an impairment loss of HK$159.0 million on the Deposits for the Year. The Group continues to take necessary actions to recover the debt.

FINANCIAL REVIEW

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities are maintained to satisfy the commitments and working capital requirements of the Group.

As at 31 March 2022, the Group had total bank borrowings of HK$1,448.0 million. After netting off bank balances and cash of HK$284.0 million and comparing with the Group's shareholders' funds of HK$3,994.3 million, the Group's net gearing ratio as at 31 March 2022 was 0.29 (2021: 0.68). All of the bank borrowings are subject to floating interest rates. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments as and when appropriate.

As at 31 March 2022, the Group had unused banking facilities of HK$245.0 million which could be utilised to finance the construction of properties and the working capital of the Group. During the Year, a total of HK$660.1 million bank borrowings were drawn down to finance the redevelopment projects in Hong Kong, the repurchase of the Guaranteed Notes and the working capital of the Group. An aggregate amount of HK$607.4 million of the Group's borrowings will be due for repayment after one year in accordance with the repayment schedules. An aggregate amount of HK$840.6 million of the Group's borrowings was classified as current liability since the lenders have the rights to demand immediate repayment. The Group will continue to closely monitor its liquidity and working capital requirements to ensure appropriate financing arrangements are made when necessary.

For overseas subsidiaries, joint ventures, associates and other investments with cashflows denominated in foreign currencies, the Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in the same currencies. In this respect, the borrowings of the Group and its joint ventures and associates, to which the Group has provided guarantees, are denominated in Hong Kong dollars, Canadian dollars and Pound Sterling. For the Year, an unrealised gain on exchange differences of HK$41.7 million was credited as other comprehensive income, mainly arising from translations of operations in Canada and the PRC due to the appreciation of Canadian dollars and Renminbi. A majority of the Group's cash and cash equivalent are denominated in Hong Kong dollars and Canadian dollars while the Group's other assets and liabilities are denominated in Hong Kong dollars, Renminbi, Macau Pataca, Pound Sterling, United States dollars and Canadian dollars. Though no hedging instruments have been engaged, the Group will closely monitor its foreign exchange risk exposure.

During the Year, the Group repurchased at discount an aggregate principal amount of US$2.8 million (equivalent to approximately HK$21.7 million) of the 4.75% guaranteed notes due 2021 issued by Treasure Generator Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company (the "Guaranteed Notes"). On 14 October 2021, the Group fully repaid the outstanding principal amount of approximately US$167.9 million (equivalent to approximately HK$1,308.9 million) together with the accrued interest thereon upon maturity.

Pledge of Assets

As at 31 March 2022, the Group's general credit facilities granted by the banks were secured by pledges of the Group's investment properties of HK$625.0 million, stock of properties of HK$340.5 million, property, plant and equipment of HK$499.6 million and interest in an associate of HK$1,402.7 million.

Contingent Liabilities

As at 31 March 2022, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK$583.2 million (2021: HK$573.8 million), HK$41.9 million (2021: HK$58.0 million), HK$281.6 million (2021: HK$294.4 million) and HK$245.5 million (2021: HK$241.4 million) in respect of the banking facilities granted to four joint ventures (which are owned as to 50%, 50%, 40% and 28% by the Group respectively) with the outstanding amounts attributable to the Group's interests of HK$563.7 million (2021: HK$554.3 million), HK$41.9 million (2021: HK$57.8 million), HK$281.6 million (2021: HK$294.4 million) and HK$150.7 million (2021: HK$148.2 million); and (ii) HK$282.9 million (2021: HK$565.7 million) in respect of the banking facilities granted to an associate (which was owned as to 20% (2021: 40%) by the Group) with the outstanding amount attributable to the Group's interest of HK$228.3 million (2021: HK$384.6 million).

Number of Employees and Remuneration Policies

As at 31 March 2022, the total number of employees of the Group was 243 (2021: 259). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage, share options and retirement schemes.

Movement in Issued Shares

During the Year, the Company did not issue nor cancel any Shares. As at 31 March 2022, there were 960,175,410 Shares in issue.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's business, financial condition and results of operations are subject to various risks and uncertainties. The principal factors have been identified and are set out below:

Principal Risks	Key Controls and Risk Mitigations	Risk Trend
1. Global economic uncertainties The outlook for the global economy and financial markets remains uncertain. In Hong Kong and Macau, multiple community outbreaks of the COVID-19 pandemic and government measures to control its spread kept people at home and led to a collapse in tourist arrivals, subduing consumer spending and pushing up unemployment rate. The economy of the PRC has been facing downward pressure due to the negative impact from the COVID-19 pandemic, sluggish foreign demand, adjustments in the real estate market and the China-US trade war. The Brexit has continually casted deep uncertainties over the future of the United Kingdom. These global economic uncertainties could adversely affect the business activities and the economic and market conditions globally.	• Submit monthly updates of financial information of the Group to the Directors to facilitate them to manage the businesses in a volatile market • Set investment strategy and undertake structured analyses of business opportunities • Closely monitor the Group's liquidity and working capital to ensure its sustainability in adverse environment	↑ Prolonged political uncertainties and deteriorating economic condition across the globe
2. Financing uncertainties The Group's capital requirements primarily depend on the amount of capital expenditure required on its property investments and development projects, and hotel operations. The Group may need to raise additional funds to meet these requirements. However, there is no assurance that additional financing will be made available, or if available, such financing will be obtained on terms favourable	• Maintain close communication with banks • Review financial risk exposure in accordance with the covenants of the bank borrowings • Manage the maturity profile of deposits and loans to minimise refinancing risk and cost • Establish and maintain diversified channels of financing	↔ Remains stable

Principal Risks	Key Controls and Risk Mitigations	Risk Trend
to the Group. Prolonged economic downturn and unfavourable market condition could adversely affect property valuation and the Group's borrowing capabilities. If the Group fails to obtain necessary funding on acceptable terms, it may be forced to delay capital development projects, potential acquisitions and investments or otherwise curtail or cease operations.	• Crystalise certain investments to obtain adequate cash to meet matured debts	
3. Disasters Climate change poses different risks to the Group's businesses. Apart from physical risks such as extreme weather condition which could result in severe personal injury, property damage and adverse impact on property valuation, transitioning to a lower carbon economy may entail extensive policy, legal, technological and market changes to curtail the Group's business operations. In addition, the pandemic could cause business disruption and impact the sustainability around the globe.	• Monitor and reduce carbon emissions from day-to-day operations • Pursue green building certifications • Strengthen the governance of the environmental, social and governance performance • Review and update business continuity plans and crisis management procedures • Arrange sufficient insurance package • Maintain standard operating procedures and guidelines in response to the pandemic	↑ Lingering adverse impact arising from the COVID-19 pandemic triggered a downward trend in house prices, rental negotiation/ reversion and substantial reduction in hotel occupancy, which could severely affect business sustainability
4. Highly competitive industries Competition risks faced by the Group may include: (i) numerous developers undertaking property investment and development in the markets, including Hong Kong, where the Group's property business conducts; (ii) keen competition and pricing pressure from other developers; (iii) appeals for rent relief and rising vacancy rates as affected by the weak economy adding pressure on landlords; and (iv) competition with other hotels for guests.	• Directors and management to discuss business performance and formulate various operation and marketing strategies to maintain the Group's competitiveness • Teams of good calibre and experience to closely monitor performance by segments	⇔ Remains stable

<table>
<tr><th>Principal Risks</th><th>Key Controls and Risk Mitigations</th><th>Risk Trend</th></tr>
<tr><td>5. Associates and joint ventures

A large proportion of the Group's project developments and investments are carried out through associates and joint ventures, so it may expose to risks of having business partners who may withdraw from the joint ventures due to the change of their business strategies, take some unfavourable actions to the Group, fail to perform their duties and fulfill their obligations in accordance with the joint venture agreements, undergo a change of ownership and control or experience material business and financial difficulties hindering their contributions to the joint venture projects.</td><td>• Select business partners with long-term established relationship carefully

• Maintain ongoing communications with the business partners to understand their business strategies and their change of structures

• Incorporate contractual terms and conditions in the agreements to safeguard the Group's interests

• Monitor the fulfilment of contractual obligations and legal proceedings through internal policies and compliance checklists</td><td>Remains stable</td></tr>
<tr><td>6. Cooling measures on property markets

Due to the introduction of the government's cooling measures on property markets in regions where the Group conducts its business, the Group may experience market pressures to reduce effective prices for property sales or rentals.</td><td>• Have ongoing update and assessment of the government policies

• Conduct market study and demand analysis timely to formulate the appropriate strategies

• Geographical diversification</td><td>Reduced market-cooling initiatives due to the economic downturn</td></tr>
</table>

Principal Risks	Key Controls and Risk Mitigations	Risk Trend
7. Laws and regulations Development projects and hotel operation require government approvals or permits, and some of such approvals and permits may require an unexpected long period of time to be granted and issued, which may lead to a delay in completion of the project and adverse effects on the hotel operation. The authorities may also from time to time impose new regulations on property owners or change policies without sufficient consultation and guidelines requiring the Group to increase manpower and incur additional costs and expenses to comply with such requirements. In some cases, it may adversely affect the Group's property sales performance and hotel operation and management.	• Continue monitoring and assessing the impact of the regulatory changes • Seek for professional advice on regulatory changes if necessary • Monitor the compliance with laws and regulations through internal policies and compliance checklists • Maintain proper documentation	⇔ Remains stable
8. Currency fluctuations The results of the Group are recorded in Hong Kong dollars but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies, including Renminbi, Canadian dollars and Pound Sterling. Any significant currency fluctuations on translation of the overseas accounts may therefore impact on the Group's results of operations, financial position and cash flow.	• Assess and monitor the foreign exchange exposure continuously • Consider the use of hedging devices when appropriate	⇔ Remains stable

The Directors are pleased to present their report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities of the Group are property development and investment in Macau, Hong Kong, the PRC, Canada and the United Kingdom, development of, investment in and operation and management of hotels and leisure business in the PRC, Hong Kong and Canada, securities investments and provision of loan financing services. The principal activities of the Company's principal subsidiaries are set out in Note 45 to the consolidated financial statements.

Further discussion and analysis of the above activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a fair review of the business of the Group, a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, are set out in the "Financial Highlights", "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and "Financial Summary" sections of this annual report. The relevant discussions in these sections form part of this report.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 78.

The Board has declared a second interim dividend (the "Second Interim Dividend") of HK5 cents per Share for the Year (2021: nil), in lieu of a final dividend, to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") as at the close of business on Tuesday, 19 July 2022. The Second Interim Dividend will be paid in cash to the Shareholders on or about Wednesday, 10 August 2022.

Together with the first interim dividend of HK10 cents per Share, the total dividend for the Year is HK15 cents per Share (2021: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the Second Interim Dividend, the Register of Members will be closed from Monday, 18 July 2022 to Tuesday, 19 July 2022, both dates inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Thursday, 14 July 2022. In order to be entitled to the Second Interim Dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at # Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Friday, 15 July 2022.

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the Annual General Meeting, the Register of Members will be closed from Tuesday, 6 September 2022 to Friday, 9 September 2022, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with Tricor Secretaries Limited at the abovementioned address for registration by no later than 4:30 p.m. on Monday, 5 September 2022.

will be changed to 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong with effect from 15 August 2022

DIRECTORS' REPORT

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 192.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 15 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Particulars of the Group's principal properties as at 31 March 2022 are set out on pages 193 and 194.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in Note 32 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on page 82 and the note to Note 44 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to its Shareholders as at 31 March 2021 and 2022 were as follows:

	2022	2021
	HK$'000	*HK$'000*
Contributed surplus	**113,020**	113,020
Retained profit	**1,545,710**	2,439,440
	1,658,730	2,552,460

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay any dividend, or make a distribution out of its contributed surplus if the Company is, or would after the payment be, unable to pay its liabilities as they become due or the realisable value of the assets of the Company would thereby be less than its liabilities.

DIRECTORS

During the Year, there were changes to the Board as follows:

(i) Mr. Chan Fut Yan ("Mr. FY Chan") retired as a non-executive Director on 10 September 2021.

(ii) Dr. Chan Kwok Keung, Charles ("Dr. Charles Chan") has been appointed as an executive Director and Joint Vice Chairman of the Company, both with effect from 29 November 2021.

(iii) Ms. Chau Mei Wah ("Ms. Rosanna Chau") has been appointed as an executive Director with effect from 29 November 2021.

(iv) Mr. Cheung Chi Kit ("Mr. CK Cheung") resigned as an executive Director and the Managing Director of the Company, both with effect from 1 January 2022.

(v) Mr. Wong Lai Shun, Benny ("Mr. Benny Wong") resigned as an executive Director with effect from 1 January 2022.

The Directors as at the date of this report are:

Executive Directors:

Mr. Cheung Hon Kit *(Chairman)*
Dr. Charles Chan *(Joint Vice Chairman)*
Mr. Chan Yiu Lun, Alan
Ms. Lam Sau Fung *(Chief Financial Officer)*
Ms. Rosanna Chau

Independent Non-executive Directors:

Hon. Shek Lai Him, Abraham, *GBS, JP (Joint Vice Chairman)*
Mr. Chan Pak Cheong Afonso
Mr. Ip Hon Wah

The biographical details of the Directors are set out on pages 5 to 8. Dr. Charles Chan is the spouse of Ms. Ng Yuen Lan, Macy ("Ms. Macy Ng") and both of them are the substantial shareholders of the Company. Mr. Chan Yiu Lun, Alan ("Mr. Alan Chan") is their son. Other than the aforesaid, none of the Directors has any relationship with the substantial shareholders of the Company as at the date of this report.

Pursuant to bye-laws 87(1) and 87(2) of the Bye-Laws and the CG Code, Mr. Alan Chan and Mr. Chan Pak Cheong Afonso ("Mr. Afonso Chan") shall retire from office at the Annual General Meeting by rotation. In addition, pursuant to bye-law 86(2) of the Bye-Laws and the CG Code, Dr. Charles Chan and Ms. Rosanna Chau, being Directors appointed by the Board after the last annual general meeting, shall hold office until the Annual General Meeting. All these four retiring Directors, being eligible, have offered themselves for re-election at the Annual General Meeting.

None of the Directors being proposed for re-election at the Annual General Meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The Board has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules, and considers that all the independent non-executive Directors are independent.

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

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company and/or their respective close associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

The Company

Name of Director	Number of Shares held	Number of underlying Shares held (Note 2)	Total	Percentage (Note 4)
Mr. Cheung Hon Kit ("Mr. HK Cheung")	48,800,000	9,600,000	58,400,000	6.08%
Dr. Charles Chan	518,948,012 (Note 3)	–	518,948,012	54.04%
Mr. Alan Chan	4,075,781	2,500,000	6,575,781	0.68%
Ms. Lam Sau Fung ("Ms. SF Lam")	–	1,200,000	1,200,000	0.12%
Ms. Rosanna Chau	11,952,564	1,500,000	13,452,564	1.40%
Hon. Shek Lai Him, Abraham, *GBS, JP* ("Mr. Abraham Shek")	322,347	1,000,000	1,322,347	0.13%
Mr. Afonso Chan	–	600,000	600,000	0.06%
Mr. Ip Hon Wah ("Mr. HW Ip")	–	300,000	300,000	0.03%

Notes:

1. Except Dr. Charles Chan, all the Directors above were the beneficial owners having personal interests in the Shares and underlying shares of the Company disclosed above. All the interests disclosed above were long positions.

2. This represented the aggregate number of share options granted to the Directors by the Company (being regarded as unlisted physically settled equity derivatives) under the Share Option Schemes. Details of the share options are disclosed in the section headed "Share Option Schemes" below.

3. By virtue of Part XV of the SFO, Dr. Charles Chan was interested in and deemed to be interested in a total of 518,948,012 Shares as follows:

   (i) he was the beneficial owner having personal interests in 191,588,814 Shares;
   (ii) he was deemed to have corporate interests in 76,186,279 Shares which were owned by the companies wholly owned by him; and
   (iii) he was deemed to have family interests in 251,172,919 Shares which were owned by the companies wholly owned by his spouse, Ms. Macy Ng.

   Details of (ii) and (iii) above are disclosed in the section headed "Interests of Substantial Shareholders and Other Persons".

4. This represented the approximate percentage of the total number of issued Shares as at 31 March 2022.

Save as disclosed above, as at 31 March 2022, none of the Directors or chief executive of the Company and/or their respective close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

On 10 September 2021, the New Share Option Scheme was approved and adopted by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 September 2021 to 9 September 2031.

Upon the adoption of the New Share Option Scheme, the 2012 Share Option Scheme, which was adopted on 17 August 2012, was terminated and ceased to have any further effect with effect from 10 September 2021 save and except that the 2012 Share Option Scheme remains in force to the extent necessary to give effect to the exercise of the share options granted thereunder prior to the termination thereof. On 4 April 2022, all the outstanding share options granted under the 2012 Share Option Scheme lapsed.

The primary purpose of the Share Option Schemes is to retain, reward, motivate and give incentives to eligible persons. Under the 2012 Share Option Scheme, the Directors may grant share options to the following eligible persons to subscribe for the Shares:

(i) any employee or proposed employee (whether full-time or part-time) or executives, including executive director, of any member of the Group, the controlling shareholder (as defined in the Listing Rules) of the Company (the "Controlling Shareholders"), any entity in which any member of the Group holds any direct or indirect equity interests (the "Invested Entity") and/or their respective subsidiaries; or
(ii) any non-executive director (including independent non-executive directors) of any member of the Group, the Controlling Shareholder or any Invested Entity; or
(iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group or any Invested Entity; or
(iv) any vendor, supplier of goods or services or customer of or to any member of the Group or any Invested Entity.

Under the New Share Option Scheme, the Directors may grant share options to the following eligible persons to subscribe for the Shares:

(i) any employee or proposed employee (whether full-time or part-time) or executive, including executive director, of any member of the Group; or
(ii) any non-executive director (including independent non-executive director) of any member of the Group; or
(iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group, who, under the terms of the relevant engagement with the Group, is eligible to participate in a share option scheme of the Company; or
(iv) any executive, including executive director, of any entity in which any member of the Group, directly or indirectly, holds 30% or more equity interests.

Under the Share Option Schemes, share options granted should be accepted within 21 days after the date of grant, upon payment of HK$1 per each grant of the share options. The exercise price shall be determined by the Board and shall be at least the highest of (i) the closing price of the Shares on the date of grant of the share options; or (ii) the average closing price of Shares for the five business days immediately preceding the date of grant; or (iii) the nominal value of a Share on the date of grant.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

The total number of Shares which may be issued upon exercise of all the share options to be granted under the Share Option Schemes and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date (the "Scheme Limit"). The Scheme Limit may be refreshed by an ordinary resolution of the Shareholders in general meeting provided that the Scheme Limit so refreshed shall not exceed 10% of the total number of Shares in issue as at the date of such Shareholders' approval. Furthermore, the maximum aggregate number of Shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Schemes and any other share option schemes of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time. As at 31 March 2022, the total number of Shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme were 79,697,541, representing approximately 8.3% of the existing total number of Shares in issue.

The maximum number of Shares issued and to be issued upon exercise of the share options granted under the Share Option Schemes and any other share option schemes of the Company (including options exercised, cancelled or outstanding) to each eligible person in any 12-month period shall not exceed 1% of the total number of Shares in issue unless approval of the Shareholders is obtained. Any grant of share options to a Director, the chief executive of the Company, a substantial shareholder of the Company, or a Controlling Shareholder or any of their respective associates (as defined in the Listing Rules) is subject to approval by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the share options). In addition, where the Board proposes to grant any share options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, and such share options, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of all the share options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the past 12-month period up to and including the date of grant in excess of 0.1% of the total number of Shares in issue on the date of grant and with an aggregate value (based on the closing price of the Shares on the date of grant) in excess of HK$5,000,000, such grant of share options is subject to the Shareholders' approval in general meeting.

(I) 2012 Share Option Scheme

On 17 October 2013, the Company granted the first lot of a total of 20,800,000 share options under the 2012 Share Option Scheme with the exercise period from 17 October 2014 to 16 October 2017. All the outstanding share options lapsed on 17 October 2017.

On 4 April 2018, the Company granted the second lot of a total of 27,020,000 share options under the 2012 Share Option Scheme with an exercise price of HK$2.57 per share option. The period during which these share options could be exercised was from 4 April 2019 to 3 April 2022, provided that up to a maximum of 50% of the share options were exercisable during the second-year period commencing from 4 April 2019 to 3 April 2020 (both dates inclusive) and the balance of the share options not yet exercised were exercisable during the period commencing from 4 April 2020 to 3 April 2022 (both dates inclusive) pursuant to the 2012 Share Option Scheme. The vesting period of the share option was from the date of the grant until the commencement of the exercise period.

Movements of the aforesaid share options during the Year were as follows:

Category and name of participant	Number of share options under the 2012 Share Option Scheme				
	Outstanding as at 1 April 2021	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	Outstanding as at 31 March 2022
Directors					
Mr. HK Cheung	7,000,000	–	–	–	7,000,000
Mr. Alan Chan (Note 1)	1,500,000	–	–	–	1,500,000
Ms. Rosanna Chau *(appointed with effect from 29 November 2021)*	N/A	–	–	–	1,500,000
Mr. Abraham Shek	500,000	–	–	–	500,000
Mr. Afonso Chan	300,000	–	–	–	300,000
Mr. FY Chan *(retired on 10 September 2021)*	3,500,000	–	–	–	N/A
Mr. CK Cheung *(resigned with effect from 1 January 2022)*	2,000,000	–	–	–	N/A
Mr. Benny Wong *(resigned with effect from 1 January 2022)*	1,500,000	–	–	–	N/A
Sub-total	16,300,000	–	–	–	10,800,000
Employees (Note 2)	5,990,000	–	–	(1,310,000)	4,680,000
Other participants	3,600,000 (Note 3(i) to (iii))	–	–	(3,800,000) (Note 3(iii) & (iv))	5,300,000 (Note 3(i), (v) & (vi))
Total	**25,890,000**	**–**	**–**	**(5,110,000)**	**20,780,000**

Notes:

1. Mr. Alan Chan is also an associate (as defined in the Listing Rules) of the substantial shareholders of the Company.

2. These share options included share options held by former employees pursuant to the 2012 Share Option Scheme.

3. These other participants are:

   (i) consultants of the Group who held an aggregate of 1,800,000 outstanding share options under the 2012 Share Option Scheme;

   (ii) Ms. Rosanna Chau who acted as a consultant prior to her appointment as an executive Director and held 1,500,000 outstanding share options under the 2012 Share Option Scheme;

   (iii) Mr. Kwok Ka Lap, Alva, a former Director, who as at 1 April 2021 still held 300,000 outstanding share options pursuant to the 2012 Share Option Scheme and such share options eventually lapsed during the Year;

   (iv) Mr. FY Chan, a former Director, who still held 3,500,000 outstanding share options after his retirement pursuant to the 2012 Share Option Scheme and such share options eventually lapsed prior to the end of the Year;

   (v) Mr. CK Cheung, a former Director, who as at 31 March 2022 still held 2,000,000 outstanding share options pursuant to the 2012 Share Option Scheme; and

   (vi) Mr. Benny Wong, a former Director and currently a consultant (hotel division) of the Group starting from 1 January 2022, who as at 31 March 2022 held 1,500,000 outstanding share options under the 2012 Share Option Scheme.

All the above outstanding share options granted under the 2012 Share Option Scheme lapsed on 4 April 2022.

(II) New Share Option Scheme

On 28 September 2021, the Company granted share options, of which a total of 16,320,000 share options were duly accepted by the grantees, under the New Share Option Scheme with an exercise price of HK$1.03 per share option. The period during which these share options can be exercised is from 1 April 2022 to 30 September 2025 (both dates inclusive), provided that 25% of the share options shall be exercisable during each of the periods (i) from 1 April 2022 to 30 September 2025 (both dates inclusive), (ii) from 1 October 2022 to 30 September 2025 (both dates inclusive), (iii) from 1 April 2023 to 30 September 2025 (both dates inclusive), and (iv) from 1 October 2023 to 30 September 2025 (both dates inclusive) pursuant to the New Share Option Scheme. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

Movements of the aforesaid share options during the Year were as follows:

	Number of share options under the New Share Option Scheme				
Category and name of participant	Outstanding as at 1 April 2021	Granted during the Year	Exercised during the Year	Cancelled/ lapsed during the Year	Outstanding as at 31 March 2022
Directors					
Mr. HK Cheung	N/A	2,600,000	N/A	–	2,600,000
Mr. Alan Chan (Note 2)	N/A	1,000,000	N/A	–	1,000,000
Ms. SF Lam	N/A	1,200,000	N/A	–	1,200,000
Mr. Abraham Shek	N/A	500,000	N/A	–	500,000
Mr. Afonso Chan	N/A	300,000	N/A	–	300,000
Mr. HW Ip	N/A	300,000	N/A	–	300,000
Mr. CK Cheung *(resigned with effect from 1 January 2022)*	N/A	1,500,000	N/A	–	N/A
Mr. Benny Wong *(resigned with effect from 1 January 2022)*	N/A	1,000,000	N/A	–	N/A
Sub-total	N/A	8,400,000	N/A	–	5,900,000
Employees (Note 3)	N/A	6,820,000	N/A	–	6,820,000
Other participants	N/A	1,100,000 (Note 4(i) & (ii))	N/A	–	3,600,000 (Note 4)
Total	**N/A**	**16,320,000**	**N/A**	**–**	**16,320,000**

Notes:

1. The closing price of the Shares on 27 September 2021, being the date immediately before the date on which the above share options were granted under the New Share Option Scheme, was HK$1.03.

2. Mr. Alan Chan is also an associate (as defined in the Listing Rules) of the substantial shareholders of the Company.

3. These share options included share options held by former employees pursuant to the New Share Option Scheme.

4. These other participants are:

   (i) a consultant of the Group who held 800,000 outstanding share options under the New Share Option Scheme;
   (ii) a senior executive of a principal associate of the Company who held 300,000 outstanding share options under the New Share Option Scheme;
   (iii) Mr. CK Cheung, a former Director, who as at 31 March 2022 still held 1,500,000 outstanding share options pursuant to the New Share Option Scheme; and
   (iv) Mr. Benny Wong, a former Director and currently a consultant (hotel division) of the Group starting from 1 January 2022, who as at 31 March 2022 held 1,000,000 outstanding share options under the New Share Option Scheme.

5. The values of the share options granted during the Year are set out in Note 33 to the consolidated financial statements.

Save as disclosed above, there were no share options granted, exercised, cancelled or lapsed under the Share Option Schemes during the Year.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "Share Option Schemes" above, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Schemes as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to Rule 8.10 of the Listing Rules, the interests of the relevant Directors and former Directors in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group during the Year or his/her tenure of office within the Year, whichever is shorter, were as follows:

(i) Mr. HK Cheung, an executive Director and the Chairman of the Company, had personal interests and/or held directorships in companies which were engaged in property investment in Macau, Hong Kong, the PRC and Canada and/or hotel operation in the PRC.

(ii) Dr. Charles Chan, an executive Director and Joint Vice Chairman of the Company, and his close associate had personal interests and/or held directorships in companies which were engaged in property investment in Hong Kong and/or investment in hotel in Canada and/or securities investments.

(iii) Mr. Alan Chan, an executive Director, had personal interests and/or held directorships in companies which were engaged in securities investments and/or loan financing.

(iv) Ms. Rosanna Chau, an executive Director, held directorship in a company which was engaged in securities investments.

(v) Mr. FY Chan, a former non-executive Director, held directorship in a company which was engaged in property development and investment.

(vi) Mr. Benny Wong, a former executive Director, held directorships in companies which were engaged in hotel management and operation in the PRC and Hong Kong.

The Directors are aware of their fiduciary duties to the Company and understand that they must, in the performance of their duties as Directors, avoid actual and potential conflicts of interest and duty in order to ensure that they act in the best interests of the Shareholders and the Company as a whole. In addition, any significant business decisions of the Group are to be determined by the Board. Any Director who has material interest in any matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of each of the above Directors and former Directors in other companies neither prejudice his/her capacity as a Director nor compromise the interests of the Group and the Shareholders. Also, the Board opines that coupled with the diligence of the independent non-executive Directors, the Group is capable of carrying on its businesses independently of, and at arm's length from, such businesses in which the above Directors and former Directors were regarded as being interested in.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in Note 42 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its 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.

CHANGES IN INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information on the Directors since the date of the 2021-2022 interim report of the Company or the date of appointment as Director, whichever is later, and up to the date of this report were set out below:

(i) Changes to the Board are set out in (ii) to (v) under the section headed "Directors" above.

(ii) There were changes to the directorships of each of Mr. HK Cheung, Dr. Charles Chan, Mr. Alan Chan, Ms. SF Lam and Ms. Rosanna Chau in certain members of the Group.

(iii) Mr. Abraham Shek was re-designated from the vice chairman to the chairman of Goldin Financial Holdings Limited, a listed company in Hong Kong, with effect from 6 June 2022 and his term as a member of the Legislative Council of Hong Kong representing the real estate and construction functional constituency has ended.

(iv) Details of the Directors' emolument for the Year are set out in Note 12(a) to the consolidated financial statements.

Save as disclosed above, there are no other changes in information on the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONNECTED TRANSACTION

There was no connected transaction or continuing connected transaction undertaken by the Company during the Year and up to the date of this report which was required to be disclosed pursuant to Chapter 14A of the Listing Rules. The related party transactions disclosed in Note 42 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions of the Company, or were either disclosed previously pursuant to the Listing Rules or exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Directors confirm that the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 March 2022, so far as being known to the Directors or chief executive of the Company, the interests and short positions of the substantial shareholders or other persons of the Company (other than the Directors or chief executive of the Company) in the Shares and underlying shares of the Company which have been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

	Name	Nature of interests	Capacity	Number of Shares held	Percentage (Note 2)
(I)	**Substantial shareholders**				
	Ms. Macy Ng	Corporate interests	Interest of controlled corporation	251,172,919	26.15%
		Family interests	Interest of spouse	267,775,093	27.89%
				518,948,012 (Note 3)	54.04%
	Record High Enterprises Limited ("Record High")	Corporate interests	Interest of controlled corporation	251,172,919 (Note 3)	26.15%
	Fortune Crystal Holdings Limited ("Fortune Crystal")	Personal interests	Beneficial owner	251,172,919 (Note 3)	26.15%
(II)	**Other persons**				
	ITC Holdings Limited ("ITC Holdings")	Corporate interests	Interest of controlled corporation	76,186,279 (Note 4)	7.94%
	Galaxyway Investments Limited ("Galaxyway")	Personal interests	Beneficial owner	76,186,279 (Note 4)	7.94%

Notes:

1. All the interests in the Shares disclosed above were long positions. Also, no underlying shares of the Company were held by the substantial shareholders and other persons of the Company stated above.

2. This represented the approximate percentage of the total number of issued Shares as at 31 March 2022.

3. Fortune Crystal owned 251,172,919 Shares and was a wholly-owned subsidiary of Record High which in turn was wholly owned by Ms. Macy Ng. As such, Record High and Ms. Macy Ng were deemed to be interested in the 251,172,919 Shares owned by Fortune Crystal by virtue of Part XV of the SFO.

   In addition, Ms. Macy Ng was deemed to be interested in the 76,186,279 Shares owned by Galaxyway set out in Note 4 below and the 191,588,814 Shares beneficially owned by Dr. Charles Chan, an executive Director and Joint Vice Chairman of the Company, by virtue of her being the spouse of Dr. Charles Chan for the purpose of Part XV of the SFO.

   Accordingly, Ms. Macy Ng was deemed to be interested in a total of 518,948,012 Shares by virtue of Part XV of the SFO.

4. Galaxyway owned 76,186,279 Shares and was a wholly-owned subsidiary of ITC Holdings which in turn was wholly owned by Dr. Charles Chan. As such, ITC Holdings and Dr. Charles Chan were deemed to be interested in the 76,186,279 Shares owned by Galaxyway by virtue of Part XV of the SFO.

Save as disclosed above, as at 31 March 2022, the Company had not been notified of any other interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MANAGEMENT CONTRACTS

Save for employment contracts, no other contracts relating to the management and administration of the whole or any substantial part of the businesses of the Company were entered into or subsisted during the Year.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the aggregate purchases attributable to the five largest suppliers of the Group were approximately 86% of the total purchases of the Group, and the largest supplier accounted for approximately 39% of the Group's total purchases. The aggregate amount of turnover attributable to the five largest customers of the Group was less than 30% of the total turnover of the Group.

None of the Directors and their respective close associates or any Shareholders (who to the knowledge of the Directors owned more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest suppliers as at 31 March 2022.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Company is aware, there was no material breach of or non-compliance with the applicable laws and regulations that had a significant impact on the businesses and operations of the Group during the Year.

REMUNERATION POLICY

The remuneration policy regarding the Directors, top management and other employees of the Group was formulated and will be reviewed by the Remuneration Committee of the Company from time to time. Directors, top management and employees are remunerated according to their qualifications and experience, job nature and performance and under the pay scales aligned with market conditions. In addition to the contractual remuneration, other benefits including discretionary bonus, medical scheme, insurance coverage, retirement benefits schemes and share options may also be offered upon the determination of the Group.

Details of the Group's retirement benefits schemes and the Share Option Schemes are set out in Note 41 to the consolidated financial statements and the section headed "Share Option Schemes" above respectively.

DIVIDEND POLICY

The dividend policy of the Company aims at providing stable and sustainable returns to the Shareholders whilst preserving the liquidity of the Group to capture future growth opportunities. The Company intends to provide the Shareholders with regular dividends and to declare special dividend from time to time, and whenever appropriate, to offer a scrip dividend alternative to the Shareholders. In deciding whether to propose a dividend and determining the dividend amount, the Board will consider the earnings performance, financial and liquidity position, investment requirements and future prospects of the Group, and any other factors that the Board may deem appropriate.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has arranged insurance coverage in respect of legal action against its Directors and officers.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of its Shares as required under the Listing Rules throughout the Year and as at the date of this report.

DONATIONS

During the Year, the Group made donations of approximately HK$1,863,000.

AUDITOR

A resolution will be proposed at the Annual General Meeting to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Cheung Hon Kit
Chairman

Hong Kong, 30 June 2022

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the values and interests of the Shareholders as well as enhancing the transparency and accountability to the stakeholders.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the CG Code as its own code of corporate governance. Throughout the Year, the Company has complied with all the code provisions of the CG Code and applied the principles contained therein, except that the role of the "chief executive" has been vacant since the resignation of the former Managing Director on 1 January 2022. Details of such deviation are set out in the section headed "Chairman and Managing Director" below.

CORPORATE CULTURE, STRATEGY AND LONG-TERM BUSINESS MODEL

The Company embeds with a strong corporate culture for compliance, corporate governance and corporate social responsibilities, and at the same time, keeps close eyes on opportunities of property markets in different locations and revisits and restructures the property investment portfolio of the Group. The corporate objective of the Group is to maximize returns for the Company and its Shareholders. To achieve this corporate objective, our business strategies are to maintain continuous growth and profitability by acquiring property sites with good locations at relatively low costs for redevelopment, while sale of property upon completion of development is the primary profit driver. The Group also builds a property investment portfolio with appreciation potential in order to secure a recurring and reliable source of income. Other businesses, including the securities investments and the provision of loan financing services, are part of the Group's treasury management for utilising surplus cash, and supplement to the Group's core businesses of property development and investment.

Forming joint ventures with business partners having similar investment philosophy is a preferred mode of holding structure for the Group's investment as it can on one hand diversify the business risks, and on the other hand share the expertise of our business partners. The Group also maintains professional team and grasps timely information to meet the market changes.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for Directors in their dealings in the securities of the Company. In response to specific enquiries made by the Company, all the Directors and the former Directors who retired or resigned during the Year (the "Former Directors") confirmed that they have complied with the required standards set out in the Model Code throughout the Year or their tenure of office within the Year, whichever is shorter. The Company has also adopted the Model Code to regulate the dealings in the securities of the Company by its employees and directors of the subsidiaries who are likely to possess inside information relating to the Company or its securities.

BOARD OF DIRECTORS

Members of the Board are individually and collectively responsible for the leadership and control, and for the promotion of the success, of the Company by operating and developing the Group's business operations, implementing the Group's business strategies, and performing the corporate governance duties. The Board currently has eight members, comprising five executive Directors and three independent non-executive Directors. Details of the composition of the Board and the changes occurred during the Year are set out on page 2 and the section headed "Directors" in the directors' report of this annual report respectively. A list containing the names of all the Directors and their role and function is available on the websites of the Stock Exchange and the Company, and will be updated from time to time as and when there are any changes.

The biographical details of the Directors are set out on pages 5 to 8 of this annual report. Except that Dr. Charles Chan, an executive Director and Joint Vice Chairman, is the father of Mr. Alan Chan, an executive Director, there is no financial, business, family or other material relationship among the members of the Board.

The Company has maintained a sufficient number of independent non-executive Directors representing at least one-third of the Board as required under the Listing Rules (the "INED Requirement") throughout the Year, except for the period from 29 November 2021 to 31 December 2021. On 29 November 2021, two additional executive Directors were appointed to the Board. As a result, the Board comprised seven executive Directors and three independent non-executive Directors and the Company failed to meet the INED Requirement. Upon the resignation of two executive Directors on 1 January 2022, the Company has become fully compiled with the INED Requirement with five executive Directors and three independent non-executive Directors on the Board.

With three independent non-executive Directors possessing professional expertise and a diverse range of experience, the Board can effectively and efficiently exercise independent judgment, give independent advice to the management of the Company and make decisions objectively for the benefits and in the interests of the Company and the Shareholders as a whole.

The Board has delegated the executive Board or other committees with authority and responsibility for handling the management functions and operations of the day-to-day business of the Group while specifically reserving important matters and decisions to the Board for approval, such as annual and interim financial reporting and control, equity fund-raising, declaration of interim dividend, recommendation of final dividend or other distributions, decisions regarding notifiable transactions and connected transactions under Chapter 14 and Chapter 14A of the Listing Rules respectively and making recommendation for capital reorganisation or scheme of arrangement of the Company. The Board has also established the Audit Committee, the Remuneration Committee, the Nomination Committee, the Corporate Governance Committee and the Investment Committee each with specific written terms of reference which clearly define their respective roles, authorities and functions. The members of the said committees have full access to minutes, records and materials as well as the personnel of the Company to enable them to fulfil their responsibilities. Further information on each of the committees is set out below in this report.

Regular Board meetings are held at least four times a year with at least 14 days' prior notice being given to all Directors. Additional Board meetings will be arranged and held as and when necessary. The Directors may attend the Board meetings either in person or through electronic means of communication. During the Year, a total of five Board meeting, including four regular meetings, were held and written resolutions of Directors were circulated and passed for approving significant matters. Also, resolutions were passed by the executive Board during the Year for normal course of business and matters under authorisation and/or delegation by the Board.

The Directors are provided with all relevant information in advance to enable them to make informed decisions, and appropriate arrangements are in place to ensure that they are given an opportunity to include matters in the agendas for the regular Board meetings. All Directors have separate and independent access to the advice and services of the Group's senior management and consultants with a view to ensuring that the Board procedures and all applicable laws, rules and regulations are observed and complied with. The chairman of the Board (the "Chairman") meets at least annually with the independent non-executive Directors without the presence of other Directors.

A tentative schedule for regular Board meetings, committee meetings and annual general meeting of each financial year is made available to all Directors prior to the beginning of the year. The attendance records of each Board member, on a named basis, at the meetings held during the Year are as follows:

	Number of Meetings Attended/Eligible to Attend					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	2021 Annual General Meeting
Executive Directors:						
Mr. HK Cheung	5/5	–	–	1/1	1/1	1/1
Dr. Charles Chan (Note 1)	1/1	–	–	–	–	–
Mr. Alan Chan	4/5	–	–	–	–	1/1
Ms. SF Lam	5/5	–	–	–	1/1	1/1
Ms. Rosanna Chau (Note 2)	1/1	–	1/1	–	–	–
Mr. CK Cheung (Note 3)	4/4	–	1/1	–	1/1	1/1
Mr. Benny Wong (Note 4)	4/4	–	–	–	–	1/1
Non-executive Director:						
Mr. FY Chan (Note 5)	1/1	–	–	–	–	0/1
Independent Non-executive Directors:						
Mr. Abraham Shek	5/5	5/5	2/2	1/1	–	1/1
Mr. Afonso Chan	5/5	5/5	2/2	1/1	–	1/1
Mr. HW Ip	5/5	5/5	2/2	1/1	1/1	1/1

Notes:

1. Dr. Charles Chan was appointed as a Director with effect from 29 November 2021.
2. Ms. Rosanna Chau was appointed as a Director with effect from 29 November 2021 and a member of each of the Remuneration Committee and the Corporate Governance Committee both with effect from 1 January 2022.
3. Mr. CK Cheung resigned as a Director and a member of each of the Remuneration Committee and the Corporate Governance Committee all with effect from 1 January 2022.
4. Mr. Benny Wong resigned as a Director with effect from 1 January 2022.
5. Mr. FY Chan retired as a Director upon the conclusion of the annual general meeting held on 10 September 2021.

Directors have disclosed to the Company periodically their directorships and offices held in other organisations as well as other significant commitments, and also their time commitments to the Company. In line with the recommended best practice set out in the CG Code, the Board reviewed the performance of the Directors and their contributions to the Company, and is satisfied that the Directors have firm commitments to the Company. Also, the Board is of the view that the Directors have made positive contributions to the Board through active participation in the Company's affairs and the Board's discussion and decisions, as reflected in their attendance rate at the meetings of the Board and committees as well as the annual general meeting held during the Year.

The Company has arranged insurance coverage in respect of legal actions against the Directors and officers arising out of their duties. Such insurance coverage is reviewed periodically to ensure the adequacy of its coverage.

Chairman and Managing Director

Mr. HK Cheung is the Chairman and is principally responsible for the strategic planning of the Group and the management of the operations of the Board. Mr. CK Cheung was the Managing Director until his resignation on 1 January 2022 and was mainly responsible for the operations and business development of the Group. Since 1 January 2022, the position of the Managing Director has been vacant and the Managing Director’s responsibilities are shared by the executive Directors. The Board is of the view that as there is a clear division of responsibilities amongst the executive Directors, the current structure has also been effective in facilitating the operations and business development of Group and enabling the Board to discharge its responsibilities satisfactorily. In addition, three independent non-executive Directors have contributed valuable views and proposals independently for the Board’s deliberation and decisions.

Non-executive Directors

Pursuant to the Bye-Laws and the CG Code, every Director is subject to retirement by rotation and re-election at least once every three years. All the non-executive Directors are subject to the aforesaid retirement requirements and were appointed for a specific term of not more than three years.

The Board has three independent non-executive Directors, and at least one of them has the appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. The Board has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to the Listing Rules, and considered that all the independent non-executive Directors are independent.

Directors’ Continuous Professional Development

In order to uphold good corporate governance, every newly appointed Director will be briefed on the Group’s businesses and provided with professional development materials to ensure that he/she has sufficient understanding of the Group’s businesses and awareness of duties under the Listing Rules and the relevant statutory and regulatory requirements. During the Year, a comprehensive induction pack was provided to each of Dr. Charles Chan and Ms. Rosanna Chau prior to their appointments.

In addition, the Company encourages the Directors to enroll in professional development courses and seminars relating to the Listing Rules, the Hong Kong Companies Ordinance and corporate governance practices organised by professional bodies or chambers. Briefings on specific topics of significance and interests with the relevant reading materials are also arranged for the Directors so as to provide continuous professional development (the “CPD”) training as required by the CG Code. During the Year, the Company continued to provide the Directors with materials on updates on rules and regulations, market developments, and other relevant topics which enhanced greater awareness and understanding of the Group’s businesses and the compliance with regulatory development.

All Directors and the Former Directors have provided their training records to the Company and confirmed that during the Year or their tenure of office within the Year, whichever is shorter, they have participated in the CPD on the following topics:

Name of Director	The Group's Businesses	Corporate Governance and Others (Note 1)
Mr. HK Cheung	✓	✓
Dr. Charles Chan (Note 2)	✓	✓
Mr. Alan Chan	✓	✓
Ms. SF Lam	✓	✓
Ms. Rosanna Chau (Note 2)	✓	✓
Mr. Abraham Shek	✓	✓
Mr. Afonso Chan	✓	✓
Mr. HW Ip	✓	✓
Mr. FY Chan (Note 3)	✓	✓
Mr. CK Cheung (Note 4)	✓	✓
Mr. Benny Wong (Note 4)	✓	✓

Notes:

1. Others include topics on financing, directors' duties and responsibilities, and legal and regulatory updates, etc.
2. They were appointed as Directors with effect from 29 November 2021.
3. He retired as a Director with effect from 10 September 2021.
4. They resigned as Directors with effect from 1 January 2022.

Nomination, Appointment and Re-election of Directors

The Board has delegated its authority to the Nomination Committee for the nomination and appointment of new Directors and the nomination of Directors for re-election by the Shareholders at the annual general meeting. Pursuant to the Bye-Laws, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board who will be subject to retirement and re-election at the next following general meeting or the next following annual general meeting respectively.

The Board has adopted a board diversity policy (the "Board Diversity Policy"), which has been reviewed annually, for ensuring a balance of skills, experience and diversity of perspectives appropriate to the requirements of the businesses and strategies of the Group and to the succession planning and development of the Board. Selection of candidates for appointment to the Board shall be based on a range of perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional and industrial experience, business perspectives, skills, knowledge and length of service. All Board appointments shall be based on merit and contribution on an equal-opportunity principle, and selected candidates shall be considered against objective criteria, having due regard to the benefits of diversity on the Board as well as the needs of the Board without focusing on one single diversity aspect. A candidate to be appointed as an independent non-executive Director must satisfy the independence criteria set out in the Listing Rules and is expected to have independent views and exercise independent judgement and should not solely rely on professional advisers or what is volunteered by the management. During the Year, no Director was involved in fixing his/her own terms of re-appointment and no independent non-executive Director participated in assessing his own independence.

During the Year, the Board has reviewed and revised the Board Diversity Policy to the effect that, inter alia, the implementation and effectiveness of the Board Diversity Policy shall be reviewed by the Board annually and measureable objectives have been set. At the Board level, there shall be a mixed gender Board with at least one Director of a different gender by 31 December 2024. For succession planning of the Board, there shall be at least 20% of senior executives of a different gender. Furthermore, there shall be at least 20% of the total workforce of a different gender. All the said measurable objectives have been achieved.

Each of the Directors has signed a formal letter of appointment setting out the key terms and conditions of his/her appointment. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years at the annual general meeting. Also, pursuant to the Bye-Laws, not less than one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting.

NOMINATION COMMITTEE

The Nomination Committee comprises four members, namely Mr. Abraham Shek (committee chairman), Mr. HK Cheung, Mr. Afonso Chan and Mr. HW Ip. Except Mr. HK Cheung who is an executive Director, all the other members are independent non-executive Directors.

The main responsibilities of the Nomination Committee include making recommendations to the Board on matters relating to the appointment or re-appointment of the Directors and succession planning for the Directors; assessing the independence of the independent non-executive Directors; reviewing the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and reviewing the nomination policy (the "Nomination Policy") to ensure its effectiveness and regulatory compliance. The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company. For effective functioning in the course of the Director's nomination process, the Board has also adopted the procedures for the Shareholders to propose a person for election as a Director in accordance with the Bye-Laws, the Nomination Policy and the Board Diversity Policy. The Nomination Committee has been provided with sufficient resources to perform its duties.

Under the Nomination Policy, the Nomination Committee shall apply the following selection criteria after identifying and shortlisting the suitable candidates for appointment of Director:

(i) the attributes to complement the Company's corporate strategies;
(ii) the business experience and board expertise and skills;
(iii) the time commitment and attention in the businesses of the Group;
(iv) the integrity, personal ethics, honesty and good reputation;
(v) in case of appointment of independent non-executive Director, the compliance with the independence requirements under the Listing Rules and the possession of independent views and the exercise of independent judgement without solely reliance on professional advisers or what is volunteered by the management; and
(vi) the benefits towards a diversified Board with regards to the Board Diversity Policy.

The recommendation of the Nomination Committee on appointment of a new Director shall then be put to the Board for consideration and approval.

For re-election of a retiring Director, the Nomination Committee shall also apply the selection criteria to assess the retiring Director and make recommendation to the Board. A circular containing the requisite information on the Directors standing for re-election shall be sent to the Shareholders. If a retiring independent non-executive Director (i) has served on the Board for more than nine years or (ii) has held directorship in six or more other listed companies, the Board shall explain in the circular the reasons why (i) he is still believed as independent and should be re-elected or (ii) he is able to devote sufficient time to the Board, respectively.

During the Year, the Nomination Committee held a meeting. The work performed by the Nomination Committee during the Year included the following:

(i) reviewed the structure, size and composition of the Board;
(ii) assessed the independence of the independent non-executive Directors;
(iii) nominated the retiring Directors for re-election at the annual general meeting; and
(iv) recommended the following matters to the Board for approval:
   – the proposed changes of the Directors set out in (ii) to (v) under the section headed "Directors" in the directors' report of this annual report; and
   – the proposed amendments to the terms of reference of the Nomination Committee and the Nomination Policy.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee currently has four members, comprising (i) three executive Directors, namely Mr. HK Cheung (committee chairman), Ms. SF Lam and Ms. Rosanna Chau, who was appointed in place of Mr. CK Cheung with effect from 1 January 2022, and (ii) one independent non-executive Director, namely Mr. HW Ip.

The Board has delegated its corporate governance functions set out in the code provisions of the CG Code to the Corporate Governance Committee. The principal duties of the Corporate Governance Committee include making recommendations to the Board on the Company's policies and practices on corporate governance; and reviewing and monitoring (i) the training and CPD of the Directors and the senior management of the Company, (ii) the Company's policies and practices on compliance with the legal and regulatory requirements, (iii) the code of conduct and compliance manual (if any) applicable to the Company's employees and the Directors, and (iv) the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. The Board has also adopted the corporate governance policy and the code of conduct for internal guidance purpose. The Corporate Governance Committee has been provided with sufficient resources to perform its duties.

During the Year, the Corporate Governance Committee held a meeting. The work performed by the Corporate Governance Committee during the Year included the following:

(i) endorsed the following matters to the Board for approval:
   – the Company's practices and procedures on corporate governance and the compliance with the CG Code;
   – the 2020-2021 corporate governance report; and
   – the proposed amendments to the terms of reference of the Corporate Governance Committee, the corporate governance policy and the Shareholders' communication policy;
(ii) reviewed the training and CPD of the Directors; and
(iii) reviewed the code of conduct of the Company and various procedures for corporate governance matters.

REMUNERATION COMMITTEE

The Remuneration Committee comprises four members, namely Mr. Afonso Chan (committee chairman), Mr. Abraham Shek, Mr. HW Ip and Ms. Rosanna Chau, who was appointed in place of Mr. CK Cheung with effect from 1 January 2022. Except Ms. Rosanna Chau who is an executive Director, all the other members are independent non-executive Directors.

The main responsibilities of the Remuneration Committee include (i) making recommendations to the Board on the Company's remuneration policy and structure for all the Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy, and (ii) determining the remuneration packages of the executive Directors and senior management of the Company. The terms of reference are available on the websites of the Stock Exchange and the Company. The Remuneration Committee has been provided with sufficient resources to perform its duties.

During the Year, the Remuneration Committee held two meetings. The work performed by the Remuneration Committee during the Year included the following:

(i) endorsed the following matters to the Board for approval:
   - the grant of share options to Directors and a former member of management; and
   - the proposed amendments to the terms of reference of the Remuneration Committee;

(ii) reviewed and approved the remuneration packages of the new executive Directors;

(iii) reviewed and approved the discretionary bonus for certain executive Directors and a former member of management;

(iv) reviewed the remuneration policy for the Directors and employees of the Group; and

(v) reviewed and approved the annual salary of a member of management.

Details of the remuneration packages of the Directors are set out in Note 12(a) to the consolidated financial statements. During the Year, no Director or any of his/her associates was involved in deciding the remuneration package of such Director. Also, no new service contract of any executive Directors or senior management of the Company is required to be approved by the Remuneration Committee during the Year.

AUDIT COMMITTEE

The Audit Committee comprises three members, all being independent non-executive Directors, namely Mr. Afonso Chan (committee chairman), Mr. Abraham Shek and Mr. HW Ip. Mr. Afonso Chan is a qualified accountant with extensive experience in financial reporting and controls as required by the Listing Rules.

The principal duties of the Audit Committee include reviewing the Group's interim and annual results prior to recommending them to the Board for approval; making recommendation on the appointment of external auditor and acting as the key representative body for overseeing the Company's relations with its external auditor; and reviewing the Group's financial information and financial reporting system. The Audit Committee is also responsible for reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, and the effectiveness of the internal audit function of the Company. The terms of reference are available on the websites of the Stock Exchange and the Company. The Board has also adopted the risk management and internal control policy and the whistle-blowing policy, and has delegated the Audit Committee with the responsibility for reviewing such policies and related arrangements. The Audit Committee has been provided with sufficient resources to perform its duties.

During the Year, the Audit Committee held five meetings. The work performed by the Audit Committee during the Year included the following:

(i) discussed and reviewed the audit planning report;
(ii) endorsed the following matters for the Board's approval:
  – the audited consolidated financial statements for the year ended 31 March 2021 and the unaudited consolidated interim financial statements for the six months ended 30 September 2021;
  – the cash flows forecast for the periods from 1 April 2021 to 30 June 2022 and from 1 October 2021 to 30 November 2022;
  – the risk management framework and internal control practices;
  – the internal audit checklist and timetable of the Company; and
  – the proposed amendments to the risk management and internal control policy and the whistle-blowing policy;
(iii) approved the terms of engagement of the external auditor of the Company, including the fee basis;
(iv) discussed and reviewed with the management and the external auditor of the Company on the changes in accounting standards and requirements which might affect the Group; and
(v) reviewed the terms of reference of the Audit Committee.

The Board and the members of the Audit Committee did not have any differences in opinion during the Year.

INVESTMENT COMMITTEE

The Investment Committee comprises two members and both of them shall be executive Directors.

The main responsibilities of the Investment Committee include (i) making recommendations to the Board on strategies and risk control policies for the Group's investments and reviewing the efficiency and effectiveness of their implementation, and relevant matters relating to acquisitions and disposals of, investments in assets, companies, businesses or projects, and their funding requirements; (ii) conducting necessary research and gathering necessary information before making any investment decisions; (iii) reviewing financial performance of the investment portfolio of the Group; (iv) reviewing the appropriateness of the investment portfolio and making recommendations to the Board on treasury management and investment of surplus funds; and (v) reviewing the investment policy to ensure its effectiveness and making recommendations to the Board on any proposed changes. The Investment Committee has been provided with sufficient resources to perform its duties.

During the Year, the Investment Committee approved and adopted the guideline to investment policy for trading securities investment, and reviewed the terms of reference of the Investment Committee and the investment policy together with its guideline.

COMPANY SECRETARY

The company secretary of the Company (the "Company Secretary") is responsible for ensuring that Board procedures are followed and Board activities are effectively and efficiently conducted, and the Company complies with the Listing Rules and the other relevant rules and regulations, including but not limited to the preparation, publication and despatch of the Company's annual and interim reports within the prescribed time limit as required by the Listing Rules and arrangement of Directors' CPD training as required by the CG Code.

In addition, the Company Secretary advises the Directors on their obligations for the disclosure of interests and dealings in the Company's securities, connected transactions and inside information, and ensures that the standards and disclosures as required by the Listing Rules and all other relevant rules and regulations are fulfilled and, if required, disclosures are made in the annual and/or interim reports of the Company.

The Company Secretary is an employee of the Group. She confirmed that she has complied with the qualifications, experience and training requirements as required by the Listing Rules.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows of the Group for that period. The Group has maintained a team of qualified accountants to oversee its financial reporting and other accounting related issues in accordance with the relevant laws, rules and regulations.

In preparing the financial statements, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Board is not aware of any material uncertainties relating to any events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. The statement of the external auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

The management of the Company provides all members of the Board with monthly updates, giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

AUDITOR'S REMUNERATION

The total remuneration paid or payable to the external auditor of the Company, Deloitte Touche Tohmatsu, for the Year amounted to approximately HK$5,177,000, of which HK$4,194,000 was for audit services and HK$983,000 for non-audit services, including the review of interim results and tax-related service.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board believes that good governance reflects the values and culture of an organisation. It has the overall responsibility for acting with integrity, promoting a strong culture for compliance and corporate governance of the Group, and maintaining a sound and effective system of risk management and internal control for reviewing its effectiveness, particularly in respect of the key controls on finance, operations and compliance through risk management assessment, to integrate into the Group's strategies and business operations.

The Board oversees the Group's risk management process which comprises the identification and assessment of the key risks exposure of the Group, including material environmental, social and governance risks, based on their estimated impact and likelihood of occurrence and formulation of corresponding mitigating measures by the management. The Group's identified risks and associated mitigating measures are recorded in a risk register and are reviewed at least annually in light of internal and external changes. An open and interactive communication channel is maintained to enable timely reporting and ongoing supervision of the identified risks within the Group.

The foundation of strong risk management and internal control systems is dependent on the values and culture developed by the organisation, the direction provided by the Board and compliance with the policies and procedures by the personnel. The Group's risk management and internal control systems include a well-established organisation structure, comprehensive policies and standards, and the Board's periodic reviews on the implementation of the internal control systems in respect of operation, financial function and compliance of all the businesses of the Group, including the newly acquired investments, in order to manage the Group's identified risks effectively. The risk management and internal control policy of the Group has been developed with a primary objective of providing general guidance and recommendations on a basic framework of risk management and internal control and for achievement of the Group's purpose.

The Company has also established and maintained appropriate and effective systems and procedures for handling and dissemination of inside information. The Board has adopted the policy on disclosure of inside information, pursuant to which an internal committee has been established to review and assess any material information which requires to be escalated for the attention of the Board and to be disclosed. Procedures have also been implemented for responding to external and Shareholders' communications so that only designated personnel can respond to enquiries about the Group's affairs.

The internal audit function of the Group is an independent function that reports directly to the Audit Committee. The internal audit team from time to time reviews the Group's business operations, risk management and internal control systems in accordance with the risk-based internal audit work plan as approved by the Audit Committee. Internal audit checklists and reports are also prepared periodically for the Audit Committee's review and the Board's consideration and approval.

The Board is responsible for the design, implementation and monitoring of the Group's risk management and internal control systems on an ongoing basis and a cyclical review has been conducted on their effectiveness. Furthermore, the Board has performed annual review and ensured that adequate resources and budget have been spent on the Company's accounting and financial reporting, internal audit, compliance, and environmental, social and governance performance and reporting functions which are carried out by professional staff with appropriate qualifications, experience and training.

During the Year, no significant irregularity or deficiency in risk management and internal control systems was required to draw the attention of the Audit Committee. The Board, based on the assessment and confirmation from the management, has reviewed the Group's risk management and internal control systems and considered them to be effective and adequate.

COMMUNICATION WITH SHAREHOLDERS

The Board has adopted, and reviews from time to time, the Shareholders' communication policy which was designed with the objective of ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable them to exercise their rights in an informed manner.

The Company communicates with the Shareholders through the publication of annual and interim reports, announcements and circulars as well as the dissemination of additional information about the Group's activities, business strategies and developments. All such information is available on the Company's website at www.itcproperties.com.

The Board strives to maintain an ongoing and transparent communication with all the Shareholders, including posting the contact details of Shareholders' communication channels on the Company's website and, in particular, holding general meetings as a means to communicate with the Shareholders and encourage their participation. An open forum session is always arranged after the conclusion of the annual general meetings in order to provide a face-to-face opportunity for the Shareholders to express their views and for the Company to solicit and get feedback from the Shareholders.

In light of the COVID-19 pandemic and the Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Chapter 599F of the Laws of Hong Kong), the Board implemented precautionary measures at the annual general meeting held on 10 September 2021 and made an announcement in this respect prior to the meeting. Also, Shareholders were encouraged to appoint the chairman of the meeting as their proxies to vote on the resolutions, instead of attending the meeting in person. The Chairman attended the meeting in person while the representatives from the external auditor participated in the meeting through telephone conferencing. All of them were available to answer questions raised by the Shareholders at the meeting. Notice of the annual general meeting was sent to the Shareholders as least 20 clear business days before the meeting. At the meeting, a separate resolution in respect of each substantially separate issue put forward for consideration was proposed by the chairman of the meeting, and voting on each resolution was conducted by poll. An explanation of the detailed procedures of conducting a poll was provided to the Shareholders prior to the commencement of the meeting. The results of the poll were published on the websites of the Stock Exchange and the Company pursuant to the Listing Rules.

The Bye-Laws are available on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

Proposing a Person for Election as a Director

Pursuant to bye-law 88 of the Bye-Laws, if a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, he/she/it can deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the Board or the Company Secretary or at the Branch Share Registrar. The period for lodgment of such notice will commence no earlier than the day after the despatch of the notice of the general meeting and end no later than seven days prior to the date of such general meeting. The procedures for a Shareholder to propose a person for election as a Director at a general meeting are set out in the "Corporate Governance" section of the Company's website.

Convening a Special General Meeting

Pursuant to bye-law 58 of the Bye-Laws, Shareholder(s) holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board. The requisition must state the purpose(s) of the meeting, and must be signed by the requisitionist(s) and deposited at the registered office of the Company or its principal place of business in Hong Kong. Such meeting shall be held within two months after the deposit of such requisition.

If the Board does not, within 21 days from the date of the deposit of the requisition, proceed duly to convene a meeting, the requisitionist(s), or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date of the deposit of the requisition. Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Board duly to convene a special general meeting shall be repaid to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Pursuant to sections 79 and 80 of the Companies Act 1981 of Bermuda (as amended), (i) any number of Shareholders representing not less than 5% of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates; or (ii) not less than 100 Shareholders, can submit a requisition in writing to the Company:

(a) to give to the Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The written requisition must be signed by the requisitionist(s) and deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company's relevant expenses and not less than six weeks before the general meeting in case of a requisition requiring notice of a resolution and not less than one week before the general meeting in case of any other requisition.

Enquiries to the Board

Shareholders may at any time send their enquiries and comments to the Board by addressing them to the Company Secretary by post to the Company's principal place of business in Hong Kong, or by e-mail to info@itcproperties.com, or by fax at (852) 2858 2697.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company is delighted to present its annual Environmental, Social and Governance ("ESG") Report (the "ESG Report") which has been reviewed and approved by the Board.

With its mission of "be well-positioned as to location, timing and strategy to maximise returns for the Company and its Shareholders" and "be persistent in excellent development design and execution" as its guiding discipline, the Company is embedded with a strong corporate culture for compliance, corporate governance and corporate social responsibilities that forms an integral part of its values and strategies. The Group endeavours to create a harmonious and sustainable community through cultivating its responsible corporate citizenship and integrate ESG concerns into the businesses and operations with an aim of aligning the interests and benefits of its valuable key stakeholders, the society at large and the environment as a whole.

REPORTING FRAMEWORK AND SCOPE

This ESG Report was prepared in accordance with the ESG Reporting Guide set out in Appendix 27 to the Listing Rules, and summarised the ESG-related policies, initiatives and performances of the Group's core operations in the property and hotel[1] businesses over which the Group had major financial and operational controls as well as with significant ESG implications to the Group and its stakeholders during the Year.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group's ESG Reporting Policy specifies the roles and responsibilities of the Board in ESG strategy, performance and reporting. The Board provides strategic direction to the ESG reporting team on evaluating ESG-related risks and opportunities, sets and reviews related policies regularly to achieve the Group's ESG objectives. The Group's approach to sustainability remains relevant and consistent across its operations. Implementation and communications from top to bottom, across operational teams and geographies integrate sustainability into day-to-day operations. Key stakeholders are identified based on their significance to the Group's strategy making and operations, and their working relationships with the Group, who are then engaged through on-going and comprehensive communication channels to understand their concerns and expectations.

Stakeholder Engagement

"A process of identifying, understanding and addressing material sustainability issues and concerns"

1 The scope of the Group's hotel business disclosed in this ESG Report only included Rosedale Hotel Kowloon during the Year.

Key Stakeholders	Communication Channels	Expectation
1. ***Shareholders and investors of the Company***	• Annual and interim reports • Announcements and circulars • General meetings • Meetings and interviews • Website • By writing	• Financial performance • Corporate transparency • Future growth potential and sustainable development • Crisis management • Social investment
2. ***Customers***	• Daily operations • Events • Questionnaires • Customer service hotline • Brochures and leaflets	• Quality products and services • Data privacy and information security • Business integrity and conduct
3. ***Employees***	• Training programs, seminars and briefing sessions • New hire orientation • Regular performance reviews • Exit interviews • Memos, notice board, intranet, WeChat group, meetings and discussions • Company activities	• Health and safety • Remuneration and benefits • Career development • Talent retention • Gender diversity and equal opportunities • Corporate culture
4. ***Suppliers and contractors***	• Quotations and tendering processes • Periodic performance evaluation • After-sale services • Site inspections, meetings and work review • Industrial seminars and workshops	• Product quality and safety • Corporate reputation • Fair and ethical business practice • Long-term relationship • Supply chain responsibilities
5. ***Business partners***	• Mutual development and sharing of resources • Joint projects	• Mutual trust and synergies • Long-term partnership relationship • Return on investment
6. ***Community***	• Community investment • Donations and sponsorships • Volunteering activities	• Social contribution • Environmental responsibilities • Community participation
7. ***Regulatory bodies and government authorities***	• Compliance management • Consultation • Meetings • Seminars	• Compliance • Corporate governance • Laws, regulations and practices • Business ethics

During the Year, the Group obtained feedbacks from its key stakeholders through the above communication channels. Through the stakeholder engagement and identification of ESG megatrends, the Group further launched a materiality analysis to identify and rank the ESG issues based on the importance to the internal and external stakeholders, and the impacts on the Group's core businesses. The Group will continue to manage all identified issues and address the most material issues as its priority. These are also the focal points of its reporting through dedicated initiatives, targets and Key Performance Indicators ("KPIs") which are described in the later parts of this ESG Report. The results were summarised in the following table:

Subject Areas	ESG Aspects	Material ESG Issues
A. Environmental	**A1. Emissions**	• Air Emissions • Waste Management • Greenhouse Gas Emissions
	A2. Use of Resources	• Energy Consumption • Water Consumption
	A3. The Environment and Natural Resources	• Emissions, Waste, Energy, Water and Materials • Indoor Air Quality • Lighting • Noise Management
	A4. Climate Change	• Climate Change Management
B. Social	***Employment and Labour Practices***	
	B1. Employment	• Employment Practices and Relations
	B2. Health and Safety	• Workplace Health and Safety
	B3. Development and Training	• Talent Development
	B4. Labour Standards	• No Child and Forced Labour
	Operating Practices	
	B5. Supply Chain Management	• Fair and Green Procurement Practices
	B6. Product Responsibility	• Products and Services Standards • Customer Services • Data Privacy and Information Security • Fair Marketing • Protection of Intellectual Property Rights
	B7. Anti-corruption	• Anti-bribery and Anti-corruption
	Community	
	B8. Community Investment	• Corporate Citizenship

A. ENVIRONMENTAL

As a property developer and investor, the Group faces the environmental risks, including but not limited to emissions and waste generation, energy conservation, water shortage and pollution, and climate change. Ever since the Group began to collect the environmental data and developed its first ESG report, it has been seeking ways to make improvements in emissions reduction, waste minimisation, energy and water saving, and proactively managing climate change through the Group's environmental policies. The Group strives to:

- Ensure compliance with all applicable environmental and related legislations and encourage employees, business partners and other stakeholders to meet their environmental obligations
- Identify environmental impacts associated with its operations, and continually improve the environmental performance
- Provide good indoor environmental quality in its buildings to ensure that the work and living environments are healthy
- Minimise waste generation whenever practical in daily operations through source reduction and recycling
- Measure and report the greenhouse gas emissions, and actively encourage the stakeholders to reduce their carbon footprint
- Improve energy and water efficiencies by adopting best practicable designs and technologies without compromising service
- Embrace green purchasing practices to conserve natural resources
- Adapt to climate change by embedding the physical and transition climate change risks into the Group's risk management process

A1. Emissions

The Group strives to conduct businesses in a responsible manner according to its Waste Management Policy and encourages sound environmental management practices to reduce the air emissions and greenhouse gases, waste disposal and generation of hazardous and non-hazardous wastes.

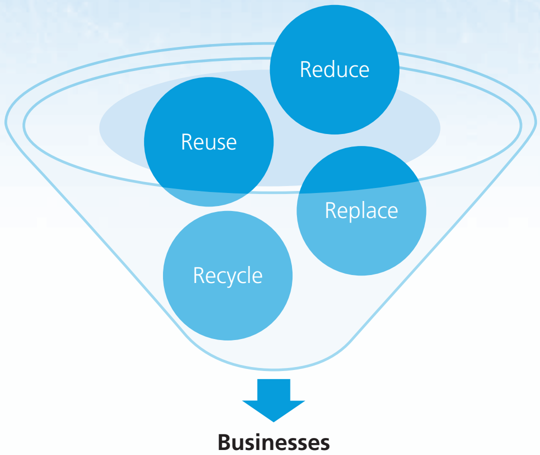
Air Emissions

The Group supports the transition towards a low carbon future and targets to minimise unavoidable emissions. Although no significant air emissions were generated directly from the Group's operations during the Year since the construction activities of its development projects have been outsourced, the Group has put substantial efforts in minimising the negative impacts on environment which include:

- Required its contractors to adopt a series of air emission reduction measures, including but not limited to requiring the submission of monthly reports of their green performance
- Used low emitting materials for adhesives, sealants, paints and coatings in property projects
- Used non-chlorofluorocarbon ("CFC") based refrigerants in the air conditioning systems to avoid the depletion of the ozone layer
- Deployed hydro-vent system to effectively filter oil and odour from the exhaust of kitchens operating in the hotel

Waste Management

The Group upholds its Waste Management Policy in applying the "4Rs" (i.e. "reduce", "reuse", "recycle" and "replace") waste management principles on the proper handling and disposal of all wastes generated.



The Group is making increasing efforts to avoid and reduce waste across its business activities. Initiatives are taken to align with best practices including reducing construction wastes. Although the construction wastes were not directly generated by the Group during the Year, the Group has shouldered its responsibility to monitor waste management practices of its contractors which include:

- Required the contractors to develop and implement construction waste management plans for proper handling and disposal of wastes
- Encouraged the contractors to recycle or salvage non-hazardous construction and demolition debris. In particular, recycling bins, paper recycling boxes and steel scraps recycling area have been designated to facilitate better waste management
- Provided guidance on waste handling and reduction to site workers
- Requested staff to enhance the accuracy of materials budgeting to avoid wastage

Given the emerging trend in mandating waste separation and recycling, the Group has proactively implemented various waste handling and reduction measures across its operations to prepare for these changes which include:

- Established a waste classification system in its offices for recycling and reuse to alleviate burden on landfills. The general non-hazardous wastes, such as kitchen wastes, bottles, paper, etc. are properly handled in an environmentally responsible manner on a regular basis
- Adopted recycling practices in its operations, including collection and recycling of used kitchen oil and plastic bottles from its hotel operation, offering reusable cups to guests, and minimising the use of packaged products through bulk purchase with refillable or reusable packages
- Encouraged electronic means of internal and corporate communications (including interim and annual reports) instead of paper form, and printed on double-side if inevitable for reducing paper usage
- Reused paper with no confidential information as well as sent shredded paper for recycling
- Preferred paper supply that was Forest Stewardship Council ("FSC") certified

During the Year, paper consumption for work-related purposes was the major type of waste generated from the Group's direct-managed activities, amounting to 6.36 tonnes[2] (2021: 13.35 tonnes). The significant reduction was mainly resulted from decline in procurement of file drawings and less printouts produced by the PRC offices as compared to prior year. In addition, the Group kept streamlining of paper reports and recycle majority of work-related waste during the Year which demonstrated the Group's efforts in waste reduction, reuse and recycling. There were no significant hazardous wastes produced directly from the operations of the Group.

Greenhouse Gas Emissions

The Group's major sources of the carbon emissions were from the consumption of electricity and water and the disposal of wastes. During the Year, there were 1,859.41 tonnes of the carbon dioxide equivalent (CO_2e)[3] generated from the Group's direct operations (2021: 2,610.33 tonnes), with an intensity of 0.01 kg CO_2e (2021: 0.01 kg CO_2e) per Hong Kong dollar of revenue. Such improvement was mainly due to material decrease in disposal of construction waste resulted from the property projects. In addition, the COVID-19 pandemic resulted in continued drop in hotel guests and the Group is committed to setting long-term targets to reach net-zero value chain greenhouse gas emissions by no later than 2050, so the consumption of electricity and water, and the disposal of wastes by both hotel and offices declined correspondingly.

		Property projects		Hotel operation		Offices	
For the year ended 31 March	Unit	Amount[3]	Intensity (by gross floor area)	Amount[3]	Intensity (by room night)	Amount[3]	Intensity (by gross floor area)
2022							
Scope 1[4]	Tonnes	–	–	56.09	–	–	–
Scope 2[4]	Tonnes	–	–	1,454.35	0.01	196.89	0.07
Scope 3[4]	Tonnes	25.32	0.08	27.04	–	99.72	0.03
2021							
Scope 1[4]	Tonnes	–	–	49.55	–	–	–
Scope 2[4]	Tonnes	–	–	1,910.48	0.02	209.13	0.08
Scope 3[4]	Tonnes	277.49	0.85	31.44	–	132.24	0.05

A2. Use of Resources

Aiming at achieving operational optimisation and enhancing the ESG performance, the Group has implemented its Environmental Policy to endeavour its efforts in lowering energy and water consumption (its two major types of resources during the Year) throughout life-cycle and carbon footprint in its business operations.

2 The purchase quantity of the above item during the Year was considered as the amount disposed by the Group.

3 Carbon emissions were calculated with reference to the Greenhouse Gas Protocol using carbon conversion factors published by the Environmental Protection Department and electricity providers.

4 The Greenhouse Gas Protocol defined emissions as Scope 1, 2 or 3. Scope 1 emissions were direct greenhouse gas emissions from sources that were owned or controlled by the Group. Scope 2 emissions were indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the Group. Scope 3 emissions were indirect emissions that occur along the Group's value chains including both upstream and downstream emissions.

Energy Consumption

The Group's main types of energy consumption and its corresponding reduction measures were summarised in the following table:

		Property projects		Hotel operation		Offices	
For the year ended 31 March	Unit	Amount[5]	Intensity (by gross floor area)	Amount[5]	Intensity (by room night)	Amount[5]	Intensity (by gross floor area)
2022							
Electricity	kWh	7,800	23.99	3,695,981	34.64	265,577	90.89
Towngas	Unit	–	–	21,972	0.21	–	–
Diesel	L	6,600	20.3	–	–	–	–
Petrol	L	–	–	–	–	33,139	5.82
2021							
Electricity	kWh	1,192	3.67	4,361,627	34.62	282,825	107.53
Towngas	Unit	–	–	19,409	0.15	–	–
Diesel	L	462	1.42	–	–	–	–
Petrol	L	–	–	–	–	34,215	6.3

The increase in energy consumption for property projects was resulted from the superstructure and pile cap work conducted for the redevelopment project at Pau Chung Street prior to its disposal in October 2021. Nevertheless, due to multiple energy saving measures taken by the Group, reduction in hotel occupancy affected by the COVID-19 pandemic and decrease in staff headcounts, there was a significant reduction in energy consumption by hotel and offices during the Year.

Climate change poses unprecedented challenges for business operations and human survival. The Group has goals and responsibilities to reduce its carbon footprint and therefore operating costs through energy efficiency improvements. The Group has implemented a series of reduction measures in its offices, property projects and hotel operation to save its energy consumption as follows:

- Implemented building management system ("BMS") and installed devices for monitoring energy consumption
- Used high energy efficiency fans, pumps and chiller with auto sequencing programme for machineries
- Used chiller heat recovery for hot water supply
- Regularly reported energy consumption and resources usage
- Procured energy saving electrical appliances, including those being accredited with Energy Star or The Electronic Product Environmental Assessment Tool ("EPEAT")
- Implemented key card system to save energy when the hotel room is empty
- Rosedale Hotel Kowloon participated in the "Energy Saving Charter 2021" and "4Ts Charter" schemes which were launched by the Environment Bureau and the Electrical and Mechanical Services Department

5 The amounts represented the energy directly consumed and controlled by the Group, as well as those used and reported by its contractors during the Year.

In addition, the Group has promoted environmental protection among its employees through a diverse set of energy saving programs as follows:

- Turned off electrical appliances and lights during lunch hours and for office spaces not in use
- Installed light emitting diode ("LED") lighting in office areas and business areas
- Used low-emissivity window film and controlled temperature setting for air conditioners with regular cleaning and maintenance
- Switched off office equipment and electrical appliances to energy-saving mode when not in use
- Used green signage and energy saving tips to promote best practices and increase staff awareness
- Adopted duplex printing and copying, recycled used paper and scrapped paper for notepads
- Conducted telephone conferencing meetings, instead of face-to-face meetings, for counterparties in different locations

Water Consumption

During the Year, the total amount of water consumed by the Group was 34,814 m^3 (2021: 33,271 m^3), with detailed consumption and intensity summarised in the following table:

		Property Projects		Hotel Operation		Offices	
For the year ended 31 March	Unit	Amount[6]	Intensity (by gross floor area)	Amount[6]	Intensity (by room night)	Amount[6]	Intensity (by gross floor area)
2022	m^3	3,240	9.96	31,176	0.29	398	0.14
2021	m^3	540	1.66	32,204	0.26	527	0.2

Due to the superstructure and pile cap work for the redevelopment project at Pau Chung Street prior to its disposal in October 2021, there was an increment in water consumption for property projects. Again, as hotel occupancy kept negatively affected by the COVID-19 pandemic and decrease in staff headcounts, there was a reduction in water consumption by hotel and offices during the Year.

In order to consume water responsibly throughout its operations and align with best practices, the Group has formulated the following water conservation strategies across its offices, property projects and hotel operation:

- Installed water efficient and/or low-flow water fixtures including faucet and showerhead
- Conducted regular repair and maintenance of water pipes to prevent water leakage
- Reused water to maximise utilisation
- Reduced irrigation by growing plants which were suitable for the climate of Hong Kong
- Regularly reported water consumption and saving measures
- Promoted water saving awareness and best practices through the use of signage

6 The amounts represented the water consumed and controlled by the Group in its offices, property projects and hotel operation, as well as those used and reported by its contractors during the Year.

A3. The Environment and Natural Resources

The Group aims at constantly improving operational efficiencies and reducing adverse operational impacts on the environment through its Environment and Natural Resources Policy with various initiatives, including introduction of eco-friendly low-carbon measures to minimise wastage as well as promotion of resource-efficient and environmentally-responsible green building design.

Regular evaluation has been conducted to identify potential environmental risks and timely mitigating actions are implemented. During the Year, the Group has dedicated its efforts in improving the following environmental issues:

Emissions, Waste, Energy, Water and Materials

The Group is aware that construction work has a huge impact on the environment and natural resources. As such, it has taken initiatives in joining the Leadership in Energy and Environmental Design ("LEED") programme, the world's leading green building standard which addresses the whole life cycle of the property, lowers its operating costs, increases its value and conserves energy and natural resources, for example, Rosedale Hotel Kowloon has attained the LEED GOLD standard. Moreover, over 30% of the hotel's products and materials have been delivered from within 500 miles to reduce the environmental impacts resulting from transportation.

Indoor Air Quality

The Group has recognised the importance of indoor air quality to human health:

- Used ventilating systems with ventilation rate, which was 30% higher than the standard set by American Society of Heating, Refrigerating and Air-Conditioning Engineers, in the Group's property projects
- Committed to use materials with minimal or no Volatile Organic Compound ("VOC") to maintain high air quality
- Engaged building managers to perform regular cleaning for dust filters, humidifiers and fans in offices
- Applied photocatalyst and air purifiers to control airborne allergens, viruses, bacteria and odours
- Prohibited smoking at workplace

Lighting

To uphold the slogan of "go green" and minimise light nuisance and electricity consumption, Rosedale Hotel Kowloon has taken initiatives in joining the "Charter on External Lighting" of the Environment Bureau ("EB") to voluntarily switching off all lighting installations of decorative, promotional or advertising purposes that affect outdoor environment from 23:00 to 07:00 on the following day and received "Platinum Award" from the EB as a recognition. Moreover, individual lighting controls enabling occupants to adjust the lighting system have also been installed in the hotel.

Noise Management

Construction activities may generate significant level of noise and therefore the Group's contractors have been required to strictly follow the requirements of relevant regulations, in particular, the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong).

A4. Climate Change

Climate Change Management

Climate change remains a global challenge and could pose significant risks to the Group's operations and the community at large, in particular, those brought about by extreme weather conditions. The Group recognises the need to adopt preventive measures in order to mitigate and adapt to environmental impacts arising across its operations. The Board and management oversight on climate issues is integrated into the Group's governance and risk management system, and mitigating the Group's impacts on climate change is firmly embedded within the business strategies. The Group also sees climate resilience as an opportunity, for leadership, to help contribute solutions to the climate crisis, and to strengthen relationships with like-minded stakeholders and customers. The Group has developed a Climate Change Policy which outlines its commitment to manage climate change risks and opportunities, and provides formal guidance on mitigation, adaptation, and resilience strategies to address those risks in line with the market practices.

The Group has taken initiatives to meet net-zero emissions by 2050 in alignment with The Science Based Target initiative's Net-Zero Standard, the Stock Exchange's published Practical Net-Zero Guide for Business and Hong Kong government's Hong Kong's Climate Action Plan 2050. As the Group's largest source of carbon emissions was Scope 2 emissions arising from purchased electricity, its management approaches to climate mitigation and energy saving were closely aligned. Moreover, to improve the energy efficiency, the Group has considered climate-related impacts and addressed issues in the building lifecycle, from design and build, financing, operation to building user engagement stages. The Group targeted to obtain BEAM Plus or LEED Silver or above green building certifications for new buildings where possible. Climate change considerations have also been actively integrated into the Group's procurement decisions, for example, local and regional construction materials with lower carbon footprint are preferred.

Acknowledging the increasing investors' awareness on the impact of climate-related risks and opportunities on business, the Group continues to make gradual progress in implementing the recommendations by the Task Force on Climate-related Financial Disclosures[7], aiming to build long-term resilience and support the transition towards a low-carbon economy. Environmental risk factors including climate change are assessed annually. Based on the insights from risk assessment, the Group will continuously capture the opportunities to incorporate climate-friendly building and service designs, engage tenants, customers and suppliers to take climate actions, promote innovative technologies to reduce the environmental impact and utilise appropriate resources to accelerate its efforts to combat climate change. More information on the climate-related risks and the mitigation actions taken by the Group is set out in the "Management Discussion and Analysis" section of this annual report.

7 Task Force on Climate-related Financial Disclosures was established by the Financial Stability Board to improve and increase reporting of climate-related financial information.

B. SOCIAL

Being a socially responsible corporate citizen, the Group aims at building a mutually beneficial relationship with its key stakeholders.

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

Employment Practices and Relations

The Group values high-quality talent as an important asset. A comprehensive Employee Handbook has been developed covering various human resources aspects, including recruitment, compensation, promotion, working hours, rest period and equal opportunity as a guiding principle for reinforcing satisfaction, loyalty and commitment of its employees.

The following practices have been continuously adopted by the Group during the Year:

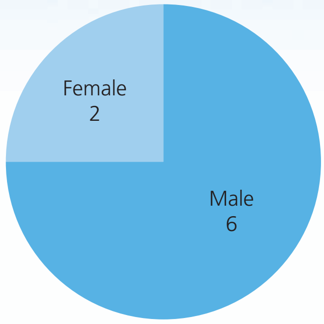
- Offered attractive and competitive remuneration packages to employees and reviewed at least annually with reference to individual performance, contribution, development, inflation and economic or market conditions
- Regularly reviewed annual leave policy with reference to the number of years of employment
- Offered other fringe benefits to staff, including preventive check-up scheme, comprehensive medical and life insurance coverage and retirement fund contribution
- Granted share options to the Directors and employees and administrated the procedures to enable them to exercise the granted share options as a motivation and to build a direct correlation between their rewards and the Group's performance
- Presented long services awards as a token to appreciate dedication and contribution to the loyal staff members serving the Group
- Organised company activities to enhance the employees' sense of belonging in the workplace
- Provided seasonal presents to staff members on special days, such as Christmas and Mid-Autumn Festival
- Closed office early on festive occasions

The Group is an equal opportunity employer and explicitly against any kind of discrimination on age, gender, marital status, race, nationality, religion, disability and family status. In addition, the Group's Board Diversity Policy highlights its commitment to increasing diversity in order to support the attainment of its strategic objectives and sustainable development. In particular, gender diversity targets are set at the Board level (including the potential successors to the Board) and across the workforce. The progress of targets achievement is closely monitored by the Board and management, who will take immediate remedial actions if the targets could not be reached.

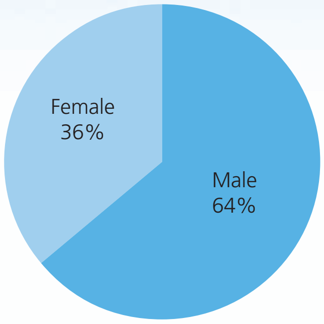
The Group encourages its staff to maintain a well-balanced life and supports its staff to actively pursue their personal development by participating in different roles and activities in the community. Moreover, the Group devotes to strengthen a sense of belonging of its staff by demonstrating care and support in all aspects.

As at 31 March 2022, the total number of employees of the Group was 243 (2021: 259). During the Year, total employee turnover rate was 40% (2021: 16%). Majority of the resigned employees worked for the Group's hotel business where relatively high turnover rate is the industrial norm. Besides, the Group has achieved the target of having a mixed gender Board with at least 1 Director of a different gender on the Board and at least 20% of senior executives and total workforce of a different gender respectively.

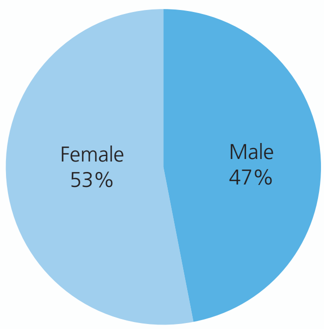
Number of Directors by Gender



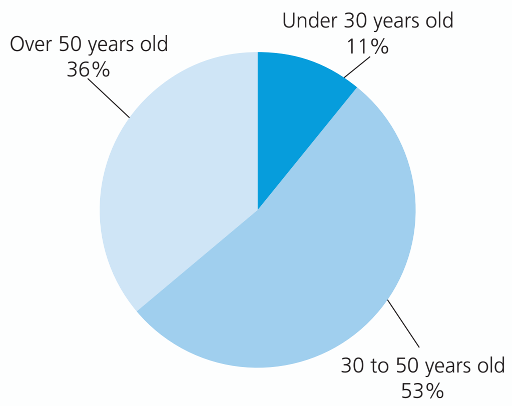
Total Senior Executives by Gender



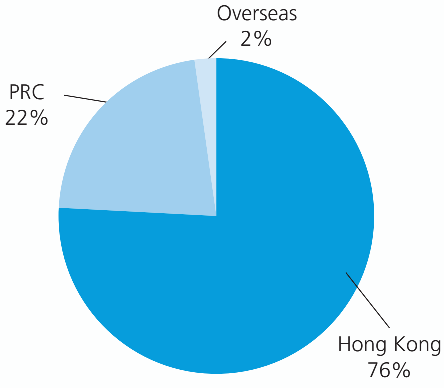
Total Workforce by Gender



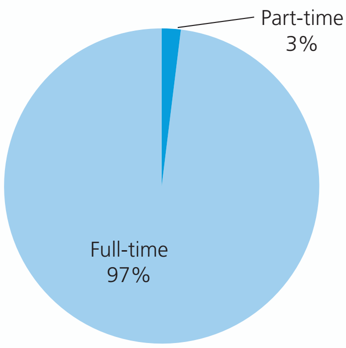
Total Workforce by Age Group



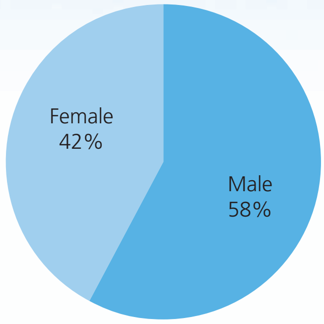
Total Workforce by Region



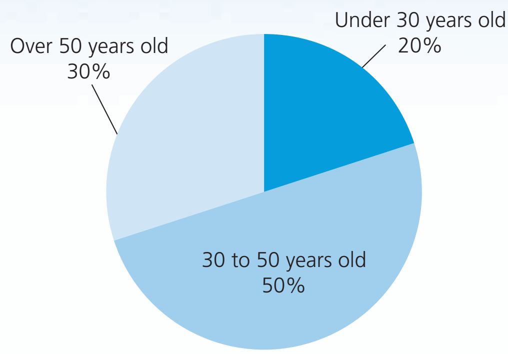
Total Workforce by Full-time and Part-time



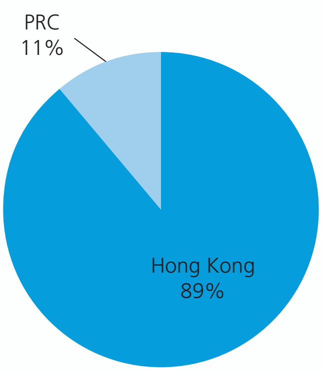
Turnover by Gender



Turnover by Age Group



Turnover by Region



B2. Health and Safety

Workplace Health and Safety

The Group promotes a high degree of awareness and accountability of health and safety at work through its Health and Safety Policy which consists of regular trainings, standard codes of practices and various health and safety measures so as to promote an injury-free culture.

The Group is committed to providing and maintaining a healthy and safe workplace for its staff and other persons likely to be affected by its business activities and operations through new or continuous implementation of the following measures:

- Offered adjustable sit-stand converters that allow the staff to work in flexible position, with reference to medical advice
- Applied photocatalyst and air purifiers, carried out periodic air-conditioning systems cleaning, floor care maintenance, pest control, carpet disinfection treatment, and engaged professional service provider to conduct periodic office residual sanitation coating service for killing of viruses and bacteria to ensure a hygienic working environment

- Allowed flexible working hours and work from home, and distributed COVID-19 rapid antigen test kits, disinfectant detergents and alcohol-based hand sanitisers to employees during the COVID-19 pandemic
- Reimbursed the staff for COVID-19 testing fees in some circumstances
- Implemented precautionary measures at the Annual General Meeting to ensure the safety of all attendees
- Adopted split team arrangements during the fifth wave of COVID-19 pandemic which physically segregate the teams to avoid the risk of infection among teams
- Requested guests and staff to measure the body temperature and wear surgical masks upon entering the hotel premises to protect them from a possible virus infection
- Participated in the annual fire and evacuation drill organised by the respective building managers to familiarise with the fire evacuation route and strengthen awareness of fire precaution
- Organised emergency drill in the hotel to facilitate the coordination, communication and evacuation processes between departments
- Conducted regular inspections of the facilities and safety measures at its workplace
- Provided additional and special safety work guidelines and equipment for the site workers
- Rosedale Hotel Kowloon participated in "Project VanGUARD" which was jointly organised by Kowloon West Region Police and Hong Kong Hotels Association to ensure the safety and security of the guests

The occupational safety and health related policies and practices are regularly reviewed by the Group so that preventive and corrective measures are implemented to minimise occupational health and safety hazards. During the Year, the Group achieved zero work-related fatalities (2020 and 2021: 0) and had 3 lost days due to work injury (2021: 0 day).

B3. Development and Training

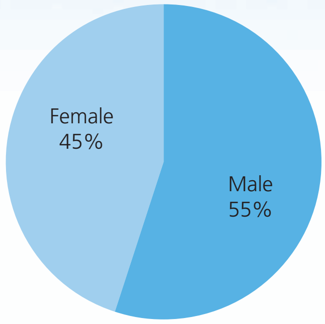
Talent Development

Employee development is an important human capital investment. The Group has established its Development and Training Policy to reinforce its manpower and develop its human capital by providing a wide spectrum of in-house and external training and development courses, seminars, workshops and conferences to equip its staff members with knowledge, skills and experience in performing their job duties effectively and efficiently.

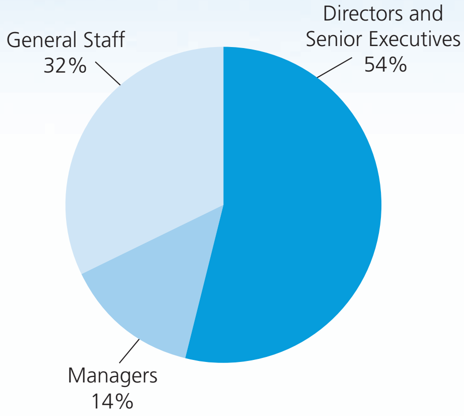
Corporate orientation programs and briefings have been introduced to new staff to help them in familiarising with the corporate culture and practices. Continuous professional development training programs and briefings have been provided to the Directors and management of the Group whereas regular internal and external technical training sessions have been offered to the staff to facilitate their work.

During the Year, the total number of Directors and employees attended training courses and webinars provided by the Group directly and indirectly was 22 (2021: 24), and the corresponding total number of training hours completed was 131 hours (2021: 181 hours). As a result of the COVID-19 pandemic, majority of regular training sessions were continuously cancelled during the Year.

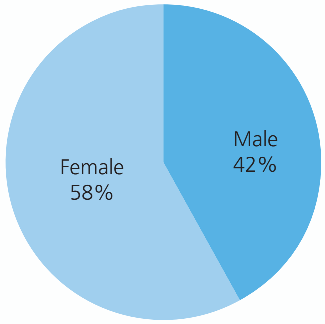
Directors and Employees Trained by Gender



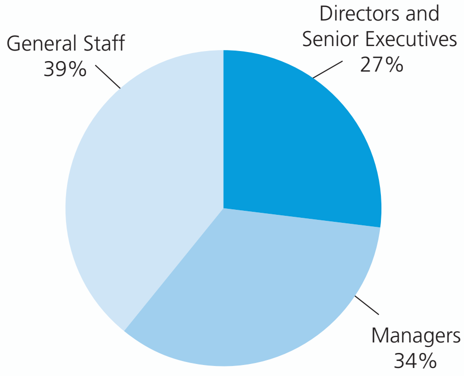
Directors and Employees Trained by Employment Category



Average Training Hours by Gender



Average Training Hours by Employment Category



B4. Labour Standards

No Child and Forced Labour

The Group respects human rights and strictly prohibits child and forced labour. A No Child and Forced Labour Policy has been established to ensure that no abuse, physical punishment and assignment of tasks with extremely high risks of all kinds are allowed in its workplace and business operations.

To ensure the Group is legally compliant with local laws and regulations, it has implemented effective controls in the recruitment process, for example, the applicant's identity is checked, including but not limited to his or her age and eligibility for employment. The Group also ensures that employees are given enough rest days and compensated for any overtime work, as required by local regulators. The Group was not aware of any operation or supplier having significant risk of child labour, young workers exposed to hazardous work, or forced or compulsory labour during the Year.

OPERATING PRACTICES

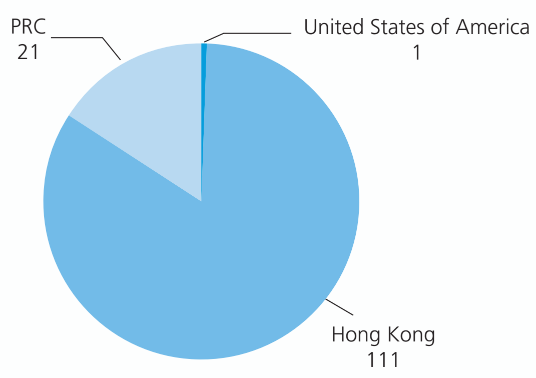
B5. Supply Chain Management

Fair and Green Procurement Practices

The Group believes it is important to work with suppliers who demonstrate sound and ethical business practices and work toward the same sustainability goals. Through its Supply Chain Management Policy, the Group continues to work closely with its supply chain partners in order to facilitate its effective governance of supply chain practices as well as to execute green procurement for maintaining a high quality for its property projects and customer services, and to enhance responsibilities with its supply chain management system.

With the goals of adopting sustainable purchasing best practices, promoting responsible sourcing, and managing environmental and social risks along the supply chain effectively, the Group has diversified its procurement through different suppliers, and has established stringent procedures and consistent criteria such as cost, quality and life cycle impacts for the selection of suppliers with regular monitoring and review as key assessments of sustainability performance of all the suppliers. Periodic site visits of various suppliers are arranged, and key contractors are required to submit site supervision plans, safety management and quality monitoring proposals for the Group's review of performance. The Group gives priority in the selection process to products and services certified by recognised authorities such as FSC. Moreover, in order to support the local economies where the Group operates and minimise the impacts of transportation on the environment, local suppliers are preferred when appropriate. It has further assured that the Group does not engage suppliers and contractors with known non-compliance with the applicable laws and regulations, including child and forced labour, discrimination, bribery, corruption or other unethical practices and environmental pollution.

Number of Suppliers by Region



B6. Product Responsibility

Products and Services Standards

The Group has established its Products and Services Responsibility Policy to offer socially responsible products and services to the public and utmost business ethics when serving the public through its businesses and operations. During the Year, the Group did not consider that recall procedures were material to its operations. It was also not aware of any recall concerning the provision and use of products and services for safety and health reasons that have a significant impact.

Customer Services

According to its Customer Services Policy, the Group strives to enhance customer experience by demonstrating professionalism, responsiveness and caring for its customers and stipulates the principle of delivering a high standard of customer services.

Adhering to its "Consistent, Comfort and Care" motto, the Group has placed customer satisfaction as priority in its hotel operation by providing its valuable customers with thoughtful services experience and embellishing guest satisfaction through various communication channels and key service parameters, including but not limited to providing a free "handy" smartphone during their stay for unlimited internet access, local calls anywhere and IDD calls in selected countries in order to create a barrier-free environment. Keeping up with the technology trend, "WeChat Pay" has been introduced by Rosedale Hotel Kowloon to deliver greater convenience and personalised experience to the guests. They may reserve rooms, settle payment for rooms and restaurants as well as view the transactions through their WeChat accounts. The hotel has also organised a "Building a Healthy Emotional Resilience" workshop to encourage employees to use the positive energy to engage with guests and provide quality customer services. There were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on the Group during the Year.

Data Privacy and Information Security

In view of high public concern over data privacy especially in recent years and according to its Data Privacy Policy, the Group strictly adheres to legal requirements relating to data privacy protection in order to fulfill its key stakeholders' expectations on information security and confidentiality.

The Group has ensured a high standard of security and confidentiality of personal data throughout its businesses and operations. The importance of data protection is emphasised to all employees in the Employee Handbook. The Group requires its staff to fully comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and similar overseas regulations in handling information of its Shareholders, business partners, customers and employees in the collection, processing, use and keeping of their personal data. All personal data collected through customer service hotline, marketing activities or online platforms is handled in an appropriate manner in accordance with local regulatory requirements and can only be accessed by authorised persons within the Group on a need-to-know and need-to-use basis. There were no substantial complaints concerning breaches of customer privacy and losses of customer data during the Year.

Fair Marketing

The Group has strictly followed the Residential Properties (First-hand Sales) Ordinance (Chapter 621 of the Laws of Hong Kong) and similar overseas regulations which require provision of true and accurate information in marketing materials of properties, including sales brochures and leaflets, price lists, show flats, promotion advertisements and registers of sales transactions, etc.

Protection of Intellectual Property Rights

The Group observes and protects its intellectual property rights by prolonged use and registration of domain names and trademarks. It has applied and/or registered trademarks in various classes in Hong Kong, the PRC and other relevant jurisdictions. Such domain names and trademarks have been constantly reviewed and renewed upon their expiration. The Group has also maintained proper records of software applications and renewed the corresponding licenses before expiry during the Year. In addition, all employees must respect, not infringe, copyright work and comply with all applicable laws and regulations as stipulated in the Employee Handbook.

B7. Anti-corruption

Anti-bribery and Anti-corruption

In order to cultivate an ethical corporate culture and maintain a fair and equitable business environment, the Group has established its Code of Conduct, Anti-corruption Policy, and Anti-Money Laundering and Counter-Terrorist Financing Policy to promote and support the anti-bribery and anti-corruption related laws and regulations in order to counter bribery, corruption, extortion, money-laundering, terrorist financing, competitive activities and other fraudulent activities. Under these policies, the Group is committed to preventing, detecting and reporting any actual or suspected case of fraud, irregularity, misconduct or malpractice, with zero tolerance for any case of corruption and related malpractice.

The Group has required its staff to possess high ethical standard and demonstrate professional conducts in its businesses and operations. Employees have been reminded not to have any form of corruption including but not limited to request or accept of benefits of material value from any parties having business transactions with the Group. All staff are required to sign the Code of Conduct Declaration Form upon recruitment to demonstrate their full understanding and compliance with the Group's ethical standard. To further reinforce this message, the Group has provided relevant reference information including anti-fraud, anti-bribery, anti-corruption and anti-money laundering topics to the Directors and employees. Whistle-blowing Policy and mechanism have been established to provide formal channels and guidance to the employees and other parties who deal with the Group on reporting about any possible impropriety, misconduct or malpractice. The Group respects that whistleblowers may wish to file their concerns in confidence and anonymity. It is committed to protecting individuals who make complaints in good faith from any unfair treatment. All whistleblowing cases will be sent to the Group's Compliance Department who will send the reported matters to the Audit Committee when and where appropriate. The Audit Committee will decide appropriate course of action in consequence of the investigation and further report to the Board. There were no cases of bribery or corruption reported, nor were any legal cases regarding corrupt practices brought against the Group or its employees during the Year.

COMMUNITY

B8. Community Investment

Corporate Citizenship

As a long-standing supporter of a number of charity groups, the Group has established its Community Investment Policy which sets out its mission of leveraging its resources to improve the community in which it operates.

The Group is strongly committed to serving the community with love and care through various charitable services, donations, fundraisings, sponsorships and volunteering services:

- Provided sponsorships of approximately HK$1.9 million to several scholarship programmes set up by the Education Bureau of Taishan
- Participated in Dress Casual Day organised by The Community Chest where staff members voluntarily made donations of HK$16,400
- Rosedale Hotel Kowloon cooperated with Hong Kong Community College of The Hong Kong Polytechnic University as usual in providing a 3-month internship programme for students of hotel management
- Rosedale Hotel Kowloon continuously participated as a supporting organisation for "Work Experience Movement" which was organised by the Education Bureau in providing career exploration opportunities for the secondary students

C. GOVERNANCE

Referring to the keystones of its corporate philosophy, the Group consistently believes that ESG should be embedded in its core businesses and operations. Its sound and systematic corporate governance system and professional working team have enabled the Group to lay a solid foundation for its ESG initiatives so as to enhance accountability, integrity, transparency and honesty which drives the Group forward.

The Board has a strong commitment to maintaining high standard of corporate governance to create long term benefits for the stakeholders and hence the sustainable development of the Group. It takes an overall responsibility to oversee the Group's risk management and internal control systems on an ongoing basis in order to safeguard the stakeholders' interests and enhance its sustainability performance. The ESG-related risks have been included in the periodic risk assessment which the related material risks are mitigated and monitored along with other business and operational risks. Progress and achievements on ESG initiatives, KPIs, targets, and actions taken to solve the sustainability issues are reported to the Board on a regular basis to facilitate its strategy formulation, business decision making and ultimately contribute to sustainable growth of the Group. The governance practices, policies and procedures have been reviewed by the Board from time to time to ensure they remain in compliance with the legal and regulatory requirements. The Board has also performed annual review and assured the adequacy of resources, staff qualifications and experience, training programs and budget of the ESG performance and reporting functions. During the Year, no incidents of non-compliance were identified.

More information on the corporate governance is set out in the "Corporate Governance Report" section of this annual report.

CONTENT INDEX

The Company has complied with all mandatory disclosure requirements, and comply or explain provisions on general disclosures ("GD") and environmental KPIs, in accordance with Rule 13.91 of the Listing Rules and the ESG Reporting Guide.

MANDATORY DISCLOSURE REQUIREMENTS	LOCATION OF DISCLOSURE
GOVERNANCE STRUCTURE	
• Disclosure of the Board's oversight of ESG issues;	Stakeholder Engagement and Materiality Assessment
• The Board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and	Governance
• How the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses	Governance
REPORTING PRINCIPLES	
• Materiality: (i) The process to identify and the criteria for the selection of material ESG factors; and (ii) If a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement	Stakeholder Engagement and Materiality Assessment
• Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed	Reporting Framework and Scope A1.Emissions A2.Use of Resources
• Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison	Stakeholder Engagement and Materiality Assessment
REPORTING BOUNDARY	
• A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change	Reporting Framework and Scope

COMPLY OR EXPLAIN PROVISIONS	LOCATION OF DISCLOSURE
A. ENVIRONMENTAL	
A1 Emissions	
• GD A1[1] Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes	A1.Emissions
• KPI A1.1[2] Types of emissions and respective emissions data	• Air Emissions • Waste Management • Greenhouse Gas Emissions
• KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and intensity	• Greenhouse Gas Emissions
• KPI A1.3[3] Total hazardous waste produced and intensity	• N/A
• KPI A1.4 Total non-hazardous waste produced and intensity	• Waste Management
• KPI A1.5 Description of emission target(s) set and steps taken to achieve them	• Air Emissions
• KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	• Waste Management
A2 Use of Resources	
• GD A2 Policies on efficient use of resources like energy, water and other raw materials	A2.Use of Resources
• KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity	• Energy Consumption
• KPI A2.2 Water consumption in total and intensity	• Water Consumption

1 No confirmed non-compliance or grievance cases were identified during the Year.
2 The Group did not directly generate significant air emissions during the Year.
3 The Group did not generate material amount of hazardous waste during the Year.

COMPLY OR EXPLAIN PROVISIONS	LOCATION OF DISCLOSURE
A. ENVIRONMENTAL	
• KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them	• Energy Consumption
• KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	• Water Consumption
• KPI A2.5[4] Total packaging material used for finished products	• N/A
A3 The Environment and Natural Resources	
• GD A3 Policies on minimising the issuer's significant impacts on the environment and natural resources	A3. The Environment and Natural Resources
• KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	• Emissions, Waste, Energy, Water and Materials • Indoor Air Quality • Lighting • Noise Management
A4 Climate Change	
• GD A4 Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	A4. Climate Change
• KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	• Climate Change Management

4 The Group did not identify material packaging materials during the Year due to its business nature.

COMPLY OR EXPLAIN PROVISIONS	LOCATION OF DISCLOSURE
B. SOCIAL	
B1 Employment	
• GD B1[1] Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	B1. Employment
• KPI B1.1 Total workforce by gender, employment type, age group and geographical region	• Employment Practices and Relations
• KPI B1.2 Employee turnover rate by gender, age group and geographical region	• Employment Practices and Relations
B2 Health and Safety	
• GD B2[1] Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	B2. Health and Safety
• KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	• Workplace Health and Safety
• KPI B2.2 Lost days due to work injury	• Workplace Health and Safety
• KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored	• Workplace Health and Safety
B3 Development and Training	
• GD B3 Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	B3. Development and Training
• KPI B3.1 Percentage of employees trained by gender and employee category	• Talent Development
• KPI B3.2 Average training hours completed per employee by gender and employee category	• Talent Development

1 No confirmed non-compliance or grievance cases were identified during the Year.

COMPLY OR EXPLAIN PROVISIONS	LOCATION OF DISCLOSURE
B. SOCIAL	
B4 Labour Standards	
• GD B4[1] Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	B4. Labour Standards
• KPI B4.1 Description of measures to review employment practices to avoid child and forced labour	• No Child and Forced Labour
• KPI B4.2 Description of steps taken to eliminate such practices when discovered	• No Child and Forced Labour
B5 Supply Chain Management	
• GD B5 Policies on managing environmental and social risks of the supply chain	B5. Supply Chain Management
• KPI B5.1 Number of suppliers by geographical region	• Fair and Green Procurement Practices
• KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• Fair and Green Procurement Practices
• KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Fair and Green Procurement Practices
• KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	• Fair and Green Procurement Practices
B6 Product Responsibility	
• GD B6[1] Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	B6. Product Responsibility
• KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Products and Services Standards

1 No confirmed non-compliance or grievance cases were identified during the Year.

COMPLY OR EXPLAIN PROVISIONS	LOCATION OF DISCLOSURE
B. SOCIAL	
• KPI B6.2 Number of products and service related complaints received and how they are dealt with	• Customer Services
• KPI B6.3 Description of practices relating to observing and protecting intellectual property rights	• Protection of Intellectual Property Rights
• KPI B6.4 Description of quality assurance process and recall procedures	• Products and Services Standards • Customer Services • Fair Marketing
• KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	• Data Privacy and Information Security
B7 Anti-corruption	
• GD B7[1] Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money-laundering	B7. Anti-corruption
• KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	• Anti-bribery and Anti-corruption
• KPI B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored	• Anti-bribery and Anti-corruption
• KPI B7.3 Description of anti-corruption training provided to directors and staff	• Anti-bribery and Anti-corruption
B8 Community Investment	
• GD B8 Policies on community engagement to understand the community's needs where the issuer operates and to ensure its activities take into consideration the communities' interests	B8. Community Investment
• KPI B8.1 Focus areas of contribution	• Corporate Citizenship
• KPI B8.2 Resources contributed to the focus area	• Corporate Citizenship

1 No confirmed non-compliance or grievance cases were identified during the Year.

Deloitte. 德勤

TO THE MEMBERS OF ITC PROPERTIES GROUP LIMITED
德祥地產集團有限公司
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of ITC Properties Group Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 78 to 191, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties We identified the valuation of investment properties of the Group and a joint venture as a key audit matter due to the significant management estimates involved in the valuation of investment properties. As at 31 March 2022, the investment properties of the Group and the joint venture were carried at their fair values amounting to HK$625,000,000 and RMB1,020,000,000 (equivalent to HK$1,257,707,000), respectively. Referring to notes 4, 16 and 18 to the consolidated financial statements, the fair values of the investment properties were determined based on valuation on these properties conducted by independent professional valuers engaged by the Group using direct comparison method based on comparable market transactions of similar properties with adjustments to reflect the conditions and locations of the subject properties.	Our procedures in relation to valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the independent professional valuers; • Understanding management's process for reviewing the work of the independent professional valuers; and • Evaluating the valuation techniques and assessing the reasonableness of key inputs used in the valuation by checking to relevant information of market sale transactions of comparable properties and other market data with the involvement of our internal valuation specialists.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 Wong Kuen.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	5 & 6	**332,187**	258,437
Hotel operation and management income	6	**1,038**	6,637
Property income	6	**316,337**	221,507
		317,375	228,144
Direct cost for hotel operation and management income and property income		**(292,174)**	(190,007)
Gross profit for hotel operation and management income and property income		**25,201**	38,137
Interest revenue from loan financing	6	**14,812**	30,293
Net fair value gain (loss) on financial instruments	7	**12,213**	(47,532)
Other income, gains and losses	8	**(17,319)**	(100,464)
Loss recognised in respect of deposits paid for acquisition of an associate	19	**(159,000)**	–
Reversal (recognition) of impairment losses under expected credit loss model, net	35(b)	**19,851**	(117,465)
Gain on disposal of subsidiaries	37	**101,755**	106,587
Gain on partial disposal of interest in an associate	19	**70,000**	–
Decrease in fair value of investment properties	16	**(52,392)**	(77,036)
Selling and marketing expenses		**(7,879)**	(4,072)
Administrative and general expenses		**(285,459)**	(195,114)
Finance costs	9	**(59,928)**	(103,745)
Share of results of associates		**921,662**	(20,271)
Share of results of joint ventures		**(41,878)**	(201,564)
Profit (loss) before taxation		**541,639**	(692,246)
Taxation	10	**(8,449)**	28,216
Profit (loss) for the year	11	**533,190**	(664,030)
Profit (loss) for the year attributable to:			
Owners of the Company		**566,164**	(662,160)
Non-controlling interests		**(32,974)**	(1,870)
		533,190	(664,030)
Earnings (loss) per share	14		
– Basic (HK dollar)		**0.59**	(0.69)
– Diluted (HK dollar)		**0.59**	(0.69)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Profit (loss) for the year	**533,190**	(664,030)
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Loss on fair value changes of financial assets designated as at fair value through other comprehensive income ("FVTOCI")	**(6,670)**	(7,492)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**41,730**	145,610
Share of translation reserve of associates and joint ventures	**11,142**	(2,372)
Other comprehensive income for the year	**46,202**	135,746
Total comprehensive income (expense) for the year	**579,392**	(528,284)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	**598,034**	(526,996)
Non-controlling interests	**(18,642)**	(1,288)
	579,392	(528,284)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	15	**518,800**	542,866
Investment properties	16	**625,000**	677,000
Equity and fund investments	17	**113,423**	99,037
Interests in joint ventures	18	**450,922**	547,038
Amounts due from joint ventures	18	**951,210**	434,075
Interests in associates	19	**1,926,296**	1,362,231
Amount due from an associate	19	**103**	44,686
Other loan receivables	20	**–**	70,280
Deposits paid for acquisition of an associate	19	**–**	159,000
Other non-current assets	21	**111,934**	112,512
		4,697,688	4,048,725
Current assets			
Deposits paid for acquisition of leasehold land	22	**378,831**	362,959
Stock of properties	23	**1,009,719**	1,318,503
Other loan receivables	20	**166,512**	207,063
Debtors, deposits and prepayments	24	**133,216**	232,566
Equity and fund investments	17	**40,168**	124,314
Debt investments	26	**–**	6,995
Bank balances and cash	25	**283,962**	298,322
		2,012,408	2,550,722
Current liabilities			
Creditors, deposits and accrued charges	27	**245,119**	223,115
Amount due to a joint venture	18	**11,173**	11,173
Amount due to an associate	19	**602,848**	7,045
Tax payables		**190,329**	175,107
Loan notes	29	**–**	1,322,933
Lease liabilities	28	**4,888**	5,656
Bank borrowings	30	**840,643**	1,159,854
		1,895,000	2,904,883
Net current assets (liabilities)		**117,408**	(354,161)
Total assets less current liabilities		**4,815,096**	3,694,564

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Lease liabilities	28	**2,925**	5,241
Bank borrowings	30	**607,402**	196,872
		610,327	202,113
		4,204,769	3,492,451
Capital and reserves			
Share capital	32	**9,602**	9,602
Reserves		**3,984,730**	3,481,544
Equity attributable to owners of the Company		**3,994,332**	3,491,146
Non-controlling interests		**210,437**	1,305
		4,204,769	3,492,451

The consolidated financial statements on pages 78 to 191 were approved and authorised for issue by the board of directors on 30 June 2022 and are signed on its behalf by:

CHEUNG HON KIT
DIRECTOR

LAM SAU FUNG
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Treasury shares HK$'000	Contributed surplus HK$'000 (note i)	Capital redemption reserve HK$'000	Share-based payment reserve HK$'000	Investment revaluation reserve HK$'000	Other reserve HK$'000	Special reserve HK$'000 (note ii)	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2020	9,607	3,374,659	(3,038)	113,020	9,336	4,130	(289,453)	–	(8,908)	(132,636)	983,568	4,060,285	1,579	4,061,864
Loss for the year	–	–	–	–	–	–	–	–	–	–	(662,160)	(662,160)	(1,870)	(664,030)
Loss on fair value changes of financial assets designated as at FVTOCI	–	–	–	–	–	–	(7,492)	–	–	–	–	(7,492)	–	(7,492)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	145,028	–	145,028	582	145,610
Share of translation reserve of associates and joint ventures	–	–	–	–	–	–	–	–	–	(2,372)	–	(2,372)	–	(2,372)
Total comprehensive (expense) income for the year	–	–	–	–	–	–	(7,492)	–	–	142,656	(662,160)	(526,996)	(1,288)	(528,284)
Recognition of equity-settled share-based payments (Note 33)	–	–	–	–	–	8	–	–	–	–	–	8	–	8
Cancellation of shares (Note 32(b))	(33)	(3,005)	3,038	–	33	–	–	–	–	–	(33)	–	–	–
Issue of shares pursuant to scrip dividend scheme for 2020 second interim dividend (Note 32(a))	28	2,343	–	–	–	–	–	–	–	–	–	2,371	–	2,371
Partial disposal of a subsidiary without loss of control	–	–	–	–	–	–	–	3,348	–	–	–	3,348	1,014	4,362
Transfer on lapse of share options	–	–	–	–	–	(82)	–	–	–	–	82	–	–	–
Dividends recognised as distribution (Note 13)	–	–	–	–	–	–	–	–	–	–	(47,870)	(47,870)	–	(47,870)
At 31 March 2021	**9,602**	**3,373,997**	**-**	**113,020**	**9,369**	**4,056**	**(296,945)**	**3,348**	**(8,908)**	**10,020**	**273,587**	**3,491,146**	**1,305**	**3,492,451**
Profit (loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**566,164**	**566,164**	**(32,974)**	**533,190**
Loss on fair value changes of financial assets designated as at FVTOCI	**-**	**-**	**-**	**-**	**-**	**-**	**(6,670)**	**-**	**-**	**-**	**-**	**(6,670)**	**-**	**(6,670)**
Exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**27,398**	**-**	**27,398**	**14,332**	**41,730**
Share of translation reserve of associates and joint ventures	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,142**	**-**	**11,142**	**-**	**11,142**
Total comprehensive (expense) income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(6,670)**	**-**	**-**	**38,540**	**566,164**	**598,034**	**(18,642)**	**579,392**
Recognition of equity-settled share-based payments (Note 33)	**-**	**-**	**-**	**-**	**-**	**1,170**	**-**	**-**	**-**	**-**	**-**	**1,170**	**-**	**1,170**
Transfer on lapse of share options	**-**	**-**	**-**	**-**	**-**	**(801)**	**-**	**-**	**-**	**-**	**801**	**-**	**-**	**-**
Dividends recognised as distribution (Note 13)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(96,018)**	**(96,018)**	**-**	**(96,018)**
Acquisition of a subsidiary (Note 18)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**227,774**	**227,774**
At 31 March 2022	**9,602**	**3,373,997**	**-**	**113,020**	**9,369**	**4,425**	**(303,615)**	**3,348**	**(8,908)**	**48,560**	**744,534**	**3,994,332**	**210,437**	**4,204,769**

Notes:

(i) The contributed surplus of the ITC Properties Group Limited (the "Company") and its subsidiaries (collectively the "Group") represents the credit arising from capital reduction pursuant to the capital reorganisation on 13 March 2010.

(ii) Special reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal amount of the share capital of the Company issued as consideration under the group reorganisation in prior years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before taxation	**541,639**	(692,246)
Adjustments for:		
Net (increase) decrease in fair values of financial assets at fair value through profit or loss ("FVTPL")	**(11,233)**	54,691
Decrease in fair value of investment properties	**52,392**	77,036
Depreciation of property, plant and equipment	**28,818**	33,165
Finance costs	**59,928**	103,745
Interest income	**(34,032)**	(54,463)
Loss recognised in respect of deposits paid for acquisition of an associate	**159,000**	–
Gain on disposal of subsidiaries	**(101,755)**	(106,587)
Gain on partial disposal of interest in an associate	**(70,000)**	–
Loss (gain) on disposal of property, plant and equipment	**146**	(110)
Gain on repurchase of loan notes	**(391)**	(5,557)
Decrease in fair value of an amount due from a joint venture	**32,118**	142,020
Loss on tax indemnity asset written off	**5,771**	24,560
Net foreign exchange loss	**4,172**	3,027
(Reversal) recognition of impairment losses under expected credit loss model, net	**(19,851)**	117,465
Reversal of provision of furniture, fixture and equipment reserve	**–**	(16,359)
Share-based payment expenses	**1,170**	8
Share of results of associates	**(921,662)**	20,271
Share of results of joint ventures	**41,878**	201,564
Operating cash flows before movements in working capital	**(231,892)**	(97,770)
Decrease in inventories	**–**	815
Increase in deposits paid for acquisition of leasehold land	**(2,295)**	(1,190)
Decrease in stock of properties	**58,378**	52,983
Decrease (increase) in other loan receivables	**45,138**	(19,305)
Decrease (increase) in debtors, deposits and prepayments	**61,630**	(15,159)
Increase in equity and fund investments	**–**	(28,686)
Decrease in debt investments	**6,995**	73,395
Decrease in creditors, deposits and accrued charges	**(2,985)**	(11,685)
Cash used in operations	**(65,031)**	(46,602)
Interest received	**8,740**	14,662
Tax paid	**(148)**	–
NET CASH USED IN OPERATING ACTIVITIES	**(56,439)**	(31,940)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES			
Disposal of subsidiaries	37	**347,309**	455,006
Partial disposal of interest in an associate	19	**274,348**	–
Proceeds from settlement of consideration receivable for disposal from a joint venture		**31,586**	–
Disposal of equity and fund investments		**12,631**	–
Proceeds from redemption of an unlisted investment fund		**2,957**	31,627
Interest received		**304**	385
Proceeds from disposal of property, plant and equipment		**267**	1,054
Advances to an associate		**(103)**	(12,000)
Additions to investment properties		**(392)**	(2,596)
Purchase of property, plant and equipment		**(1,939)**	(15,677)
Investments in joint ventures		**(4,131)**	(11,948)
Acquisition of investment in an associate	19	**(25,000)**	–
Advances to joint ventures		**(36,011)**	(97,818)
Investments in associates		**(44,000)**	–
Acquisition of additional interest in a joint venture which became a subsidiary	18	**(109,997)**	–
Refund of deposit paid for acquisition of an investment		**–**	15,000
NET CASH FROM INVESTING ACTIVITIES		**447,829**	363,033
FINANCING ACTIVITIES			
Repayment of loan notes		**(1,330,210)**	(203,438)
Repayment of bank borrowings		**(565,111)**	(709,216)
Dividends paid		**(96,018)**	(45,499)
Interest paid		**(86,835)**	(109,982)
Repayment of lease liabilities, including related interests		**(6,711)**	(6,397)
Advances from non-controlling interests		**26,645**	45,263
New bank borrowings raised		**660,112**	317,734
Advance from an associate		**993,303**	141,870
Proceeds from partial disposal of a subsidiary without loss of control		**–**	4,362
NET CASH USED IN FINANCING ACTIVITIES		**(404,825)**	(565,303)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(13,435)**	(234,210)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**298,322**	514,138
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(925)**	18,394
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**283,962**	298,322

1. GENERAL AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in Bermuda with limited liability and its issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 199). The ultimate controlling shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) of the Company (the "Controlling Shareholders") are Dr. Chan Kwok Keung, Charles ("Dr. Chan") and his associates (as defined in the Listing Rules). The addresses of the registered office and the principal place of business in Hong Kong of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements have been presented in Hong Kong dollar ("HK$"), which is the functional currency of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") together with joint ventures and associates are principally engaged in property development and investment in Macau Special Administrative Region of the PRC (as defined below) ("Macau"), Hong Kong Special Administrative Region of the PRC ("Hong Kong"), the People's Republic of China (the "PRC"), Canada and the United Kingdom, development of, investment in, operation and management of hotels and leisure business in the PRC, Hong Kong and Canada, securities investments and provision of loan financing services. The principal activities of the Company's principal subsidiaries are set out in Note 45.

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 following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the International Financial Reporting Standards Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial 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)*

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

Impacts on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying HKFRS 7 "*Financial Instruments: Disclosures*"("HKFRS 7").

As at 1 April 2021, the Group has several financial liabilities, the interests of which are indexed to benchmark rates that will be subjected to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts.

	Pound Sterling ("GBP") London Interbank Offered Rate ("LIBOR") *HK$'000*	United States Dollar ("US$") LIBOR *HK$'000*
Financial liabilities		
Bank borrowings	82,809	3,919

During the year, the Group's GBP LIBOR bank borrowing was repaid. The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in Note 35.

Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (HKAS 2 Inventories)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

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[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company (the "Directors") anticipate that the application of the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

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

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

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

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings without changing in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

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 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.

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.

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

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 Listing Rules and by the Hong Kong Companies Ordinance.

The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 within the scope of HKFRS 16 "*Leases*" ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*" ("HKAS 36").

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 are 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;

- Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3: inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below:

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

Basis of consolidation

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the 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 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 in 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.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

Basis of consolidation *(Continued)*

Changes in the Group's interests in existing subsidiaries *(Continued)*

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "*Financial Instruments*" ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Investments in associates and joint ventures

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

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

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

Investments in associates and joint ventures *(Continued)*

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

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

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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

Investments in associates and joint ventures *(Continued)*

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

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

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

A contract liability is recognised when the amounts received from a customer exceed revenue recognised for a contract or when advance payment is received from a customer before a good or service is transferred.

Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligations. Deposits received on sales of properties are regarded as contract liabilities and included under creditors, deposits and accrued charges of the consolidated statement of financial position under current liabilities.

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, the Group recognises revenue in the amount to which the Group has the right to invoice.

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

Revenue from contracts with customers *(Continued)*

Variable consideration

For contracts that contain variable consideration (representing revenue from hotel management service), the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Contract costs

Incremental costs of obtaining a contract

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

The Group recognises such costs (representing sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

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.

Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

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

Leases *(Continued)*

The Group as a lessee *(Continued)*

Short-term leases

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

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.

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.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

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

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

Leases *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

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 if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonable certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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 receivables, 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.

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

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

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

Leases *(Continued)*

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 is derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "*Revenue from Contracts with Customers*" ("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.

Refundable rental deposits

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

Lease modification

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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of 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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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 or partial disposal of the Group's foreign operation.

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

Foreign currencies *(Continued)*

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

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

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

Borrowing costs

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

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 on 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.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

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

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

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 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, salaries and annual leave) after deducting 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 profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all 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-based payment reserve). At the end of each reporting period, the Group revises its estimate 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 the share-based payment 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.

When share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

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

Share-based payment transactions *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

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 loss before taxation as reported in the consolidated statement of profit or loss 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 bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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)*

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, except for freehold land, which is always presumed to be recovered entirely 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 "*Income Taxes*" 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 resulting 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.

Property, plant and equipment

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

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 that is accounted for as an operating lease is presented as "right-of-use assets" included in property, plant and equipment in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

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.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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 the profit or loss in the period in which the property is derecognised.

Impairment losses on property, plant and equipment (including right-of-use assets)

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

The recoverable amount of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount of an asset 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.

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average cost method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attribute to the sale and non-incremental costs which the Group must incur to make the sale.

Stock of properties

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a settlement 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liabilities 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.

Interest income is recognised in profit or loss and is included in other income, gains and losses except for interest revenue on other loan receivables, which is included in interest revenue from loan financing.

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

A financial asset is held for trading if:

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

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

(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) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the net fair value loss on financial instruments line item in profit or loss.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including debtors and deposits, amounts due from joint ventures, amount due from an associate, other loan receivables, certain other non-current assets and bank balances), and other items (undrawn loan commitments to joint ventures and financial guarantee contracts) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within twelve months after the reporting date. Assessments 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 debtors. The ECL on the trade debtors are assessed collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

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

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

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

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

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

(ii) Definition of default

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.

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. 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. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL *(Continued)*

For undrawn loan commitments, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitments draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

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

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

Except for loan commitments and financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors, amount(s) due from joint ventures/associate other loan receivables and other non-current assets where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND 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, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

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.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at amortised cost

Financial liabilities (including creditors and deposits, amount due to a joint venture, amount due to an associate, loan notes and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

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

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are initially measured at their fair values. It is subsequently measured at the higher of:

(i) the amount of loss allowance as determined in accordance with HKFRS 9; and

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

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligation 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.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, 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 ongoing 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.

The followings 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.

Impairment loss on other loan receivables

The Group recognises impairment loss on other loan receivables by applying the ECL model to individual exposures by considering the financial background of the debtors and measuring the impairment loss based on the probability of default and loss given default with reference to international credit-rating agencies' data adjusted for forward-looking factors. The measurement of ECL is a function of the exposure at default, probability of default and loss given default, which involves key estimates from the management. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As at 31 March 2022, the carrying amount of the Group's other loan receivables was HK$166,512,000 (2021: HK$277,343,000), net of credit loss allowance of HK$350,174,000 (2021: HK$367,943,000) and out of which, the carrying amount of nil (2021: HK$31,660,000), net of credit loss allowance of HK$336,991,000 (2021: HK$361,840,000) was credit-impaired.

Valuation of investment properties

As at 31 March 2022, the carrying amount of the Group's investment properties was HK$625,000,000 (2021: HK$677,000,000). The major non-current assets of a joint venture represented investment properties in the PRC amounting to Renminbi ("RMB") 1,020,000,000 (equivalent to HK$1,257,707,000) (2021: RMB1,159,000,000 (equivalent to HK$1,371,598,000)) as at 31 March 2022.

The valuation of investment properties was based on valuation on these properties conducted by an independent professional valuer using property valuation techniques which involve certain assumptions of market conditions as disclosed in Notes 16 and 18. Favourable or unfavourable changes to these assumptions would result in changes in the valuation of the Group's investment properties and corresponding adjustments to the fair value changes reported in the consolidated statement of profit or loss.

Amount due from a joint venture measured at FVTPL

As at 31 March 2022, the amount due from a joint venture measured at FVTPL is HK$21,382,000 (2021: HK$49,070,000). The management of the Group assesses the fair value of such amount with reference to the quoted price of the respective underlying asset held by the joint venture in markets that is not active. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant input thereof. Changes in assumptions relating to the valuation could result in material adjustments to the fair value of the amount due from a joint venture. During the year ended 31 March 2022, a decrease in fair value of HK$32,118,000 (2021: HK$142,020,000) has been recognised on an amount due from a joint venture.

5. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the goods and services delivered or provided by the Group's operating divisions and is consistent with the internal information that is regularly reviewed by the executive directors, the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

The Group's reportable and operating segments are as follows:

Property	–	development of, selling of and investment in properties
Hotel and leisure	–	development of, investment in, operation and management of hotels and resorts
Securities investments	–	trading and investment of securities
Finance	–	provision of loan financing services

Information regarding these segments is reported below:

For the year ended 31 March 2022

	Segment revenue *HK$'000* *(note (a))*	Operating (loss) profit *HK$'000*	Gain on disposal of subsidiaries *HK$'000*	Gain on partial disposal of interest in an associate *HK$'000*	Share of results of associates *HK$'000*	Share of results of joint ventures *HK$'000*	Finance costs *HK$'000*	Segment results: profit (loss) before taxation *HK$'000* *(note (b))*
Property *(note (c))*	316,337	(148,642)	101,755	70,000	975,162	(37,948)	(14,697)	945,630
Hotel and leisure *(note (d))*	1,038	(28,182)	–	–	(53,500)	8,653	(6)	(73,035)
Securities investments	–	11,451	–	–	–	–	(56)	11,395
Finance	14,812	34,987	–	–	–	–	–	34,987
SEGMENT TOTAL	332,187	(130,386)	101,755	70,000	921,662	(29,295)	(14,759)	918,977
Unallocated	–	(319,586)	–	–	–	(12,583)	(45,169)	(377,338)
GROUP TOTAL	332,187	(449,972)	101,755	70,000	921,662	(41,878)	(59,928)	541,639

For the year ended 31 March 2022

5. SEGMENT INFORMATION *(Continued)*

For the year ended 31 March 2021

	Segment revenue HK$'000 (note (a))	Operating (loss) profit HK$'000	Gain on disposal of subsidiaries HK$'000	Share of results of associates HK$'000	Share of results of joint ventures HK$'000	Finance costs HK$'000	Segment results: (loss) profit before taxation HK$'000 (note (b))
Property *(note (c))*	221,507	(125,905)	–	(9,619)	(25,026)	(19,304)	(179,854)
Hotel and leisure *(note (d))*	6,637	(85,058)	106,587	(10,652)	(99,220)	(3,964)	(92,307)
Securities investments	–	20,648	–	–	–	(1,383)	19,265
Finance	30,293	(81,678)	–	–	–	–	(81,678)
SEGMENT TOTAL	258,437	(271,993)	106,587	(20,271)	(124,246)	(24,651)	(334,574)
Unallocated	–	(201,260)	–	–	(77,318)	(79,094)	(357,672)
GROUP TOTAL	258,437	(473,253)	106,587	(20,271)	(201,564)	(103,745)	(692,246)

Notes:

(a) Segment revenue as set out above comprised income from leases, income from sales of properties, properties commission income, building management fee income, hotel operation and management service income and loan financing income. All segment revenue is from external customers.

(b) The aggregate of the segment results as set out above comprised the profit (loss) before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and general expenses, share of results of certain joint ventures, certain finance costs and loss recognised in respect of deposits paid for acquisition of an associate.

(c) The segment revenue of property segment included income from leases, income from sales of properties, properties commission income and building management fee income. During the year ended 31 March 2022, the segment result of property segment included decrease in fair value of investment properties of HK$52,392,000 (2021: HK$77,036,000).

(d) During the year ended 31 March 2022, the segment result of hotel and leisure segment included share of reversal of impairment loss of a property held by a joint venture amounting to HK$54,211,000 and share of impairment loss of a property held by an associate amounting to HK$33,723,000 (2021: share of impairment loss of a property held by a joint venture amounting to HK$34,421,000).

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. The CODM assesses the performance of the operating segments based on the profit (loss) before taxation of the group entities engaged in the respective segment activities which represents the segment results. Segment results are analysed before taxation whereas tax payable is allocated to operating segment liabilities. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements.

5. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Property	**4,884,078**	4,570,738	**1,844,298**	1,390,873
Hotel and leisure	**1,107,870**	992,500	**126,857**	123,320
Securities investments	**153,591**	170,732	**476**	7,122
Finance	**190,220**	308,794	**24**	48
Segment total	**6,335,759**	6,042,764	**1,971,655**	1,521,363
Unallocated:				
Bank balances and cash	**283,962**	298,322	**–**	–
Loan notes	**–**	–	**–**	1,322,933
Accrued coupon interest on loan notes	**–**	–	**–**	29,245
Bank borrowings	**–**	–	**508,045**	200,546
Others	**90,375**	258,361	**25,627**	32,909
Total	**6,710,096**	6,599,447	**2,505,327**	3,106,996

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

- all assets are allocated to operating segments other than certain property, plant and equipment, deposits paid for acquisition of an associate, certain other non-current assets, certain debtors, deposits and prepayments of the corporate offices, interests in certain joint ventures, amounts due from certain joint ventures and bank balances and cash; and

- all liabilities, including tax payables, are allocated to operating segments other than loan notes and its accrued coupon interest, certain lease liabilities, certain bank borrowings and certain creditors, deposits and accrued charges.

For the year ended 31 March 2022

5. SEGMENT INFORMATION *(Continued)*

Other segment information

	Additions to property, plant and equipment and investment properties		Depreciation of property, plant and equipment		Decrease in fair value of investment properties		Interest income	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Property	**527**	13,454	**23,776**	25,992	**(52,392)**	(77,036)	**18,916**	23,803
Hotel and leisure	**427**	9,975	**325**	4,942	**–**	–	**–**	–
Finance	**–**	–	**–**	–	**–**	–	**14,812**	30,293
	954	23,429	**24,101**	30,934	**(52,392)**	(77,036)	**33,728**	54,096
Unallocated	**4,246**	2,535	**4,717**	2,231	**–**	–	**304**	367
Total	**5,200**	25,964	**28,818**	33,165	**(52,392)**	(77,036)	**34,032**	54,463

Geographical information

The Group's revenue from external customers based on location of properties and/or goods delivered or services delivered, and information about its non-current assets, excluding financial assets, by physical location of the assets are detailed below:

	Revenue from external customers		Carrying amount of non-current assets	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**321,510**	248,341	**1,411,699**	1,806,859
Macau	**–**	–	**1,408,353**	795,011
PRC	**5,123**	4,845	**496,326**	535,001
Canada	**5,554**	5,251	**275,044**	221,083
Others	**–**	–	**41,530**	42,220
	332,187	258,437	**3,632,952**	3,400,174

Information about major customers

None of the corresponding revenue from customers contributed over 10% of the total revenue of the Group for the years ended 31 March 2022 and 2021.

6. REVENUE

(i) Disaggregation of revenue

	2022 HK$'000	2021 HK$'000
Revenue from contracts with customers:		
Property		
Revenue from building management fee income – recognised over time	**445**	486
Revenue from properties commission income – recognised at a point of time	**4,030**	2,457
Revenue from sales of properties – recognised at a point of time	**299,536**	205,333
Hotel and leisure		
Revenue from hotel accommodation – recognised over time	**–**	6,265
Revenue from hotel management service – recognised over time	**1,038**	372
	305,049	214,913
Revenue from other sources:		
Leases	**12,326**	13,231
Interest revenue from loan financing	**14,812**	30,293
Total revenue	**332,187**	258,437

Revenue from contracts with customers of HK$305,049,000 (2021: HK$214,913,000) for the year ended 31 March 2022 includes property commission income of HK$3,613,000 (2021: HK$2,449,000) deriving from Canada and the remaining of HK$301,436,000 (2021: HK$212,464,000) was derived in Hong Kong.

(ii) Performance obligations for contracts with customers

Revenue from building management fee income

The Group provides building management services to customers. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The Group receives payment of building management fee at the beginning of each month according to contract terms.

Revenue from properties commission income

Revenue from properties commission income is recognised at a point in time and the Group has the right for receipt of payment when the related sale and purchase agreements are signed.

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.

6. REVENUE *(Continued)*

(ii) Performance obligations for contracts with customers *(Continued)*

Revenue from sales of properties

Revenue is recognised at a point in time when the control of the properties are transferred to the customers.

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreements for the sales of properties. Full payment of the remaining consideration is collected prior to the transfer of control of the properties to the customers.

Revenue from hotel accommodation

The Group's revenue contracts with customers consist of hotel accommodation which is recognised as a performance obligation satisfied over time.

The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel.

For hotel accommodation, individual customers are billed as incurred. The normal credit term for travel agents is 60 days upon rendering of services.

Revenue from hotel management service

Revenue from hotel management service is recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

The Group receives payment of hotel management fee every quarter according to contract terms.

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

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

7. NET FAIR VALUE GAIN (LOSS) ON FINANCIAL INSTRUMENTS

	2022 ***HK$'000***	2021 *HK$'000*
Net increase (decrease) in fair values of financial assets at FVTPL:		
– held at the end of the reporting period	**11,233**	(54,691)
– disposed of/partial redeemed during the year	**980**	7,159
	12,213	(47,532)

8. OTHER INCOME, GAINS AND LOSSES

	2022 *HK$'000*	2021 *HK$'000*
Other income:		
Bank interest income	**304**	367
Consultancy fee income	**–**	1,907
Interest income on amounts due from joint ventures (Note 42(i))	**18,916**	23,803
Others	**5,004**	1,848
	24,224	27,925
Other gains and losses:		
Gain on repurchase of loan notes (Note 29)	**391**	5,557
Loss on tax indemnity asset written off (Note 21(a))	**(5,771)**	(24,560)
Net foreign exchange (loss) gain	**(4,045)**	16,275
Reversal of provision of furniture, fixture and equipment reserve	**–**	16,359
Decrease in fair value of an amount due from a joint venture (note)	**(32,118)**	(142,020)
	(41,543)	(128,389)
	(17,319)	(100,464)

Note: During the year ended 31 March 2022, a decrease in fair value of HK$32,118,000 (2021: HK$142,020,000) has been recognised on an amount due from a joint venture and the fair value of such amount has been measured with reference to a quoted price of the underlying asset held by the joint venture in a market that is not active.

9. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Effective interest on loan notes (Note 29)	**37,630**	77,284
Interest on bank borrowings	**25,832**	36,404
Interest on lease liabilities	**404**	413
Total borrowing costs	**63,866**	114,101
Less: amounts capitalised in qualifying assets	**(3,938)**	(10,356)
	59,928	103,745

10. TAXATION

	2022	2021
	HK$'000	*HK$'000*
Hong Kong Profits Tax:		
Current tax	**28,739**	3,528
Overprovision in prior years	**(588)**	(31,744)
	28,151	(28,216)
Canadian Corporate Tax:		
Current tax	**140**	–
Underprovision in prior years	**13**	–
	153	–
PRC Enterprise Income Tax:		
Overprovision in prior years	**(19,855)**	–
	8,449	(28,216)

Hong Kong Profits Tax of the qualified entity of the Group was calculated in accordance with the two-tiered profits tax rates regime (i.e. the first HK$2 million of profits of a qualifying group entity to be taxed at 8.25%, and profits above HK$2 million to be taxed at 16.5%), while the profits of group entities not qualifying for the two-tiered profits tax rates regime continued to be taxed at a flat rate of 16.5%.

Taxation arising in other jurisdictions was calculated at the rates prevailing in the relevant jurisdictions.

During the year ended 31 March 2021, reversal of HK$31,724,000 was recognised as the relevant accounting tax provision was made in prior years that is beyond the statutory time bar period.

10. TAXATION *(Continued)*

The tax charge for the year can be reconciled to the profit (loss) before taxation per the consolidated statement of profit or loss as follows:

	2022	2021
	HK$'000	*HK$'000*
Profit (loss) before taxation	**541,639**	(692,246)
Tax at the Hong Kong Profits Tax rate at 16.5%	**89,370**	(114,221)
Tax effect of share of results of joint ventures and associates	**(145,164)**	36,603
Tax effect of expenses not deductible for tax purpose	**62,206**	81,459
Tax effect of income not taxable for tax purpose	**(9,906)**	(39,838)
Overprovision in prior years	**(20,430)**	(31,744)
Tax effect of tax losses not recognised	**38,490**	46,937
Utilisation of tax losses previously not recognised	**(4,061)**	(5,150)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,891)**	(2,097)
Income tax at concessionary rate	**(165)**	(165)
Tax charge (credit) for the year	**8,449**	(28,216)

Details of deferred taxation are set out in Note 31.

For the year ended 31 March 2022

11. PROFIT (LOSS) FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditors' remuneration		
– current year	**5,215**	5,557
– overprovision in previous years	**(6)**	(316)
	5,209	5,241
Directors' emoluments (Note 12(a))	**50,037**	15,208
Other staff costs:		
Salaries and other benefits (note)	**62,413**	60,620
Equity-settled share-based payment expense	**650**	3
Retirement benefits scheme contributions	**3,712**	2,987
Total staff costs	**116,812**	78,818
Gross rental income	**(12,326)**	(13,231)
Less: direct operating expenses that generated rental income during the year	**3,320**	3,433
	(9,006)	(9,798)
Cost of inventories recognised as an expense	**265,406**	172,626
Depreciation of property, plant and equipment	**28,818**	33,165
Loss (gain) on disposal of property, plant and equipment	**146**	(110)

Note: During the year ended 31 March 2022, none government grants (2021: HK$6,114,000) under the Employment Support Scheme launched by the Government of Hong Kong was received and offset against the related staff costs.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable to each of the eleven (2021: ten) Directors including chief executive for their services rendered for the Group are as follows:

		Other emoluments			
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Equity-settled share-based payment expense *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total emoluments *HK$'000*
2022					
Executive Directors					
Cheung Hon Kit	10	18,480	188	–	18,678
Dr. Chan (note vi)	3	8,679	–	–	8,682
Chan Yiu Lun, Alan	10	6,140	72	18	6,240
Lam Sau Fung	10	3,780	87	18	3,895
Chau Mei Wah (note vii)	3	854	–	–	857
Cheung Chi Kit (note ii)	8	6,028	56	94	6,186
Wong Lai Shun, Benny (note viii)	8	4,385	37	85	4,515
Non-executive Director					
Chan Fut Yan (note i)	4	–	–	–	4
Independent Non-executive Directors					
Shek Lai Him, Abraham	300	–	36	–	336
Chan Pak Cheong Afonso	300	–	22	–	322
Ip Hon Wah	300	–	22	–	322
	956	48,346	520	215	50,037

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

		Other emoluments			
	Fees *HK$'000*	Salaries and other benefits *HK$'000*	Equity-settled share-based payment expense *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total emoluments *HK$'000*
2021					
Executive Directors					
Cheung Hon Kit	10	3,480	2	–	3,492
Cheung Chi Kit (note ii)	10	2,320	1	116	2,447
Chan Yiu Lun, Alan	10	2,640	1	18	2,669
Wong Lai Shun, Benny	10	2,280	–	114	2,404
Lam Sau Fung (note iii)	2	380	–	3	385
Non-executive Director					
Chan Fut Yan (note i)	10	2,700	1	270	2,981
Independent Non-executive Directors					
Shek Lai Him, Abraham	300	–	–	–	300
Chan Pak Cheong Afonso	300	–	–	–	300
Kwok Ka Lap, Alva (note v)	180	–	–	–	180
Ip Hon Wah (note iv)	50	–	–	–	50
	882	13,800	5	521	15,208

Notes:

(i) Mr. Chan Fut Yan retired as an executive Director and the Managing Director and was re-designated as a non-executive Director, all with effect from 1 February 2021. He then retired as a non-executive Director on 10 September 2021. Before his retirement as the Managing Director, he was considered as the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(ii) Mr. Cheung Chi Kit was appointed as the Managing Director with effect from 1 February 2021 and resigned as an executive Director and the Managing Director with effect from 1 January 2022. During his tenure as the Managing Director, he was considered as the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(iii) Ms. Lam Sau Fung was appointed as an executive Director with effect from 1 February 2021.

(iv) Mr. Ip Hon Wah was appointed as an independent non-executive Director with effect from 1 February 2021.

(v) Mr. Kwok Ka Lap, Alva resigned as an independent non-executive Director with effect from 22 February 2021.

(vi) Dr. Chan was appointed as an executive Director and Joint Vice Chairman of the Company with effect from 29 November 2021. Upon his aforesaid appointment, he is considered as the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(vii) Ms. Chau Mei Wah was appointed an executive Director with effect from 29 November 2021.

(viii) Mr. Wong Lai Shun, Benny resigned as an executive Director with effect from 1 January 2022.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

The executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The emoluments of the non-executive Director and independent non-executive Directors shown above were for their services as directors of the Company.

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during both years.

(b) Employees' emoluments

The employees' emoluments are based on their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions.

All the five individuals with the highest emoluments in the Group were Directors whose emoluments are included in the disclosures in Note 12(a) above.

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DISTRIBUTION

	2022	2021
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
– First interim dividend, paid for the year ended 31 March 2022		
– HK10 cents per share	**96,018**	–
– Second interim dividend, paid for the year ended 31 March 2020		
– HK5 cents per share	**–**	47,870
	96,018	47,870
Dividends in form of:		
– Cash	**96,018**	45,499
– Scrip shares (Note 32(a))	**–**	2,371
	96,018	47,870
Dividend declared in respect of the year:		
– Second interim dividend declared for the year:		
– HK5 cents per share (second interim dividend for the year ended 31 March 2021: nil)	**47,859**	–

Subsequent to the end of the reporting period, the board of directors (the "Board") has resolved to declare a second interim dividend of HK5 cents per share of the Company for the year ended 31 March 2022 in lieu of a final dividend, which will be payable in cash. The second interim dividend has been calculated by reference to the 957,175,410 issued shares outstanding as at the date of this report.

For the year ended 31 March 2022

14. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2022	2021
	HK$'000	*HK$'000*
Earnings (loss):		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**566,164**	(662,160)

	2022	2021
	HK$'000	*HK$'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	**960,175,410**	959,048,110
Effect of dilutive potential ordinary share:		
Share options granted on 28 September 2021	**254,552**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	**960,429,962**	959,048,110

The effect of the exercise of the Company's share options granted on 4 April 2018 (as disclosed in Note 33) was not taken into consideration for computing the diluted earnings (loss) per share for the years ended 31 March 2021 and 2022 as the exercise price of those share options was higher than the average market price for shares.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2020	1,094,366	2,427	7,284	16,717	1,120,794
Exchange adjustments	1,150	229	227	247	1,853
Additions	18,550	787	2,561	1,470	23,368
Disposal of a subsidiary (Note 37(a))	(392,966)	–	–	–	(392,966)
Disposals/written off	–	(25)	(101)	(3,134)	(3,260)
At 31 March 2021	**721,100**	**3,418**	**9,971**	**15,300**	**749,789**
Exchange adjustments	**1,347**	**83**	**95**	**126**	**1,651**
Additions	**3,004**	**11**	**440**	**1,353**	**4,808**
Disposals/written off	**–**	**(98)**	**(964)**	**(709)**	**(1,771)**
At 31 March 2022	**725,451**	**3,414**	**9,542**	**16,070**	**754,477**
DEPRECIATION					
At 1 April 2020	202,634	2,150	5,274	9,862	219,920
Exchange adjustments	514	191	181	198	1,084
Charge for the year	30,061	340	968	1,796	33,165
Eliminated on disposal of a subsidiary (Note 37(a))	(44,930)	–	–	–	(44,930)
Eliminated on disposals/written off	–	(25)	(100)	(2,191)	(2,316)
At 31 March 2021	**188,279**	**2,656**	**6,323**	**9,665**	**206,923**
Exchange adjustments	**1,061**	**54**	**77**	**102**	**1,294**
Charge for the year	**26,122**	**195**	**868**	**1,633**	**28,818**
Eliminated on disposals/written off	**–**	**(98)**	**(803)**	**(457)**	**(1,358)**
At 31 March 2022	**215,462**	**2,807**	**6,465**	**10,943**	**235,677**
CARRYING VALUES					
At 31 March 2022	**509,989**	**607**	**3,077**	**5,127**	**518,800**
At 31 March 2021	532,821	762	3,648	5,635	542,866

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

The above items of property, plant and equipment are depreciated on a straight-line basis, taking into account their residual values, as follows:

Leasehold land and buildings	50 years or the remaining term of the relevant lease, if shorter
Leasehold improvements	3 years or the remaining term of the relevant lease, if shorter
Furniture, fixtures and equipment	3 to 5 years
Motor vehicles	5 years

The Group has pledged leasehold land and buildings with carrying values of HK$499,643,000 (2021: HK$519,194,000) to secure general banking facilities granted to the Group.

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leasehold land and buildings *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
As at 31 March 2022			
Carrying amounts	7,585	139	7,724
As at 31 March 2021			
Carrying amounts	10,653	277	10,930
For the year ended 31 March 2022			
Depreciation charge	6,223	138	6,361
Expense relating to short-term leases	680	–	680
Exchange adjustments	286	–	286
Total cash outflow for leases	7,231	160	7,391
Addition to right-of-use assets	2,869	–	2,869
For the year ended 31 March 2021			
Depreciation charge	5,561	138	5,699
Expense relating to short-term leases	821	–	821
Exchange adjustments	635	–	635
Total cash outflow for leases	7,058	160	7,218
Addition to right-of-use assets	7,692	–	7,692

For both years, the Group leased various offices and equipment for its operations. Lease contracts were entered into for fixed term of 1 year to 5 years. Lease terms were negotiated on an individual basis and contained a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determined the period for which the contract is enforceable.

The Group regularly enters into short-term leases for office premises. As at 31 March 2022, the portfolio of short-term leases was similar to the portfolio of short-term leases to which the short-term lease expense is disclosed above.

In respect of the entire balance of right-of-use assets and the associated lease liabilities, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2020	751,440
Additions	2,596
Decrease in fair value recognised in profit or loss	(77,036)
At 31 March 2021	677,000
Additions	392
Decrease in fair value recognised in profit or loss	(52,392)
At 31 March 2022	625,000

Notes:

(a) The investment properties shown above are located in Hong Kong and held under long leases.

The valuations of investment properties as at 31 March 2022 and 2021 were performed by Asset Appraisal Limited, an independent professional valuer.

(b) At 31 March 2022 and 2021, all of the Group's investment properties had been pledged to secure banking facilities granted to the Group.

(c) A decrease in fair value recognised in profit or loss for the year amounting to HK$52,392,000 (2021: HK$77,036,000) was arisen from the investment properties held at the end of the reporting period.

The Group leases out various commercial properties under operating leases with rentals payable monthly. The leases typically run for an initial period of 2 years.

For the year ended 31 March 2022

16. INVESTMENT PROPERTIES *(Continued)*

The key inputs used in valuing the investment properties as at 31 March 2022 and 2021 are as follows:

Category	Fair value hierarchy	Fair value as at		Valuation techniques	Key unobservable inputs	Range	Relationship of unobservable inputs to fair value
		31.3.2022	31.3.2021				
		HK$'000	*HK$'000*				
Commercial properties In Hong Kong	Level 3	**625,000**	677,000	Direct Comparison Method based on comparable market transactions of similar properties with adjustments to reflect the conditions and locations of the subject properties	Price per square feet taking into account of conditions and locations of the subject properties	HK$11,245 to HK$17,311 (2021: HK$14,845 to HK$19,203)	The higher the adjusted price per square feet, the higher the fair value

In determining the fair value of the relevant properties, there was no change in valuation technique compared to that used in the prior year. The management has determined the appropriate valuation techniques and inputs for fair value measurements and based on 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.

17. EQUITY AND FUND INVESTMENTS

	2022 HK$'000	2021 HK$'000
Listed equity securities in Hong Kong	**40,168**	58,420
Unlisted equity securities in overseas and the PRC	**19,620**	78,364
Unlisted investment funds in overseas	**93,803**	86,567
	153,591	223,351
Analysed as:		
Current	**40,168**	124,314
Non-current	**113,423**	99,037
	153,591	223,351
Classified as:		
FVTOCI	**19,620**	26,290
FVTPL	**133,971**	197,061
	153,591	223,351

The fair values of the listed securities are determined based on the closing prices quoted in active markets in Hong Kong except for the suspended listed securities as disclosed in Note 35(c)(v).

For the year ended 31 March 2022

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

	2022 **HK$'000**	2021 HK$'000
Cost of unlisted investment in joint ventures	**1,271,266**	1,347,131
Share of post-acquisition results and other comprehensive expense, net of dividend	**(820,344)**	(800,093)
	450,922	547,038
Amounts due from joint ventures at amortised cost (note a)	**943,470**	399,540
Less: Allowance for credit loss	**(11,022)**	(11,022)
Less: Share of post-acquisition losses that are in excess of cost of investment	**(2,620)**	(3,513)
	929,828	385,005
Amounts due from joint ventures measured at FVTPL	**240,741**	262,410
Less: share of post-acquisition losses that are in excess of cost of investment	**(219,359)**	(213,340)
	21,382	49,070
	951,210	434,075
Amount due to a joint venture (note b)	**(11,173)**	(11,173)

Notes:

(a) The amounts were non-trade in nature, unsecured, interest-free and repayment on demand, except for an amount of Canadian dollars ("CAD") 28,582,000 (equivalent to HK$179,010,000) (2021: CAD27,477,000 (equivalent to HK$169,230,000)) which carried interest at fixed rate of 15% (2021: 15%) per annum, and would be repayable on 1 March 2024. The Directors are of the view that the Group will not demand for repayment within the next twelve months from the end of the current reporting period. Thus, the amount is classified as non-current.

(b) The amount was non-trade in nature, unsecured, non-interest bearing and repayable on demand.

On 31 March 2022, the Group capitalised the amounts due from joint ventures of HK$1,900,000 (2021: HK$1,200,000) as cost of investment in these joint ventures.

During the year ended 31 March 2022, the Group had capital injection in Bayshore Ventures JV Ltd. ("Bayshore") of CAD4,750,000 (equivalent to HK$29,507,000) which was offset with the loan receivable of CAD4,493,000 (equivalent to HK$27,913,000) and interest receivable of CAD257,000 (equivalent to HK$1,594,000).

All of the Group's joint ventures were accounted for using equity method in these consolidated financial statements.

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

Details of the Group's material joint ventures at the end of the reporting period are set out below:

Name of entity	Place of incorporation/ establishment	Class of shares held	Value of issued and fully paid share capital	Proportion of ownership interest held by the Group		Proportion of voting power held		Principal activity
				2022 %	2021 %	**2022** %	2021 %	
1488 Alberni Development Holdings Limited Partnership ("1488 Alberni LPDH")	Canada	N/A	N/A	**28**	28	**28** (note a)	28 (note a)	Property development
1488 Alberni Investment Limited Partnership ("1488 Alberni LPI")	Canada	N/A	N/A	**28**	28	**28** (note a)	28 (note a)	Property development
Bayshore	British Virgin Islands	Ordinary	CAD125,200,000	**50**	50	**50**	50	Investment holding (note b)
More Cash Limited ("More Cash")	British Virgin Islands	Ordinary	US$100	(note c) (Note 45)	42	(note c) (Note 45)	42	Investment holding
Guangzhou Jiang Nan Properties Ltd. ("Jiang Nan Properties") (note d)	PRC	Registered capital	RMB72,624,000	**75**	N/A	**75**	N/A	Property holding
More Star Limited ("More Star")	British Virgin Islands	Ordinary	US$10	**40**	40	**40**	40	Investment holding (note e)

Notes:

(a) The Group is able to exercise joint control over the relevant activities of 1488 Alberni LPDH and 1488 Alberni LPI, limited partnerships incorporated in British Columbia, Canada, as the major decisions regarding the relevant activities of 1488 Alberni LPDH and 1488 Alberni LPI require unanimous consent of their respective shareholders according to the shareholders' agreements.

(b) The principal activities of its subsidiaries are holding of a hotel property and hotel operation in Vancouver, Canada.

(c) During the year ended 31 March 2022, the Group acquired an additional 18% equity interests in More Cash at a consideration of HK$110,000,000 (the "Acquisition"). The consideration was settled by cash. Upon completion of the Acquisition, the Group held 60% shareholding of More Cash and it became a non-wholly owned subsidiary of the Company.

More Cash is an investment holding company which holds 75% equity interests in Jiang Nan Properties.

Consideration transferred

	HK$'000
Cash consideration	110,000
Fair value of existing 42% equity interests held by the Group	231,662
	341,662

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

Notes: *(Continued)*

(c) *(Continued)*

Assets and liabilities recognised at the date of acquisition

	HK$'000
Interest in a joint venture	161,039
Amount due from a joint venture	476,694
Bank balances	3
Trade and other payables	(300)
Amounts due to shareholders	(68,000)
Net identifiable assets acquired	569,436
Less: non-controlling interests	(227,774)
	341,662

Net cash outflows arising on the Acquisition

	HK$'000
Consideration paid in cash	110,000
Less: bank balances acquired	(3)
	109,997

(d) Jiang Nan Properties is held by More Cash, which was a 42% owned joint venture of the Group as at 31 March 2021 and became a non-wholly owned subsidiary of the Company during the year ended 31 March 2022. The principal activity of Jiang Nan Properties is holding of investment properties in Guangzhou City, the PRC. According to the shareholder agreement of Jiang Nan Properties dated on 11 April 2012, the board of directors of Jiang Nan Properties comprises of four directors. Two of them were appointed by the wholly-owned subsidiary of More Cash and the other two were appointed by another joint venture partner and the major decisions regarding the relevant activities were decided in the board of directors meeting by simple majority of voting. Therefore, More Cash has no control over Jiang Nan Properties but has joint control over Jiang Nan Properties.

The major non-current assets of Jiang Nan Properties represent investment properties in the PRC amounting to RMB1,020,000,000 (equivalent to HK$1,257,707,000) (2021: RMB1,159,000,000 (equivalent to HK$1,371,598,000)) as at 31 March 2022. The following table shows the valuation techniques and inputs used in the determination of fair values for investment properties of Jiang Nan Properties as well as fair value hierarchy in which the fair value measurement catergorised (Levels 1 to 3) based on the degree to which significant inputs used in the fair value measurements is observable.

Category	Fair value hierarchy	Fair value as at 31.3.2022 *HK$'000*	Fair value as at 31.3.2021 *HK$'000*	Valuation techniques	Key unobservable inputs	Range	Relationship of unobservable inputs to fair value
Commercial properties in the PRC	Level 3	**1,257,707**	1,371,598	Direct Comparison Method based on comparable market transactions of similar properties with adjustments to reflect the conditions and locations of the subject properties	Price per square meter taking into account of conditions and locations of subject properties	Retail portion: RMB15,625 to RMB48,900 (2021: RMB17,485 to RMB54,720) Office portion: RMB19,969 to RMB20,190 (2021: RMB20,160 to RMB20,261) Hotel portion: RMB16,892 to RMB16,909 (2021: RMB21,140 to RMB21,161)	The higher the adjusted price per square meter, the higher the fair value

(e) The principal activities of its subsidiaries are holding of a hotel property and hotel operation in Hong Kong.

The hotel was subsequently disposed of after the end of the reporting period. Details of the transaction are set out in Note 46.

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

The financial year end date for Bayshore is 31 December. For the purpose of applying the equity method of accounting, the consolidated financial statements of Bayshore for the year ended 31 December 2021 (2021: 31 December 2020) have been used. Appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2022.

The above table lists the joint ventures of the Group which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. Disclosing the details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

The financial information in respect of each of the Group's material joint ventures is summarised as below. The summarised financial information below represents the amount shown in the joint ventures' financial statements prepared in accordance with HKFRSs.

	2022					2021					
	1488 Alberni LPDH	1488 Alberni LPI	Bayshore	Jiang Nan Properties	Total	1488 Alberni LPDH	1488 Alberni LPI	Bayshore	More Cash	More Star	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current assets	1,581,136	83,218	112,289	29,419	1,806,062	1,440,889	75,836	67,899	476,697	25,389	2,086,710
Non-current assets	–	–	1,635,916	1,257,707	2,893,623	–	–	1,535,652	168,318	851,812	2,555,782
Current liabilities	(511,975)	(27,061)	(73,338)	(556,028)	(1,168,402)	(504,131)	(26,646)	(55,384)	(68,298)	(38,895)	(693,354)
Non-current liabilities	(1,077,943)	(56,734)	(1,126,472)	(592,559)	(2,853,708)	(948,571)	(49,925)	(1,106,061)	–	(797,793)	(2,902,350)
The above amounts of assets and liabilities include the following:											
Cash and cash equivalents	33,503	1,763	101,125	7,139	143,530	32,657	1,719	37,310	3	22,442	94,131
Current financial liabilities (excluding trade and other payables and provisions)	(511,190)	(26,905)	–	(518,070)	(1,056,165)	(502,701)	(26,458)	–	–	–	(529,159)
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,077,943)	(56,734)	(1,126,472)	(384,655)	(2,645,804)	(948,571)	(49,925)	(1,106,061)	–	(771,960)	(2,876,517)

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

	2022					2021					
	1488 Alberni LPDH	1488 Alberni LPI	Bayshore	Jiang Nan Properties	Total	1488 Alberni LPDH	1488 Alberni LPI	Bayshore	More Cash	More Star	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**9,791**	**515**	**162,721**	**67,744**	**240,771**	10,179	536	100,440	–	16,285	127,440
(Loss) profit for the year	**(3,007)**	**(158)**	**39,004**	**(97,428)**	**(61,589)**	(620)	(141)	(170,392)	(63,920)	(35,060)	(270,133)
Other comprehensive (expense) income for the year	**(2,810)**	**(150)**	**(4,248)**	**21,248**	**14,040**	(18,380)	(973)	(15,508)	26,314	–	(8,547)
Total comprehensive (expense) income for the year	**(5,817)**	**(308)**	**34,756**	**(76,180)**	**(47,549)**	(19,000)	(1,114)	(185,900)	(37,606)	(35,060)	(278,680)
Dividends received from a joint venture during the year	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–
The above (loss) profit for the year include the following:											
Depreciation and amortisation	**–**	**–**	**(36,578)**	**–**	**(36,578)**	–	–	(45,188)	–	(23,318)	(68,506)
Interest income	**–**	**–**	**154**	**–**	**154**	–	–	546	–	364	910
Interest expenses	**–**	**–**	**(38,006)**	**(28,088)**	**(66,094)**	–	–	(46,434)	–	(15,453)	(61,887)
Income tax (expense) credit (Note)	**–**	**–**	**(66)**	**74,720**	**74,654**	–	–	40	–	30	70

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

The reconciliation of the above summarised financial information to the carrying amount of the interests in the material joint ventures recognised in the consolidated financial statements is as below:

	2022					2021					
	1488 Alberni LPDH	**1488 Alberni LPI**	**Bayshore**	**Jiang Nan Properties**	**Total**	1488 Alberni LPDH	1488 Alberni LPI	Bayshore	More Cash	More Star	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net (liabilities) assets of the joint ventures attributable to the owners of the joint ventures	**(8,782)**	**(577)**	**548,395**	**138,539**	**677,575**	(11,813)	(735)	442,106	576,717	40,513	1,046,788
Proportion of the Group's ownership interests in the joint ventures	**28%**	**28%**	**50%**	**75%**	**N/A**	28%	28%	50%	42%	40%	N/A
Net (liabilities) assets of interests in joint ventures attributable to the Group	**(2,459)**	**(161)**	**274,197**	**103,904**	**375,481**	(3,307)	(206)	221,053	242,221	16,205	475,966
Loss allocated in excess of investment costs	**2,459**	**161**	**–**	**–**	**2,620**	3,307	206	–	–	–	3,513
Carrying amount of the Group's interests in the joint ventures	**–**	**–**	**274,197**	**103,904**	**378,101**	–	–	221,053	242,221	16,205	479,479

Note: During the year ended 31 March 2022, according to deed of undertaking signed between the wholly-owned subsidiary of More Cash and another joint venture partner (who was the owner of Jiang Nan Properties before the Group's acquisition of interest in Jiang Nan Properties), income tax expenses of Jiang Nan Properties of RMB54,888,000 (equivalent to HK$67,679,000) in relation to under provision before the year ended 31 March 2018, which is before the Group's acquisition of any interest in Jiang Nan Properties was borne by that joint venture partner. Therefore, the related income tax expenses was not shared by the Group under equity method.

Aggregate information of joint ventures that are not individually material:

	2022	2021
	HK$'000	*HK$'000*
The Group's share of profit (loss)	**12,577**	(75,285)
The Group's share of other comprehensive expense	**(3,883)**	(3,647)
The Group's share of total comprehensive income (expense)	**8,694**	(78,932)
Aggregate carrying amount of the Group's interests in these joint ventures	**72,821**	67,559

19. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE

	2022	2021
	HK$'000	*HK$'000*
Cost of investment in associates, unlisted	**936,577**	899,705
Share of post-acquisition results and other comprehensive income, net of dividend or other return	**989,719**	462,526
	1,926,296	1,362,231
Amount due from an associate (note a)	**103**	44,686
Amount due to an associate (note b)	**(602,848)**	(7,045)

Notes:

(a) The amount was non-trade in nature, unsecured, non-interest bearing and had no fixed repayment date. The management did not expect to receive the amount within twelve months from the end of the reporting period.

(b) The amount was unsecured, non-interest bearing and repayable within one year from the end of the reporting period. During the year ended 31 March 2022, the amount due to an associate of HK$397,500,000 (2021: HK$274,485,000) had been offset with the dividend distributed by an associate.

19. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE *(Continued)*

All of these associates were accounted for using the equity method in these consolidated financial statements. Details of the Group's material associates at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ establishment	Class of shares/ capital held	Nominal value of issued and fully paid share capital	Proportion of ownership interest held by the Group		Proportion of voting power held		Principal activity
				2022	2021	**2022**	2021	
				%	%	%	%	
Orient Town Limited ("Orient Town")	Hong Kong	Ordinary	HK$700	**45**	45	**45**	45	Investment holding (note a)
Empresa de Fomento Industrial e Commercial Concórdia, S.A. ("Concordia")	Macau	Quota capital (note b)	Macau Patacas 100,000,000	**8.7** (note c)	8.7 (note c)	**8.7** (note c)	8.7 (note c)	Property development
Premier Maker Limited ("Premier Maker")	British Virgin Islands	Ordinary	US$100	**49**	N/A	**49**	N/A	Investment holding (note d)
Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing")	PRC	Registered capital	US$86,000,000	**20**	20	**20**	20	Property holding in Beijing
True Fame Enterprises Limited ("True Fame")	British Virgin Islands	Ordinary	US$1,000	**20**	N/A	**20**	N/A	Investment holding (note e)
Wealth Explorer Holdings Limited ("Wealth Explorer")	British Virgin Islands	Ordinary	US$1,000	**40**	40	**40**	40	Investment holding (note e)

Notes:

(a) The principal activities of its subsidiaries are mainly property development and property management in Macau.

(b) Quota capital represents the Portuguese equivalence of registered capital as Portuguese is the official language of Macau.

(c) As at 31 March 2022 and 2021, Orient Town held 59.5% effective interests in Concordia and a wholly-owned subsidiary of the Company held 8.7% direct interests in Concordia, thereby leading to the Group holding an effective equity interest of 35.5% in Concordia.

(d) The principal activity of its subsidiary is holding 50% interests in a sino-foreign cooperative joint venture, which holds of a hotel in Shanghai, the PRC. As at 31 March 2021, the Group's 19% interests in Premier Maker was accounted for as a financial asset at FVTPL and included in the "Unlisted equity securities in overseas and the PRC" disclosed in Note 17. During the year ended 31 March 2022, the Group acquired an additional 30% equity interests in Premier Maker at a consideration of HK$95,000,000. Upon completion of the acquisition, the Group held 49% shareholding of Premier Maker which became an associate of the Group. The consideration was settled by other loan receivables of HK$56,509,000, interest receivables of HK$13,491,000 and cash of HK$25,000,000.

(e) During the year ended 31 March 2022, a subsidiary of the Company and other shareholders of Wealth Explorer set up True Fame and Wealth Explorer disposed of the entire equity interest in Luck Champion International Limited ("Luck Champion"), which owns a wholly-owned subsidiary holding a property development project in Hong Kong, to True Fame (the "Restructuring"). After the Restructuring, the Group's effective interests in Luck Champion decreased from 40% to 20% as the Group disposed of 20% effective interests in Luck Champion to other shareholders of Wealth Explorer at a cash consideration of HK$274,348,000, resulting in gain on partial disposal of interest in an associate of HK$70,000,000.

For the year ended 31 March 2022

19. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE *(Continued)*

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results for the year or form a substantial portion of the net assets of the Group. Disclosing the details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents the amount shown in the associates' financial statements prepared in accordance with HKFRSs.

	2022						2021				
	Orient Town *HK$'000*	Concordia *HK$'000*	Premier Maker *HK$'000*	Rosedale Beijing *HK$'000*	True Fame *HK$'000*	Total *HK$'000*	Orient Town *HK$'000*	Concordia *HK$'000*	Rosedale Beijing *HK$'000*	Wealth Explorer *HK$'000*	Total *HK$'000*
Current assets	8,884,504	6,834,596	14	283,014	2,231,937	18,234,065	8,318,043	7,958,972	280,134	1,986,068	18,543,217
Non-current assets	444,043	441,748	233,178	907,915	–	2,026,884	660,782	644,412	936,999	–	2,242,193
Current liabilities	(1,837,077)	(1,853,512)	(118)	(233,018)	(1,165,357)	(5,089,082)	(5,769,479)	(6,004,088)	(191,369)	(1,076,034)	(13,040,970)
Non-current liabilities	(3,805,826)	(3,805,827)	–	–	–	(7,611,653)	(1,378,474)	(1,378,234)	–	–	(2,756,708)
Revenue	6,398,029	6,398,029	–	87	–	12,796,145	210,841	210,841	5	–	421,687
Profit (loss) for the year	2,809,771	2,895,943	(78,229)	(75,841)	(165)	5,551,479	(16,462)	27,073	(53,259)	(268)	(42,916)
Other comprehensive income for the year	–	–	1,651	7,985	–	9,636	–	–	16,980	–	16,980
Total comprehensive income (expense) for the year	2,809,771	2,895,943	(76,578)	(67,856)	(165)	5,561,115	(16,462)	27,073	(36,279)	(268)	(25,936)
Dividends received from associates during the year	180,000	217,500	–	–	–	397,500	211,410	63,075	–	–	274,485

19. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE *(Continued)*

The reconciliation of the above summarised financial information to the carrying amount of the interests in the material associates recognised in the consolidated financial statements is as below:

	2022						2021				
	Orient Town	Concordia	Premier Maker	Rosedale Beijing	True Fame	Total	Orient Town	Concordia	Rosedale Beijing	Wealth Explorer	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net assets of the associates attributable to the owners of the associates	**2,565,173**	**1,617,005**	**233,074**	**957,911**	**1,066,580**	**6,439,743**	1,302,339	1,221,062	1,025,764	910,034	4,459,199
Proportion of the Group's direct ownership interests in the associates	**45%**	**8.7%**	**49%**	**20%**	**20%**	**N/A**	45%	8.7%	20%	40%	N/A
Net assets of interests in associates attributable to the Group	**1,154,328**	**140,679**	**114,206**	**191,582**	**213,316**	**1,814,111**	586,053	106,232	205,153	364,014	1,261,452
Goodwill	**–**	**127,945**	**2,103**	**–**	**–**	**130,048**	–	127,945	–	–	127,945
Capitalisation of imputed interest of non-interest bearing loans (note)	**(19,019)**	**–**	**–**	**–**	**–**	**(19,019)**	(29,012)	–	–	–	(29,012)
Other adjustments	**–**	**(1,208)**	**–**	**–**	**–**	**(1,208)**	–	(1,208)	–	–	(1,208)
Carrying amount of the Group's interests in the associates	**1,135,309**	**267,416**	**116,309**	**191,582**	**213,316**	**1,923,932**	557,041	232,969	205,153	364,014	1,359,177

Note: On initial recognition, the fair value adjustment of the non-interest bearing loans was treated as a capital contribution to Orient Town and recognised as part of the investment cost. Subsequent to the initial recognition, the imputed interest expense of Orient Town was capitalised in its properties under development.

Aggregate information of associates that are not individually material:

	2022	2021
	HK$'000	*HK$'000*
The Group's share of loss	**(20)**	–
The Group's share of other comprehensive expense	**(364)**	–
The Group's share of total comprehensive expense	**(384)**	–
Aggregate carrying amount of the Group's interests in these associates	**2,364**	3,054

19. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE *(Continued)*

In June 2017, Precious Year Limited, a wholly-owned subsidiary of the Company, entered into an agreement for acquiring 45.76% interests in Paul Y. Engineering Group Limited ("PYE") from The 13 (BVI) Limited, a wholly-owned subsidiary of South Shore Holding Limited (In Liquidation) ("South Shore"), a company listed on the Stock Exchange, at a consideration of HK$265,200,000 (the "Acquisition Agreement"). As at 31 March 2022, the Group had paid the deposits of HK$159,000,000 for the aforesaid acquisition (the "Deposits") and the transaction has not been completed pending fulfilments of certain conditions pursuant to the Acquisition Agreement.

During the year ended 31 March 2022, a creditor of an intermediate holding company of PYE exercised its right under a share charge over the immediate holding company of PYE (i.e. The 13 (BVI) Limited). As a result, PYE is no longer a subsidiary of South Shore and the Group has issued written notices to South Shore's legal representatives and The 13 (BVI) Limited respectively to rescind the Acquisition Agreement and to claim against them for the refund of the Deposits together with a sum of HK$32,000,000 as and for agreed liquidated damages.

During the year ended 31 March 2022, the Company considered the following incidents as disclosed by South Shore from 1 April 2021 to 31 March 2022:

(i) there was a change in the beneficial ownership in PYE due to actions taken by a creditor of South Shore;

(ii) on 23 July 2021, South Shore was ordered to be wound up by the Supreme Court of Bermuda in accordance with section 161 of the Company Act 1981 and provisional liquidators were appointed;

(iii) Hotel Nova Concórdia, Limitada (English name: New Concordia Hotel Limited, Chinese name: 新聯生酒店有限公司), which is an indirect wholly-owned subsidiary of South Shore and the owner of THE 13 Hotel in Macau (being the sole significant asset of South Shore and its subsidiaries), had itself applied to the court of Macau for voluntary liquidation;

(iv) on 11 March 2022, the Supreme Court of Bermuda ordered that the joint and several liquidators be appointed and that a committee of inspection be formed under section 181(2) of the Bermuda Companies Act 1981; and

(v) the shares of South Shore have been suspended from trading on the Stock Exchange since 2 July 2021.

In view of the above-mentioned negative facts and circumstances, a loss of HK$159,000,000 was recognised in respect of the Deposits during the year ended 31 March 2022.

20. OTHER LOAN RECEIVABLES

	2022 HK$'000	2021 HK$'000
Unsecured fixed-rate loan receivables	**405,084**	501,500
Unsecured variable-rate loan receivables	**68,248**	73,479
Secured variable-rate loan receivables	**43,354**	70,307
	516,686	645,286
Less: Allowance for credit loss	**(350,174)**	(367,943)
	166,512	277,343
Analysed as:		
Current	**166,512**	207,063
Non-current	**–**	70,280
	166,512	277,343

A maturity profile of the loan receivables as at 31 March 2022 and 2021, based on the maturity date is as follows:

	2022 HK$'000	2021 HK$'000
On demand and due within 1 year	**166,512**	207,063
2 to 5 years	**–**	70,280
	166,512	277,343

These loan receivables are accounted for as financial assets carried at amortised cost. The Directors perform ongoing evaluation of loss rates in assessing the ECL, including the repayment history, financial conditions, current creditworthiness and underlying collaterals, if any, of each borrower and forward-looking information.

20. OTHER LOAN RECEIVABLES *(Continued)*

At 31 March 2022 and 2021, the carrying amount of Group's fixed-rate loan receivables was nil, net of credit loss allowance for ECL of HK$320,000,000 represented unsecured and unlisted loan notes issued by a company incorporated in Bermuda with limited liability with its shares listed on the Stock Exchange prior to the delisting and carried interest at the fixed rate of 9.5% per annum and were due to be repaid on 27 November 2019. Such company was ordered to be wound up by the High Court of Hong Kong in June 2020 and its shares were delisted from the Stock Exchange with effect from 8 February 2021. At 31 March 2022, the other fixed-rate loan receivables of HK$64,169,000 (2021: HK$135,425,000), net of credit loss allowance for ECL of HK$20,915,000 (2021: HK$46,075,000) were unsecured, carried interest at fixed rates ranging from of 7% to 12% per annum (2021: fixed rates ranging from of 7% to 12% per annum) and were repayable on demand.

At 31 March 2022, the Group's secured variable-rate loan receivables represented drawn loan facility of CAD6,920,000 (equivalent to HK$43,339,000) (2021: CAD11,393,000 (equivalent to HK$70,280,000)), net of credit loss allowance for ECL of CAD2,000 (equivalent to HK$15,000) (2021: CAD5,000 (equivalent to HK$27,000)), granted to Caufield Investments Limited, a shareholder of Bayshore. The loan receivables were secured by 16.67% (2021: 16.67%) equity interests in Bayshore, carried interest at CAD Prime Rate plus 1.25% per annum (2021: CAD Prime Rate plus 1.25% per annum) and were repayable on 31 May 2022. The unsecured variable-rate loan receivables of HK$59,004,000 (2021: HK$71,638,000), net of credit loss allowance for ECL of HK$9,244,000 (2021: HK$1,841,000), were unsecured, carried interest at variable rates ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 2% per annum (2021: variable rates ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 2%) and were repayable on demand. At 31 March 2022, the effective interest rate of the variable-rate loan receivables was 6.62% per annum (2021: 6.74% per annum).

As determined by the management of the Group, a reversal of impairment loss HK$17,769,000 (2021: additional impairment allowance of HK$104,864,000) under ECL model for other loan receivables was recognised during the year ended 31 March 2022. Details of ECL assessment of other loan receivables were set out in Note 35(b).

Before granting any new loans, the Directors will assess the potential borrower's credit quality and define credit limits of the borrower. The Directors perform ongoing evaluation of collectability in assessing the ultimate realisation of other loan receivables.

21. OTHER NON-CURRENT ASSETS

	2022 HK$'000	2021 HK$'000
Tax indemnity asset (note a)	**66,744**	66,744
Deposits paid (note b)	**39,166**	39,166
Interest receivables	**–**	473
Others	**6,024**	6,129
	111,934	112,512

Notes:

(a) Prior to the Group's acquisition of Makerston Limited ("Makerston") from Rosedale Hotel Group Limited ("RHGL") in 2014, DS Eastin Limited ("DS Eastin"), a subsidiary of Makerston, completed a deemed disposal of 80% equity interests in Rosedale Beijing. As such, there was a potential tax liability for the capital gain on the deemed disposal of Rosedale Beijing to be borne by DS Eastin or Rosedale Beijing. Accordingly, a tax provision amounting to HK$66,744,000 was recognised.

Pursuant to the sale and purchase agreement, RHGL undertook to Silver Infinite Limited ("Silver Infinite"), a wholly-owned subsidiary of the Company, Makerston and DS Eastin (collectively known as the "Makerston Group") and Rosedale Beijing that RHGL will fully indemnify Silver Infinite, the Makerston Group and Rosedale Beijing against any taxation under the PRC Enterprise Income Tax Law arising from the deemed disposal, when the same is payable by the Makerston Group and/or Rosedale Beijing, and all demands, claims, proceedings, actions, liabilities, costs and expenses. Accordingly, a tax indemnity asset of HK$66,744,000 was recognised upon the completion of the acquisition of Makerston.

On 23 November 2018, the Group completed the acquisition of 42% interests in More Cash which holds 75% equity interests in the sino-foreign cooperative joint venture (the "PRC JV"). The PRC JV is the owner of portions of a composite complex known as "Dabiao International Centre" situated in Haizhu District, Guangzhou City, the PRC. Pursuant to the sale and purchase agreement, the vendor undertook to the Group that the vendor would fully indemnify the Group against any taxation under the PRC Enterprise Income Tax Law arising from the disposal, when the same was payable by the Group, and all demands, claims, proceedings, actions, liabilities, costs and expenses. Accordingly, a tax indemnity asset of HK$24,560,000 was recognised upon the completion of the acquisition of More Cash. The whole amount of tax indemnity asset was fully impaired during the year ended 31 March 2021 as the vendor was adjudged bankrupt by the High Court of Hong Kong in August 2020.

On 9 June 2021, the Group completed the acquisition of 30% interests in Premier Maker which is holding of a hotel in Shanghai, the PRC, through a 50% equity interests in the sino-foreign cooperative joint venture. Pursuant to the sale and purchase agreement, the vendor undertook to the Group that the vendor would fully indemnify the Group against any taxation under the PRC Enterprise Income Tax Law arising from the disposal, when the same was payable by the Group, and all demands, claims, proceedings, actions, liabilities, costs and expenses. Accordingly, a tax indemnity asset of HK$5,771,000 was recognised upon the completion of the acquisition of Premier Maker. The whole amount of tax indemnity asset was fully impaired during the year ended 31 March 2022 as the credit risk of the vendor has been classified as credit-impaired and the management of the Group considered the recoverability is remote.

(b) The amount mainly represented a deposit of HK$39,166,000 (2021: HK$39,166,000) paid to an independent third party for setting up a joint venture in Vietnam which was proposed to hold and develop a parcel of land in Vietnam.

22. DEPOSITS PAID FOR ACQUISITION OF LEASEHOLD LAND

The amount represented deposits paid for acquisition of leasehold land for a property development project situated in the PRC. The Directors intend to hold the leasehold land for development of properties held for sale in the ordinary course of business.

23. STOCK OF PROPERTIES

	2022 *HK$'000*	2021 *HK$'000*
Properties under development for sale	**755,702**	792,493
Completed properties held for sale	**254,017**	526,010
	1,009,719	1,318,503

At 31 March 2022, stock of properties included an amount of approximately HK$755,702,000 (2021: HK$792,493,000) which is expected to be realised after more than twelve months from the end of the reporting period.

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2022 *HK$'000*	2021 *HK$'000*
Trade debtors	**2,260**	3,139
Refundable earnest money (note i)	**25,052**	24,636
Other debtors, deposits and prepayments (note ii)	**105,904**	204,791
	133,216	232,566

Notes:

(i) This represented the amount paid by the Group for the possible acquisition of interests in properties located in Canada.

(ii) The other debtors, deposits and prepayments mainly represented interest receivables generated from other loan receivables, consideration receivable from disposal of a joint venture, deposit paid for acquisition of land for property development and customers' deposits under escrow accounts.

The management of the Group has concluded that certain refundable earnest money for potential acquisition of interests in properties located in the PRC of HK$24,661,000 (2021: HK$23,669,000) was not recoverable and had been fully impaired at the end of the reporting period.

24. DEBTORS, DEPOSITS AND PREPAYMENTS *(Continued)*

The Group's credit terms are negotiated at terms determined and agreed with its trade customers. The Group allows an average credit period of up to 60 days (2021: 60 days) to its trade customers. The following is an aged analysis of trade debtors, net of loss allowance, presented based on the invoice date at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
Trade debtors aged:		
0 – 60 days	**2,260**	3,083
61 – 90 days	**–**	37
Over 90 days	**–**	19
	2,260	3,139

Details of ECL assessment of trade debtors and other debtors and deposits are set out in Note 35(b).

25. BANK BALANCES AND CASH

Bank balances carry interest at market variable rates which range from 0.01% to 1.55% (2021: 0.01% to 1.55%) per annum.

26. DEBT INVESTMENTS

As at 31 March 2021, the amounts mainly represented listed bonds and interest rate linked notes which are accounted for as financial assets at FVTPL as they were managed and their performance evaluated on a fair value basis. Their fair values were determined based on the quoted prices in the market that were not active. All debt investments were disposed of during the year ended 31 March 2022.

27. CREDITORS, DEPOSITS AND ACCRUED CHARGES

	2022	2021
	HK$'000	*HK$'000*
Creditors, deposits and accrued charges	**239,838**	183,844
Contract liabilities (note)	**5,281**	10,026
Accrued coupon interest on loan notes	**–**	29,245
	245,119	223,115

Note: It represents deposits received on sales of properties. The Group receives payments from customers based on payment schedules set out in contracts. The Group receives certain percentage of the agreed transaction price as a deposit when the Group signs a contract with the customers. All such deposits received are recognised as contract liabilities until the Group satisfies its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities are recognised as revenue.

There was no contract liability as at 1 April 2020. The entire contract liabilities at the beginning of the year were recognised as revenue during the year ended 31 March 2022. No revenue recognised during the year ended 31 March 2021 was related to performance obligations that were satisfied in prior years.

27. CREDITORS, DEPOSITS AND ACCRUED CHARGES *(Continued)*

As at 31 March 2022, trade creditor was nil (2021: nil) and other creditors, deposits and accrued charges include advances from non-controlling interests of HK$183,413,000 (2021: HK$129,568,000) which are non-trade in nature, unsecured, interest-free and repayable on demand.

28. LEASE LIABILITIES

	2022	2021
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within one year	**4,888**	5,656
Within a period of more than one year but not more than two years	**2,925**	5,241
	7,813	10,897
Less: Amount due for settlement within 12 months shown under current liabilities	**(4,888)**	(5,656)
Amount due for settlement after 12 months shown under non-current liabilities	**2,925**	5,241

The weighted average incremental borrowing rate applied to lease liabilities is 4.28% (2021: 4.29%) per annum.

29. LOAN NOTES

The movements of the loan notes for the year are set out below:

	2022	2021
	HK$'000	*HK$'000*
At the beginning of the year	**1,322,933**	1,519,836
Effective interest charged (Note 9)	**37,630**	77,284
Coupon interest paid/payable	**(33,405)**	(68,827)
Exchange realignment	**3,443**	3,635
Repurchased	**(21,724)**	(208,995)
Repayment	**(1,308,877)**	–
At the end of the year, classified as current liabilities	**–**	1,322,933

In October 2016, a wholly-owned subsidiary of the Group (the "Issuer") issued guaranteed loan notes (the "Guaranteed Notes") with a nominal value of US$200,000,000 (equivalent to approximately HK$1,508,846,000), which were guaranteed by the Company and listed on the Stock Exchange. The Guaranteed Notes beared coupon interest at 4.75% per annum and matured on 14 October 2021.

Pursuant to the subscription agreement, the Issuer has the right to redeem the Guaranteed Notes in whole but not in part at the sum of (a) the principal amount outstanding on the Guaranteed Notes and (b) the outstanding interests up to the date of redemption.

29. LOAN NOTES *(Continued)*

In addition, at any time the Controlling Shareholders (as defined in the announcement of the Company dated 6 October 2016) (i) cease to hold, directly or indirectly, at least 35% of the voting rights of the issued share capital of the Company; or (ii) cease to be the largest single shareholder of the Company, the holder of the Guaranteed Notes will have the right to require the Issuer to redeem all but not in part of the Guaranteed Notes at 101% of their principal amount, together with accrued interest thereon.

The Guaranteed Notes include the values of the early repayment options at the options of the holder and the Issuer which are closely related to the host instrument. Furthermore, the Issuer, the Company or any of their respective subsidiaries may at any time purchase the Guaranteed Notes in the open market or otherwise and at any price.

During the year ended 31 March 2022, the Group repurchased the Guaranteed Notes with the principal amount of US$2,800,000 (equivalent to a carrying amount of HK$21,724,000) (2021: principal amount of US$27,120,000 (equivalent to a carrying amount of HK$208,995,000)) at cash consideration of HK$21,333,000 (2021: HK$203,438,000), giving rise to a gain on repurchase amounting to HK$391,000 (2021: HK$5,557,000), being the difference between the carrying amounts of the repurchased Guaranteed Notes derecognised and the consideration paid.

The Group repaid the outstanding principal together with the accrued interest thereon upon the maturity date.

30. BANK BORROWINGS

	2022 ***HK$'000***	2021 *HK$'000*
Bank borrowings		
Secured	**1,447,861**	1,356,480
Unsecured	**184**	246
	1,448,045	1,356,726
Carrying amount of bank borrowings repayable:		
Within one year	**–**	82,809
More than one year but not exceeding two years	**99,357**	–
More than two years but not exceeding five years	**508,045**	196,872
Carrying amount of bank borrowings that contain a repayment on demand clause:		
Within one year	**49,345**	153,905
More than one year, but not exceeding two years	**479,841**	132,407
More than two years, but not exceeding five years	**311,457**	790,733
	1,448,045	1,356,726
Less: Amounts due within one year shown under current liabilities	**(840,643)**	(1,159,854)
Amounts shown under non-current liabilities	**607,402**	196,872

30. BANK BORROWINGS *(Continued)*

Bank borrowings comprise	Carrying amount 2022 HK$'000	2021 HK$'000
Variable-rate borrowings:		
Hong Kong Interbank Offered Rate ("HIBOR") plus 1.45% to 2.0% (2021: HIBOR plus 1.25% to 2.25%) per annum for HK$ bank loan	**1,344,743**	1,269,752
LIBOR		
plus 1.5% (2021: LIBOR plus 1.5%) per annum for US$ bank loan	**3,945**	3,919
nil (2021: LIBOR plus 2.25% per annum for GBP bank loan)	**–**	82,809
Sterling Overnight Index Average ("SONIA") plus 2.85% for GBP bank loan	**99,173**	–
	1,447,861	1,356,480

As at 31 March 2022, an amount of HK$184,000 (2021: HK$246,000) bank borrowing is interest-free until 31 December 2023. Subsequently, such bank borrowing carries interest rate at 5% per annum.

Note: The effective interest rate of bank borrowings at the end of the reporting period was 2.07% (2021: 1.84%).

31. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Tax losses recognised HK$'000	Total HK$'000
At 1 April 2020	17,555	(17,555)	–
Charged (credited) to profit or loss	1,432	(1,432)	–
At 31 March 2021	**18,987**	**(18,987)**	**–**
Charged (credited) to profit or loss	**828**	**(828)**	**–**
At 31 March 2022	**19,815**	**(19,815)**	**–**

31. DEFERRED TAXATION *(Continued)*

At 31 March 2022, the Group has unused tax losses of HK$2,712,424,000 (2021: HK$2,969,566,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$120,097,000 (2021: HK$115,078,000) of such losses. No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$2,592,327,000 (2021: HK$2,854,488,000) due to the unpredictability of future profit streams. Included in unused tax losses are tax losses of HK$2,504,638,000 (2021: HK$2,784,669,000) which may be carried forward indefinitely under current tax regulation in Hong Kong and the remaining tax losses of HK$207,786,000 (2021: HK$184,897,000) will expire from 2023 to 2027 (2021: 2022 to 2026).

There was no other material unrecognised deferred taxation for the year or at the end of the reporting period.

32. SHARE CAPITAL

	Number of shares	Amount *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 April 2020, 31 March 2021 and 31 March 2022	40,000,000,000	400,000
Issued and fully paid:		
At 1 April 2020	960,655,004	9,607
Issue as scrip dividend for 2020 second interim dividend (note (a))	2,783,406	28
Shares cancelled (note (b))	(3,263,000)	(33)
At 31 March 2021 and 31 March 2022	960,175,410	9,602

Notes:

(a) During the year ended 31 March 2021, pursuant to the scrip dividend scheme announced by the Company, the Company issued 2,783,406 new ordinary shares of HK$0.01 each in the Company to its shareholders on 28 August 2020, representing approximately HK$2,371,000, who elected to receive scrip dividend in respect of the second interim dividend for the year ended 31 March 2020. These shares ranked pari passu with the then existing shares of the Company in all respects.

(b) During the year ended 31 March 2021, the Company cancelled a total of 3,263,000 ordinary shares, which were repurchased in March 2020 at an aggregate consideration, including direct expenses, of HK$3,038,000.

33. SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme was adopted on 17 August 2012 pursuant to a resolution passed by the shareholders of the Company (the "Shareholders") on the same date, for the primary purpose of providing incentives to eligible persons (the "2012 Share Option Scheme").

Under the 2012 Share Option Scheme, the Directors may grant share options to the following eligible persons to subscribe for shares in the Company:

(i) any employee or proposed employee (whether full-time or part-time) or executives, including executive director, of any member of the Group, the Controlling Shareholders, any entity in which any member of the Group holds any direct or indirect equity interests (the "Invested Entity") and/or their respective subsidiaries; or

(ii) any non-executive director (including independent non-executive directors) of any member of the Group, the Controlling Shareholder or any Invested Entity; or

(iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group or any Invested Entity; or

(iv) any vendor, supplier of goods or services or customer of or to any member of the Group or any Invested Entity.

On 10 September 2021, the new share option scheme of the Company was approved and adopted by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting for the primary purpose of providing incentives to eligible persons (the "New Share Option Scheme"). The New Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 September 2021 to 9 September 2031. Upon the adoption of the New Share Option Scheme, the 2012 Share Option Scheme was terminated and ceased to have any further effect with effect from 10 September 2021 save and except that the 2012 Share Option Scheme remains in force to the extent necessary to give effect to the exercise of the share options granted thereunder prior to the termination thereof. On 4 April 2022, all the outstanding share options granted under the 2012 Share Option Scheme lapsed.

Under the New Share Option Scheme, the Directors may grant share options to the following eligible persons to subscribe for the Shares:

(i) any employee or proposed employee (whether full-time or part-time) or executive, including executive director, of any member of the Group; or

(ii) any non-executive director (including independent non-executive director) of any member of the Group; or

(iii) any consultant, adviser or agent (legal, financial or professional) engaged by any member of the Group, who, under the terms of the relevant engagement with the Group, is eligible to participate in a share option scheme of the Company; or

(iv) any executive, including executive director, of any entity in which any member of the Group, directly or indirectly, holds 30% or more equity interests.

33. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Under the 2012 Share Option Scheme and the New Option Scheme (collectively, the "Share Option Schemes"), share options granted should be accepted within 21 days after the date of grant, upon payment of HK$1 per each grant of the share options. The exercise price shall be determined by the Board and shall be at least the highest of (i) the closing price of the shares on the date of grant of the share options; or (ii) the average closing price of Shares for the five business days immediately preceding the date of grant; or (iii) the nominal value of a share on the date of grant.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised is determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant.

The total number of shares which may be issued upon exercise of all the share options to be granted under the Share Option Schemes and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the adoption date (the "Scheme Limit"). The Scheme Limit may be refreshed by an ordinary resolution of the Shareholders in general meeting provided that the Scheme Limit so refreshed shall not exceed 10% of the total number of shares in issue as at the date of such Shareholders' approval. Furthermore, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding share options granted and yet to be exercised under the Share Option Schemes and any other share option schemes of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The maximum number of shares issued and to be issued upon exercise of the share options granted under the Share Option Schemes and any other share option schemes of the Company (including options exercised, cancelled or outstanding) to each eligible person in any 12-month period shall not exceed 1% of the total number of shares in issue unless approval of the Shareholders is obtained. Any grant of share options to a Director, the chief executive of the Company, a substantial shareholder of the Company, or a Controlling Shareholder or any of their respective associates (as defined in the Listing Rules) is subject to approval by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the share options). In addition, where the Board proposes to grant any share options to a substantial shareholder of the Company or an independent non-executive Director or any of their respective associates, and such share options, if exercised in full, would result in the total number of shares issued and to be issued upon exercise of all the share options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the past 12-month period up to and including the date of grant in excess of 0.1% of the total number of shares in issue on the date of grant and with an aggregate value (based on the closing price of the shares on the date of grant) in excess of HK$5,000,000, such grant of share options is subject to the Shareholders' approval in general meeting.

33. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

On 4 April 2018, the Company granted a total of 27,020,000 share options to the eligible participants to subscribe for the shares of the Company under the 2012 Share Option Scheme, with vesting period ranging from 1 year to 2 years. During the year ended 31 March 2022, the Group recognised the total expense of nil (2021: HK$8,000) in relation to the share options granted by the Company on 4 April 2018.

The fair values of the share options granted to Directors, employees and other participants on 4 April 2018 were HK$2,592,000, HK$1,122,000 and HK$520,000, respectively. The fair values were determined at the grant date on the basis of a valuation carried out by an independent professional valuer using Binomial Model and the following data and assumptions were used to calculate the fair values of the share options as at the grant date:

Closing price of the shares on the date of grant	HK$2.57
Exercise price	HK$2.57
Expected volatility	18.44%
Expected option life	4 years
Risk-free rate	1.743%
Expected dividend yield	8.56%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of the Company.

The value of an option varies with different variables of certain subjective assumptions.

33. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The following table sets out the details of the Company's share options held by Directors, employees and other participants under the 2012 Share Option Scheme, and movements in such holdings during the current and prior years:

					Number of share options under the 2012 Share Option Scheme						
Date of grant	Vesting proportion	Vesting period	Exercise period	Exercise price per share (subject to adjustments) *HK$*	Outstanding at 1.4.2020	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 31.3.2021	Exercised during the year	Cancelled/ lapsed during the year	Outstanding at 31.3.2022
Directors:											
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	8,300,000	–	–	8,150,000 (note)	–	–	5,400,000 (note)
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	8,300,000	–	–	8,150,000 (note)	–	–	5,400,000 (note)
Employees:											
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	3,255,000	–	(260,000)	2,995,000	–	(655,000)	2,340,000
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	3,255,000	–	(260,000)	2,995,000	–	(655,000)	2,340,000
Other participants (note):											
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	1,650,000	–	–	1,800,000 (note)	–	(1,900,000)	2,650,000 (note)
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	1,650,000	–	–	1,800,000 (note)	–	(1,900,000)	2,650,000 (note)
					26,410,000	–	(520,000)	25,890,000	–	(5,110,000)	20,780,000
Exercisable at the end of the year					13,205,000			25,890,000			20,780,000
Weighted average exercise price per share (HK$)					2.57	N/A	2.57	2.57	N/A	2.57	2.57

Note:

The other participants are:

(i) consultants of the Group who held an an aggregate of 1,800,000 outstanding share options under the 2012 Share Option Scheme;

(ii) Ms. Chau Mei Wah who acted as a consultant prior to her appointment as an executive Director and held 1,500,000 outstanding share options under the 2012 Share Option Scheme;

(iii) Mr. Kwok Ka Lap, Alva, a former Director, who as at 1 April 2021 still held 300,000 outstanding share options pursuant to the 2012 Share Option Scheme and such share options eventually lapsed during the year ended 31 March 2022;

(iv) Mr. Chan Fut Yan, a former Director, who still held 3,500,000 outstanding share options after his retirement pursuant to the 2012 Share Option Scheme and such share options eventually lapsed prior to the end of the reporting period;

(v) Mr. Cheung Chi Kit, a former Director, who as at 31 March 2022 still held 2,000,000 outstanding share options pursuant to the 2012 Share Option Scheme; and

(vi) Mr. Wong Lai Shun, Benny, a former Director and currently a consultant (hotel division) of the Group starting from 1 January 2022, who as at 31 March 2022 held 1,500,000 outstanding share options under the 2012 Share Option Scheme.

All the above outstanding share options granted under the 2012 Share Option Scheme lapsed on 4 April 2022.

33. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

On 28 September 2021, the Company granted a total of 16,660,000 share options to the eligible participants to subscribe for the shares of the Company under the New Share Option Scheme with vesting period ranging from 0.5 year to 2 years. A total of 16,320,000 share options were duly accepted by the grantees. During the year ended 31 March 2022, the Group recognised the total expense of HK$1,170,000 in relation to the share options granted by the Company on 28 September 2021.

The fair values of the share options granted to Directors, employees and other participants on 28 September 2021 were HK$1,175,000, HK$990,000 and HK$152,000, respectively. The fair values were determined at the grant date on the basis of a valuation carried out by an independent professional valuer using Binomial Model and the following data and assumptions were used to calculate the fair values of the share options as at the grant date:

Closing price of the shares on the date of grant	HK$1.01
Exercise price	HK$1.03
Expected volatility	26.85%
Expected option life	4 years
Risk-free rate	0.66%
Expected dividend yield	3.96%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of the Company.

The value of a share option varies with different variables of certain subjective assumptions.

33. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

The following table sets out the details of the Company's share options held by Directors, employees and other participants under the New Share Option Scheme, and movements in such holdings during the current year:

					Number of share options under the New Share Option Scheme			
Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share (Subject to adjustment) *HK$*	Outstanding at 1.4.2021	Granted during the year	Exercised during the year	Outstanding at 31.3.2022
Directors:								
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	2,100,000	N/A	1,475,000 (note)
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	2,100,000	N/A	1,475,000 (note)
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	2,100,000	N/A	1,475,000 (note)
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	2,100,000	N/A	1,475,000 (note)
Employees:								
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	1,705,000	N/A	1,705,000
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	1,705,000	N/A	1,705,000
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	1,705,000	N/A	1,705,000
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	1,705,000	N/A	1,705,000
Other participants (note):								
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	275,000	N/A	900,000 (note)
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	275,000	N/A	900,000 (note)
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	275,000	N/A	900,000 (note)
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	275,000	N/A	900,000 (note)
					N/A	16,320,000	N/A	16,320,000
Exercisable at the end of year					N/A			–
Weighted average exercise price per share (HK$)					N/A	1.03	N/A	1.03

Note:

The other participants are:

(i) a consultant of the Group who held 800,000 outstanding share options under the New Share Option Scheme;

(ii) a senior executive of a principal associate of the Company who held 300,000 outstanding share options under the New Option Scheme;

(iii) Mr. Cheung Chi Kit, a former Director, who as at 31 March 2022 still held 1,500,000 outstanding share options pursuant to the New Share Option Scheme; and

(iv) Mr. Wong Lai Shun, Benny, a former Director and currently a consultant (hotel division) of the Group starting from 1 January 2022, who as at 31 March 2022 held 1,000,000 outstanding share options under the New Share Option Scheme.

34. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of lease liabilities, loan notes and bank borrowings disclosed in Notes 28, 29 and 30, respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
FVTPL	**155,353**	253,126
FVTOCI	**19,620**	26,290
Amortised cost (including cash and cash equivalents)	**1,493,850**	1,165,705
Financial liabilities		
Amortised cost	**2,292,285**	2,904,597

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity and fund investments, debt investments, debtors and deposits, other loan receivables, amounts due from joint ventures, amount due from an associate, bank balances and cash, creditors and deposits, amount due to a joint venture, amount due to an associate, loan notes 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.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk

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

(i) *Currency risk*

Several subsidiaries of the Company have certain foreign currency bank balances, refundable earnest money, debt investments, loan notes and certain creditors and deposits which expose the Group to foreign currency risk. Management has closely monitored foreign exchange exposure and will undertake procedures necessary to mitigate the currency risk.

	Monetary assets		Monetary liabilities	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
US$	**9,657**	7,194	**–**	(1,352,178)
EURO ("EUR")	**29**	–	**–**	–
GBP	**636**	–	**–**	–
CAD	**64,632**	24,636	**–**	–

Sensitivity analysis

The Group is mainly exposed to effects of fluctuation in US$, EUR, GBP and CAD.

The functional currency of the respective group entities is HK$. The Group's exposure to the currency risk of US$ is limited because HK$ is pegged to US$. The Group's exposure to the currency risk of EUR and GBP is not material.

The following table details the Group's sensitivity to a 5% (2021: 5%) increase or decrease in HK$ against CAD. 5% (2021: 5%) is the sensitivity rate used and represents management's assessment of the reasonably possible change in foreign exchange rates.

	Impact of CAD	
	2022	2021
	HK$'000	*HK$'000*
5% appreciation of the functional currency:		
Decrease in post-tax profit for the year (2021: increase in post-tax loss for the year)	**(2,698)**	(1,029)
5% depreciation of the functional currency:		
Increase in post-tax profit for the year (2021: decrease in post-tax loss for the year)	**2,698**	1,029

For the year ended 31 March 2022

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to the fixed-rate amount due from a joint venture, fixed-rate other loan receivables, fixed-rate lease liabilities and loan notes as set out in Notes 18, 20, 28 and 29, respectively.

The Group is also exposed to cash flow interest rate risk in relation to bank balances, variable-rate other loan receivables and bank borrowings as set out in Notes 25, 20 and 30, respectively. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR, Hong Kong Prime Rate, Canada Prime Rate, SONIA and LIBOR.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period which carried floating market interest rate. The analysis is prepared assuming the amount of asset and liability outstanding at the end of the reporting period was outstanding for the whole year. Bank balances are excluded from the analysis as the management considers the change in interest rate is not significant. A 100 basis points (2021: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2022, excluding the capitalised borrowing costs of HK$850,000 (2021: HK$2,249,000), would decrease/increase by HK$10,924,000 (2021: increase/decrease in post-tax loss by HK$8,534,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate other loan receivables and bank borrowings.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(iii) Other price risk

The Group is exposed to equity price risk arising from equity and fund investments and debt investments. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's other price risk is mainly concentrated on listed equity and fund investments and debt investments. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below includes equity and fund investments and debt investments that are carried at fair values and has been determined based on the exposure to equity/debt price risk at the end of the reporting period.

If the prices of the respective listed equity and debt instruments had been 10% (2021: 10%) higher/lower:

- post-tax profit for the year ended 31 March 2022 would decrease/increase by HK$3,354,000 (2021: increase/decrease in post-tax loss by HK$4,833,000) as a result of the changes in fair value of listed equity investments (2021: listed equity investments and debts investments) measured at FVTPL; and

- investment revaluation reserve would increase/decrease by nil (2021: HK$630,000) as a result of the changes in fair value of equity investments measured at FVTOCI.

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 debtors, other debtors and deposits, other loan receivables, other non-current assets, amounts due from joint ventures, amount due from an associate, bank balances, undrawn loan commitments to joint ventures and financial guarantee contracts.

The Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Trade debtors arising from contracts with customers

The management of the Group considers the balance of trade debtors under lifetime ECL as at 31 March 2022 and 2021 was insignificant and accordingly no allowance for credit losses is provided.

Other debtors and deposits

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group performs impairment assessment under ECL model on other debtors and deposits by individual assessment on 12m ECL basis where there had been no significant increase in credit risk since initial recognition.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Other loan receivables and related interest receivables

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due or being demanded for repayment. Exposure to credit risk is managed through regular analysis of the ability of borrowers to meet principal and interest repayment obligations. In addition, for a loan receivable and its related interest receivables amounting to CAD7,052,000 (equivalent to HK$44,169,000) secured by 16.67% equity interests in Bayshore, the exposure to credit risk is mitigated through realisation of the collateral in event of its default. The Group performs impairment assessment under ECL model by individual assessment on 12m ECL basis where there had been no significant increase in credit risk since initial recognition. For certain other loan receivables and interest receivables the ECL is assessed on lifetime ECL basis because the credit risk has increased significantly since initial recognition.

For certain other loan and associated interest receivables measured at lifetime ECL, which are considered to be credit-impaired as the amounts have been overdue for over 90 days and there was significant financial difficulties of the borrowers, management updated their inputs into ECL measurement with respect to probability of default and loss given default. The Group has performed an internal assessment of ECL provision taking into account the financial position, related negative facts and circumstances for the borrowers.

Bank balances

The credit risks on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Amounts due from to joint ventures and an associate and undrawn loan commitments to joint ventures and financial guarantees to joint ventures and an associate

The Directors monitor that the credit risk in relation to amounts due from joint ventures and an associate on a revolving basis. The Group performs impairment assessment under ECL model by individual assessment on 12m ECL basis where there had been no significant increase in credit risk since initial recognition and for an amount due from a joint venture assessing on lifetime ECL basis for the balance in which credit risk has increased significantly since initial recognition.

For amounts due from joint ventures and an associate assessed on 12m ECL basis, the management of the Group considers the credit risks are mitigated after considering the future profitability and the realizable value of the underlying asset values held by respective joint ventures and an associate. For amount due from a joint venture assessed under lifetime ECL, the management of the Group considers the amount is credit-impaired due to the significant financial difficulties of the joint venture.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Amounts due from joint ventures and an associate and undrawn loan commitments to joint ventures and financial guarantees to joint ventures and an associate (Continued)

For undrawn loan commitments to joint ventures, the ECL is assessed on 12m basis as the Directors consider there is no significant increase in credit risk since initial recognition after considering the risk of default occurring on the loan to which the loan commitments relates is low. Therefore, with the expected profitability of the future sales of properties, the Directors believe the present value of expected cash inflows from the loan expected to be drawn down will be greater than the expected loan amounts drawn down and the loss allowance under ECL is not expected to be material.

For financial guarantee contracts, the aggregate amount of outstanding financial guarantees issued to banks in respect of bank facilities granted to joint ventures and an associate that the Group could be required to pay amounted to HK$1,435,146,000 (2021: HK$1,733,290,000) as at 31 March 2022. HK$1,266,171,000 (2021: HK$1,439,222,000) of the outstanding financial guarantees has been utilised by joint ventures and an associate. The fair value of these financial guarantees, as at dates of initial recognition, were considered insignificant. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12m ECL. In view that the borrowings of the joint ventures and an associate are secured by respective underlying assets and the realisable values of underlying assets could fully cover the borrowings, no loss allowance was recognised in the profit or loss.

The Group's concentration of credit risk by geographical locations is mainly in Canada (2021: the PRC), which accounted for 69% (2021: 55%) of the trade debtors as at 31 March 2022.

The Group has concentration of credit risk in other loan receivables as disclosed in Note 20, as three borrowers accounted for 84% (2021: four borrowers accounted for 89%) of the total other loan receivables as at 31 March 2022. At 31 March 2022, the majority of borrowers of the loan receivables are private companies (2021: private companies or individuals).

The Group does not have any other significant concentration of credit risk, other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, amounts due from joint ventures as set out in Note 18, amount due from an associate as set in Note 19, other loan receivables as set out in Note 20, debtors as disclosed above and refundable earnest money as set out in Note 24. The Group assesses the credit risk by reviewing and monitoring the financial performance of the counterparties and the management considers the default risk is not significant.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

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

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

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

The tables below detail the credit risk exposures of the Group's trade debtors, other debtors and deposits, other loan receivables, other non-current assets, amounts due from joint ventures, amount due from an associate, bank balances, undrawn loan commitments to joint ventures and financial guarantee contracts which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2022 HK$'000	2021 HK$'000
Financial assets at amortised costs						
Amounts due from joint ventures (note a)	18	N/A	Low risk	12m ECL	**932,448**	388,518
		N/A	Loss	Lifetime ECL – credit-impaired	**11,022**	11,022
					943,470	399,540
Amount due from an associate (note a)	19	N/A	Low risk	12m ECL	**103**	44,686
Other loan receivables	20	N/A	Low risk	12m ECL	**146,447**	251,786
		N/A	Doubtful	Lifetime ECL – not credit-impaired	**33,248**	–
		N/A	Loss	Lifetime ECL – credit-impaired	**336,991**	393,500
					516,686	645,286
Other non-current assets	21	N/A	Low risk	12m ECL	**–**	473
Trade debtors (note c)	24	N/A	Low risk	Lifetime ECL – not credit-impaired	**2,260**	3,139
Other debtors and deposits	24	N/A	Low risk	12m ECL	**109,122**	96,830
		N/A	Doubtful	Lifetime ECL – not credit-impaired	**4,223**	–
		N/A	Loss	Lifetime ECL – credit-impaired	**53,103**	62,262
					166,448	159,092
Bank balances	25	Baa2 – Aaa	Low risk	12m ECL	**283,831**	298,124
Other items						
Undrawn loan commitments to joint ventures (note b)	38	N/A	Low risk	12m ECL	**35,581**	41,797
Financial guarantee contracts (note b)	43	N/A	Low risk	12m ECL	**1,435,146**	1,733,290

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Notes:

(a) For the amounts due from joint ventures and an associate, the Directors consider the ECL are insignificant with reference to the estimation of the amount and timing of future cash flows and underlying asset values of respective joint ventures and an associate, except for an amount due from a joint venture which is credit-impaired.

(b) For undrawn loan commitments to joint ventures and financial guarantee contracts, the gross carrying amount represents the maximum amount the Group guaranteed under the respective contracts.

(c) For trade debtors, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The ECL on the trade debtors are assessed collectively using a provision matrix, grouped by shared credit risk characteristics and the loss allowance is not material.

The following table shows the movements in ECL that have been recognised for other loan receivables, other non-current assets, other debtors and deposits and amount due from a joint venture:

	Other loan receivables				Other non-current assets (note i)	Other debtors and deposits (note ii)				Amount due from a joint venture	
	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Sub-total	12m ECL	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Sub-total	Lifetime ECL (credit-impaired)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2020	8,464	14,615	240,000	263,079	240	795	1,996	38,862	41,653	11,022	315,994
Changes due to financial instruments recognised as at 1 April:											
– Transfer to credit-impaired	–	(14,615)	14,615	–	–	–	(3,292)	3,292	–	–	–
– Impairment losses recognised	150	–	107,225	107,375	–	–	–	10,623	10,623	–	117,998
– Impairment losses reversed	(2,816)	–	–	(2,816)	(240)	–	–	(1,708)	(1,708)	–	(4,764)
– Exchange adjustments	–	–	–	–	–	–	–	1,859	1,859	–	1,859
Financial assets newly originated	305	–	–	305	–	126	1,296	2,504	3,926	–	4,231
At 31 March 2021	6,103	–	361,840	367,943	–	921	–	55,432	56,353	11,022	435,318
Changes due to financial instruments recognised as at 1 April:											
– Transfer to doubtful	(470)	470	–	–	–	(27)	27	–	–	–	–
– Impairment losses recognised	645	6,757	–	7,402	–	–	–	1,019	1,019	–	8,421
– Impairment losses reversed	(322)	–	(24,849)	(25,171)	–	–	–	(7,680)	(7,680)	–	(32,851)
– Exchange adjustments	–	–	–	–	–	–	–	992	992	–	992
Financial assets newly originated	–	–	–	–	–	349	890	3,340	4,579	–	4,579
At 31 March 2022	5,956	7,227	336,991	350,174	–	1,243	917	53,103	55,263	11,022	416,459

Notes:

(i) Other non-current assets with ECL provided included interest receivables generated from other loan receivables.

(ii) Other debtors and deposits with ECL provided mainly included interest receivables generated from other loan receivables and refundable earnest money.

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Changes in the ECL provision of other loan receivables are mainly due to:

	Increase (decrease) in ECL					
	2022			2021		
	12m ECL	Lifetime ECL (not credit–impaired)	Lifetime ECL (credit–impaired)	12m ECL	Lifetime ECL (not credit–impaired)	Lifetime ECL (credit–impaired)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Settlement of other loan receivables with a gross carrying amount of HK$56,509,000 (2021: nil)	–	–	(24,849)	–	–	–
New other loan receivables with a gross carrying amount of nil (2021: HK$25,000,000)	–	–	–	305	–	–
Transfer to lifetime ECL upon reaching doubtful status and increase in allowance of other loan receivables with a gross carrying amount of HK$33,248,000 (2021: nil)	(470)	7,227	–	–	–	–
Transfer to credit-impaired upon reaching default and increase in allowance of other loan receivables with a gross carrying amount of nil (2021: HK$73,500,000)	–	–	–	–	(14,615)	41,840

For the year ended 31 March 2022

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Changes in the ECL provision of other debtors and deposits are mainly due to:

	Increase (decrease) in ECL					
	2022			2021		
	12m ECL	Lifetime ECL (not credit–impaired)	Lifetime ECL (credit–impaired)	12m ECL	Lifetime ECL (not credit–impaired)	Lifetime ECL (credit–impaired)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Settlement of other loan interest receivables with a gross carrying amount of HK$13,491,000 (2021: HK$3,000,000)	–	–	(7,680)	–	–	(1,708)
New other loan interest receivables with a gross carrying amount of HK$8,795,000 (2021: HK$11,424,000)	349	–	–	126	–	–
New other loan interest receivables with a gross carrying amount of HK$2,399,000 (2021: HK$4,422,000)	–	890	–	–	1,296	–
New other loan interest receivables with a gross carrying amount of HK$3,340,000 (2021: HK$4,398,000)	–	–	3,340	–	–	2,504
Transfer to lifetime ECL upon reaching doubtful status and increase in allowance of other loan interest receivables with a gross carrying amount of HK$2,194,000 (2021: nil)	(27)	27	–	–	–	–
Transfer to credit-impaired upon reaching default and increase in allowance of other loan interest receivables with a gross carrying amount of nil (2021: HK$14,458,000)	–	–	–	–	(3,292)	8,230

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Credit risk and impairment assessment *(Continued)*

Changes in the ECL provision of other non-current assets are mainly due to:

	Increase (decrease) in 12m ECL	
	2022	2021
	HK$'000	*HK$'000*
Settlement of other loan interest receivables with a gross carrying amount of nil (2021: HK$4,590,000)	–	(240)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Directors are taking active steps to improve the future liquidity position of the Group by generating sufficient operating funds internally and utilising undrawn banking facilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms and has been drawn up according to the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

For the year ended 31 March 2022

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Liquidity tables

	Weighted average interest rate %	On demand or less than 3 months *HK$'000*	3 months to 1 year *HK$'000*	1 year to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.3.2022 *HK$'000*
2022						
Non-derivative financial liabilities						
Creditors and deposits	–	(230,219)	–	–	(230,219)	(230,219)
Amount due to a joint venture	–	(11,173)	–	–	(11,173)	(11,173)
Amount due to an associate	–	(602,848)	–	–	(602,848)	(602,848)
Lease liabilities (Note 28)	4.28	(1,659)	(3,523)	(3,049)	(8,231)	(7,813)
Bank borrowings						
– variable rate	2.07	(845,354)	(11,277)	(640,719)	(1,497,350)	(1,447,861)
– interest free	–	–	–	(184)	(184)	(184)
		(1,691,253)	(14,800)	(643,952)	(2,350,005)	(2,300,098)
Financial guarantee contracts (Note 43)		1,435,146	–	–	1,435,146	–
Undrawn loan commitments to joint ventures (Note 38)		35,581	–	–	35,581	–

	Weighted average interest rate %	On demand or less than 3 months *HK$'000*	3 months to 1 year *HK$'000*	1 year to 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount at 31.3.2021 *HK$'000*
2021						
Non-derivative financial liabilities						
Creditors and deposits	–	(206,720)	–	–	(206,720)	(206,720)
Amount due to a joint venture	–	(11,173)	–	–	(11,173)	(11,173)
Amount due to an associate	–	(7,045)	–	–	(7,045)	(7,045)
Lease liabilities (Note 28)	4.29	(1,690)	(4,319)	(5,426)	(11,435)	(10,897)
Bank borrowings						
– variable rate	1.84	(1,162,515)	–	(199,167)	(1,361,682)	(1,356,480)
– interest free	–	–	–	(246)	(246)	(246)
Loan notes – fixed rate	4.75	(15,760)	(1,345,584)	–	(1,361,344)	(1,322,933)
		(1,404,903)	(1,349,903)	(204,839)	(2,959,645)	(2,915,494)
Financial guarantee contracts (Note 43)		1,733,290	–	–	1,733,290	–
Undrawn loan commitments to joint ventures (Note 38)		41,797	–	–	41,797	–

35. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk *(Continued)*

Bank loans with a repayment on demand clause are included in the "on demand or less than 3 months" time band in the above maturity analysis. As at 31 March 2022, the carrying amounts of these bank loans amounted to HK$840,643,000 (2021: HK$1,077,045,000). The Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment as there is no breach of loan covenants. The Directors believe that the undiscounted principal and interest of such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements as below.

	2022	2021
	HK$'000	*HK$'000*
Less than 3 months	**19,058**	22,574
3 months to 1 year	**45,132**	134,571
1 year to 5 years	**802,832**	964,037
	867,022	1,121,182

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

The amounts included above for undrawn loan commitments to joint ventures are the maximum amounts the Group committed to grant loans to the joint ventures. There is no maturity for the drawdown of commitments by the joint ventures.

The amount included above for variable interest rate instrument for non-derivative financial liabilities is subject to change if variable interest rate differs from those estimates of interest rates determined at the end of the reporting period based on spot rates.

For the year ended 31 March 2022

35. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3 as set out in Note 3) based on the degree to which the inputs to the fair value measurements is observable.

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation techniques and inputs used:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31.3.2022	31.3.2021				
	HK$'000	*HK$'000*				
Financial assets at FVTPL						
Listed equity securities in Hong Kong	**40,168**	50,880	Level 1	Quoted closing prices in an active market	N/A	N/A
Listed equity securities in Hong Kong (note (v))	**–**	–	Level 3	N/A	N/A	N/A
	40,168	50,880				
Unlisted investment funds in overseas (note (i))	**93,803**	86,567	Level 3	note (ii)	Net asset value (note (ii))	An increase in the net asset value would result in an increase in fair value, and vice versa
Unlisted equity interest in the PRC (note (i))	**N/A**	59,614	Level 3	N/A (2021: Income approach which uses discounted cash flow method to capture the present value of the expected future economic benefits to be derived from the operation of the business)	N/A (2021: Operating cash flow and discount rate (note (iii))	N/A (2021: An increase in the operating cash flow would result in an increase in fair value, and vice versa; an increase in the discount rate would result in decrease in fair value, and vice versa)
Listed bond and interest rate linked notes	**–**	6,995	Level 2	Quoted prices in market that are not active	N/A	N/A
Financial assets at FVTOCI						
Listed equity securities in Hong Kong	**–**	7,540	Level 1	Quoted closing prices in an active market	N/A	N/A
Unlisted equity securities in overseas (notes (i))	**19,620**	18,750	Level 3	Market approach which uses relevant information generated by certain companies with comparable businesses	Minority and marketability discount of 25% (2021: 25%) (note (iv))	A significant increase in the minority and marketability discount would result in a significant decrease in fair value, and vice versa

35. FINANCIAL INSTRUMENTS *(Continued)*

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

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

Notes:

(i) Reconciliation of Level 3 fair value measurement of financial assets is as follows:

	Financial assets at FVTPL		Financial assets at FVTOCI	
	Unlisted investment funds *HK$'000*	Unlisted equity interest *HK$'000*	Unlisted equity securities *HK$'000*	Total *HK$'000*
As at 1 April 2020	95,897	129,088	23,800	248,785
Total gains (losses), recognised in:				
– profit or loss	22,297	(69,474)	–	(47,177)
– other comprehensive expense	–	–	(5,050)	(5,050)
Redemption	(31,627)	–	–	(31,627)
As at 31 March 2021	86,567	59,614	18,750	164,931
Total gains (losses), recognised in:				
– profit or loss	10,193	(782)	–	9,411
– other comprehensive income	–	–	870	870
Derecognition of financial asset at FVTPL upon acquisition of an associate (Note 19)	–	(58,832)	–	(58,832)
Redemption	(2,957)	–	–	(2,957)
As at 31 March 2022	93,803	–	19,620	113,423
Unrealised gain (losses), recognised in profit or loss or other comprehensive income for the year ended 31 March 2021	22,297	(69,474)	(5,050)	(52,227)
Unrealised gain, recognised in profit or loss or other comprehensive income for the year ended 31 March 2022	10,193	–	870	11,063

(ii) The fair values of the unlisted investment funds in overseas as at 31 March 2022 and 2021 are determined with reference to the net asset value of the unlisted equity and partnership investments which are the deemed resale price of the investments provided by the external counter-parties. The Directors have determined that the reported net asset values represent fair values of these investments. A 5% increase/decrease in the net asset value per share holding all other variables constant would increase/decrease the carrying amounts of the unlisted investment funds in overseas by HK$4,690,000 (2021: increase/decrease by HK$4,328,000).

(iii) The fair value of the unlisted equity interest in Premier Maker as at 31 March 2021 and were determined with reference to the income approach. A 5% increase/decrease in the forecasted revenue in the operating cash flows holding all other variables constant would increase/decrease the carrying amount of the unlisted equity interest in the PRC by HK$4,835,000. During the year ended 31 March 2022, the Group acquired an additional 30% equity interests in Premier Maker and Premier Maker became an associate of the Group.

(iv) The fair values of the unlisted equity securities as at 31 March 2022 and 2021 are determined by an independent professional valuer, using the market approach. A 5% increase/decrease in the minority and marketability discount holding all other variables constant would decrease/increase the carrying amount of the unlisted equity securities by HK$1,310,000 (2021: decrease/increase by HK$1,250,000).

(v) During the years ended 31 March 2022 and 2021, as a result of the winding up and delisting of the related equity securities, the management considered the fair values of such unlisted equity securities to be zero as at 31 March 2022 and 2021.

For the year ended 31 March 2022

35. FINANCIAL INSTRUMENTS *(Continued)*

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

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

There was no other transfer amongst Level 1, Level 2 and Level 3 for both years.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

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

(d) Interest rate benchmark reform

As listed in Note 2, several of the Group's LIBOR bank borrowings will be subjected to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant Interbank Offered Rate ("IBOR") regulators and acknowledgements from the banks.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings were either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all GBP, EUR and Swiss Franc and certain GBP and Japanese Yen settings, and the 1-week and 2-month US$ settings; and
- immediately after 30 June 2023, in the case of the remaining US$ settings.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

(i) Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition:

Interest rate related risks
There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk
The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

35. FINANCIAL INSTRUMENTS *(Continued)*

(d) Interest rate benchmark reform *(Continued)*

***HIBOR** (Continued)*

(ii) Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, all contracts which are linked to 3 months LIBOR GBP settings have been settled. In addition, for a floating rate loan that is linked to HIBOR, the Group had confirmed with the relevant counterparty HIBOR will continue to maturity.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 March 2022. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

Financial instruments prior to transition	Maturing in	Carrying amounts/ notional amounts *HK$'000*	Hedge accounting	Transition progress for financial instruments
Non-derivative financial liabilities				
Bank borrowing linked to 3-month US$ LIBOR	2023	3,945	N/A	Expected to transit in latest by the second half of 2023

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities. Interest payments in relation to below liabilities are included in other payables and accruals and presented in operating cash flows.

	Amount due to an associate	Amounts due to non-controlling interests (included in creditors, deposits and accrued charges)	Dividend payable	Lease liabilities	Bank borrowings	Interest payables (included in creditors, deposits and accrued charges)	Loan notes	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2020	139,660	84,305	–	8,535	1,738,160	35,032	1,519,836	3,525,528
Financing cash flows	141,870	45,263	(45,499)	(6,397)	(391,482)	(109,982)	(203,438)	(569,665)
Scrip dividend	–	–	(2,371)	–	–	–	–	(2,371)
Dividends recognised as distribution	–	–	47,870	–	–	–	–	47,870
Dividends distribution offset (Note 19)	(274,485)	–	–	–	–	–	–	(274,485)
New leases entered into	–	–	–	7,692	–	–	–	7,692
Finance costs	–	–	–	413	–	36,404	77,284	114,101
Coupon interest	–	–	–	–	–	68,827	(68,827)	–
Gain on repurchase of loan notes	–	–	–	–	–	–	(5,557)	(5,557)
Exchange adjustments	–	–	–	654	10,048	–	3,635	14,337
At 31 March 2021	7,045	129,568	–	10,897	1,356,726	30,281	1,322,933	2,857,450
Financing cash flows	993,303	26,645	(96,018)	(6,711)	95,001	(86,835)	(1,330,210)	(404,825)
Acquisition of interest in a joint venture which became a subsidiary	–	27,200	–	–	–	–	–	27,200
Dividends recognised as distribution	–	–	96,018	–	–	–	–	96,018
Dividends distribution offset (Note 19)	(397,500)	–	–	–	–	–	–	(397,500)
New leases entered into	–	–	–	2,869	–	–	–	2,869
Finance costs	–	–	–	404	–	25,832	37,630	63,866
Coupon interest	–	–	–	–	–	33,405	(33,405)	–
Gain on repurchase of loan notes	–	–	–	–	–	–	(391)	(391)
Exchange adjustments	–	–	–	354	(3,682)	271	3,443	386
At 31 March 2022	602,848	183,413	–	7,813	1,448,045	2,954	–	2,245,073

37. DISPOSAL OF SUBSIDIARIES

(a) On 25 August 2020, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of its entire interests in Keen Step Corporation Limited and Elysion Hotel Limited (formerly known as "Le Petit Rosedale Hotel Limited") (collectively the "2020 Disposal Group"), which respectively held and operated Le Petit Rosedale Hotel Hong Kong, at a cash consideration of HK$460,331,000. The disposal was completed on 31 December 2020 and a gain of HK$106,587,000 was recognised in the prior year. The net assets of the 2020 Disposal Group at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	348,036
Trade and other receivables	579
Bank balances	26
Trade and other payables	(196)
Net assets disposed of	348,445
Gain on disposal of subsidiaries:	
Consideration received	460,331
Net assets disposed of	(348,445)
Transaction costs	(5,299)
Gain on disposal	106,587
Net cash inflow arising on disposal:	
Cash consideration	460,331
Less: bank balances disposed of	(26)
Less: transaction costs paid	(5,299)
	455,006

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) On 2 September 2021, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of its entire interests in a redevelopment project at No. 41, 43 and 45 Pau Chung Street, To Kwa Wan, at a cash consideration of HK$318,297,000. The disposal was completed on 5 October 2021 and a gain of HK$79,820,000 was recognised in the current year. The net assets of the subsidiary at the date of disposal were as follows:

	HK$'000
Stock of properties	**233,792**
Deposits	**37**
Other payables	**(1,740)**
Net assets disposed of	**232,089**
Gain on disposal of a subsidiary:	
Consideration received	**318,297**
Net assets disposed of	**(232,089)**
Transaction costs	**(6,388)**
Gain on disposal	**79,820**
Net cash inflow arising on disposal:	
Cash consideration	**318,297**
Less: transaction costs paid	**(6,388)**
	311,909

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(c) On 23 February 2022, an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement with an independent third party in relation to the disposal of its entire interests in certain properties, at a cash consideration of HK$36,000,000. The disposal was completed on 24 February 2022 and a gain of HK$21,935,000 was recognised in the current year. The net assets of the subsidiary at the date of disposal were as follows:

	HK$'000
Stock of properties	**13,415**
Deposits and prepayments	**50**
Net assets disposed of	**13,465**
Gain on disposal of a subsidiary:	
Consideration received	**36,000**
Net assets disposed of	**(13,465)**
Transaction costs	**(600)**
Gain on disposal	**21,935**
Net cash inflow arising on disposal:	
Cash consideration	**36,000**
Less: transaction costs paid	**(600)**
	35,400

For the year ended 31 March 2022

38. CAPITAL AND OTHER COMMITMENTS

	2022 HK$'000	2021 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
– investment properties	–	499
– equity and fund investments	**34,339**	34,111
	34,339	34,610
Other commitments:		
– stock of properties	**107,975**	415,564
– investment in an associate	–	106,200
– investment in a joint venture	**9,488**	11,146
– loans to joint ventures	**35,581**	41,797
– formation of a joint venture for a proposed land development in Vietnam	**104,516**	9,820
	257,560	584,527
	291,899	619,137

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor

During the year ended 31 March 2022, property rental income earned represents fixed monthly rental income which was HK$12,326,000 (2021: HK$13,231,000). The properties which were leased out as at 31 March 2022 had rental yield of approximately 1% (2021: 1%) and with committed tenants with the longest tenure for two (2021: two) years.

Minimum lease payment receivables on leases are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	**2,476**	2,817
In the second year	**267**	322
	2,743	3,139

40. PLEDGE OF ASSETS

At the end of the reporting period, the Group's bank borrowings and credit facilities were secured by the following:

	2022	2021
	HK$'000	*HK$'000*
Property, plant and equipment	**499,643**	519,194
Investment properties	**625,000**	677,000
Stock of properties	**340,505**	817,236
Debt investments	**–**	6,995
Interests in associates	**1,402,725**	790,010
	2,867,873	2,810,435

41. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution retirement benefits scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") for eligible employees. The assets of the scheme are separately held in funds under the control of trustees.

With effect from 1 December 2000, the Group has also joined the MPF Scheme for employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme.

The Group contributes 5% to 10% on the employee's monthly salary to the ORSO Scheme and either (i) 5% on the lower of the employee's monthly salary or HK$30,000 or (ii) 5% on the employee's monthly salary to the MPF Scheme. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

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

The total costs charged to the consolidated statement of profit or loss of HK$3,927,000 (2021: HK$3,508,000) represented contributions paid or payable to the schemes by the Group during the year.

The Group had no forfeited contributions under the ORSO Scheme, the MPF Scheme and its retirement benefits schemes in the PRC which may be used to reduce the existing level of contributions during the year ended 31 March 2022 and at the end of the reporting period (2021: nil).

For the year ended 31 March 2022

42. RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions

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

Related party	Notes	Nature of transaction	2022 HK$'000	2021 HK$'000
Joint ventures:				
1488 Alberni LPDH (as defined in Note 18)		Interest income	**17,970**	22,613
1488 Alberni LPI (as defined in Note 18)		Interest income	**946**	1,190
City Synergy Limited		Management fee income	**30**	30
Whiterfield Peak Limited		Management fee income	**90**	90
Pro Gain Limited		Secondment fee income	**–**	1,432
Pro Gain Limited		Hotel management fee income	**475**	372
Associates:				
Concordia (as defined in Note 19)		Management fee income	**120**	120
Macau Properties Holdings Limited		Rental income	**1,183**	1,173
Concordia Industrial and Commercial Development Enterprises, Limited		Consultancy fee expense	**35,000**	–
Other related companies:				
Hi Park Limited ("Hi Park")	(a)	Licence fee received	**600**	500
		Rental income and management fee income	**1,046**	1,173
		Short-term lease expense	**29**	25
Vectr Venture Limited ("Vectr")	(b)	Rental income and management fee income	**558**	512
Other related party:				
Dr. Chan	(c)	Consultancy fee expense	**–**	2,500

Notes:

(a) Mr. Cheung Hon Kit, an executive Director, is a shareholder of Hi Park.

(b) Vectr is controlled by Mr. Chan Yiu Lun, Alan, an executive Director.

(c) Dr. Chan and his associates are the Controlling Shareholders as disclosed in Note 1.

42. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

Related party transactions *(Continued)*

(ii) Compensation of key management personnel

The remuneration of key management personnel, representing the Directors, during the year was as follows:

	2022	2021
	HK$'000	*HK$'000*
Short-term benefits	**49,302**	14,682
Equity-settled share-based payment expense	**520**	5
Post-employment benefits	**215**	521
	50,037	15,208

The remuneration of Directors is determined by the remuneration committee, with reference to the prevailing market conditions, their duties and responsibilities and time spent on the affairs of the Group as well as their performance.

Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and Notes 18 and 19.

Other related party transactions

The Company provided corporate guarantees for loan facilities granted to certain joint ventures and an associate. Details of the guarantees are set out in Note 43.

43. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, the Group has entered into financial guarantee contracts by provision of corporate guarantees in respect of the credit facilities granted by the banks to its joint ventures and an associate, with the respective granted amounts as follows:

	2022	2021
	HK$'000	*HK$'000*
a 20% owned associate	**282,854**	–
a 40% owned associate	**–**	565,707
a 50% owned joint venture	**41,942**	58,000
a 40% owned joint venture	**281,600**	294,400
a 28% owned joint venture in Canada	**245,510**	241,433
a 50% owned joint venture in Canada	**583,240**	573,750
	1,435,146	1,733,290

The amounts disclosed above represent the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety as at 31 March 2022, of which HK$1,266,171,000 (2021: HK$1,439,222,000) has been utilised by the joint ventures/associate.

The ECL for outstanding financial guarantees are assessed to be immaterial as at 31 March 2022 and 2021.

For the year ended 31 March 2022

44. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 *HK$'000*	2021 *HK$'000*
Non-current assets		
Investments in subsidiaries	**1,293,136**	1,260,321
Amounts due from subsidiaries	**4,119,734**	4,797,049
	5,412,870	6,057,370
Current assets		
Debtors, deposits and prepayments	**5,883**	5,741
Bank balances	**152,366**	88,514
	158,249	94,255
Current liabilities		
Creditors, deposits and accrued charges	**3,006**	1,596
Bank borrowings	**3,945**	3,919
	6,951	5,515
Net current assets	**151,298**	88,740
Total assets less current liabilities	**5,564,168**	6,146,110
Non-current liability		
Bank borrowings	**508,045**	196,626
	5,056,123	5,949,484
Capital and reserves		
Share capital	**9,602**	9,602
Reserves (note)	**5,046,521**	5,939,882
	5,056,123	5,949,484

44. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

Reserves

	Share premium *HK$'000*	Treasury shares *HK$'000*	Contributed surplus *HK$'000* (note)	Capital redemption reserve *HK$'000*	Share–based payment reserve *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
THE COMPANY							
At 1 April 2020	3,374,659	(3,038)	113,020	9,336	4,130	3,075,973	6,574,080
Loss and total comprehensive expense for the year	–	–	–	–	–	(588,630)	(588,630)
Recognition of equity-settled share-based payments (Note 33)	–	–	–	–	8	–	8
Cancellation of shares (Note 32(b))	(3,005)	3,038	–	33	–	(33)	33
Issue of shares pursuant to scrip dividend scheme for 2020 second interim dividend (Note 32(a))	2,343	–	–	–	–	–	2,343
Transfer on lapse of share options	–	–	–	–	(82)	–	(82)
Dividends recognised as distribution (Note 13)	–	–	–	–	–	(47,870)	(47,870)
At 31 March 2021	3,373,997	–	113,020	9,369	4,056	2,439,440	5,939,882
Loss and total comprehensive expense for the year	–	–	–	–	–	(797,759)	(797,759)
Recognition of equity-settled share-based payments (Note 33)	–	–	–	–	1,170	–	1,170
Transfer on lapse of share options	–	–	–	–	(801)	47	(754)
Dividends recognised as distribution (Note 13)	–	–	–	–	–	(96,018)	(96,018)
At 31 March 2022	3,373,997	–	113,020	9,369	4,425	1,545,710	5,046,521

note: The contributed surplus of the Company represented the credit arising from capital reduction pursuant to the capital reorganisation on 13 March 2010.

For the year ended 31 March 2022

45. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries at 31 March 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation/ registration/ establishment/ operation	Issued and fully paid share capital/ registered capital	Total attributable equity interest held by the Company 2022 %	2021 %	Principal activities
Advance Tech Limited	Hong Kong	HK$1 ordinary share	**100**	100	Securities investment
Anyone Holdings Limited	British Virgin Islands/ Hong Kong	US$1 ordinary share	**100**	100	Property development
Assets Island Limited	Hong Kong	HK$1 ordinary share	**100**	100	Property development and property sales
Beam Castle Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Business Action Holdings Limited	British Virgin Islands	US$1,000 ordinary shares	**100**	100	Investment holding
CWB Land Limited	Hong Kong	HK$209 ordinary shares	**100**	100	Property development
Diverse Century Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Dormax Limited	Hong Kong	HK$1 ordinary share	**–** (Note 37(b))	100	Property investment
DS Eastin	Hong Kong	HK$20 ordinary shares	**100**	100	Investment holding
Eagle Spirit Holdings Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Global Intelligence Investments Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Great Intelligence Limited	Hong Kong	HK$2 ordinary shares	**100**	100	Property investment
ITC Properties Finance Limited	Hong Kong	HK$2 ordinary shares	**100**	100	Money lending
ITC Properties Holdings Group Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
ITC Properties (Hong Kong) Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
ITC Properties Investment (China) Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
ITC Properties (Macau) Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
ITC Properties Management Group Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding

For the year ended 31 March 2022

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration/ establishment/ operation	Issued and fully paid share capital/ registered capital	Total attributable equity interest held by the Company 2022 %	2021 %	Principal activities
ITC Properties Management Limited	Hong Kong	(i) HK$2,000 ordinary shares (ii) HK$500,000 non-voting deferred shares (note a)	**100**	100	Securities investment and provision of management services
ITC Properties (Overseas) Limited	British Virgin Islands	US$100 ordinary shares	**100**	100	Investment holding
ITC Properties (PRC) Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
ITC Properties Secretarial Limited	Hong Kong	HK$2 ordinary shares	**100**	100	Provision of corporate secretarial services
ITC Properties (Townsend House) Company Limited	United Kingdom	GBP1 ordinary share	**90.1**	90.1	Property investment and development
ITC Properties (Vietnam) Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
ITCP Alberni Holdings Limited	Canada	(i) CAD4,760,100 common shares (ii) CAD2,861,895 preferred shares (2021: (i) CAD4,760,100 common shares (ii) CAD2,567,157 preferred shares)	**100**	100	Investment holding
Lion Speed Developments Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Securities and fund investments
Million Orient Limited	Hong Kong	HK$1 ordinary share	**100**	100	Investment holding
More Cash	British Virgin Islands	US$1 ordinary share	**60**	– (Note 18)	Investment holding
New Realm Holdings Pte. Ltd.	Singapore	Singapore dollar 1 ordinary share	**100**	100	Investment holding
Prime Paramount Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding

For the year ended 31 March 2022

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ registration/ establishment/ operation	Issued and fully paid share capital/ registered capital	Total attributable equity interest held by the Company 2022 %	2021 %	Principal activities
Rank Ace Investments Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Property investment
Rosedale Group Management Limited	Hong Kong	HK$2 ordinary shares	**100**	100	Provision of management services
Rosedale Hotel Corporation Limited	Hong Kong	HK$1 ordinary share	**100**	100	Hotel management
Rosedale Hotel Kowloon Limited	Hong Kong	HK$1 ordinary share	**100**	100	Hotel operation and management
Silver Infinite	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Smart Eagle Holdings Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Solid Riches Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Success Well Investment Limited	Hong Kong	HK$2 ordinary shares	**100**	100	Property investment
Top Century International Limited	British Virgin Islands	US$1 ordinary share	**100**	100	Investment holding
Treasure Generator Limited	British Virgin Islands/ Hong Kong (note b)	US$1 ordinary share	**100**	100	Loan notes issuer
Unique Way Limited	British Virgin Islands	US$2 ordinary shares	**100**	100	Investment holding
Utmost Sound Limited	British Virgin Islands	US$1,000 ordinary shares	**72**	72	Investment holding
三亞創新產業開發有限公司 (note c)	PRC	RMB275,389,430	**100**	100	Property development

Notes:

(a) The non-voting deferred shares, which are not held by the Group, carry no rights to (i) dividends, (ii) receive notice of or attend or vote at any general meeting of the company, and (iii) participate in any distribution on winding up practically.

(b) This subsidiary ceased its business in Hong Kong during the year ended 31 March 2022.

(c) This subsidiary is a wholly foreign-owned enterprise established in the PRC.

(d) Except ITC Properties Holdings Group Limited and Treasure Generator Limited, all the above principal subsidiaries are indirectly held by the Company.

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Other than Treasure Generator Limited, being the Issuer of the Guaranteed Notes which were fully settled during the year ended 31 March 2022 as disclosed in Note 29, none of the subsidiaries had any debt securities outstanding at the end of the reporting period or at any time during the year.

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The compositions and the principal activities of these subsidiaries are summarised as follows:

Principal activity	Country/place of incorporation/ establishment	Number of subsidiaries 2022	2021
Property holding and property redevelopment	Hong Kong/PRC/Canada/ United Kingdom/others	**41**	43
Hotel and leisure	Hong Kong/PRC/Canada/others	**18**	19
Securities investments	Hong Kong/others	**4**	4
Finance	Hong Kong/others	**3**	3
Others	Hong Kong/PRC/Macau/others	**95**	104
		161	173

Details of non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ establishment/ operations	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31.3.2022	31.3.2021	**2022**	2021	**31.3.2022**	31.3.2021
		%	%	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
More Cash	British Virgin Islands	**60**	N/A	**(29,380)**	N/A	**212,902**	N/A
Individually immaterial subsidiaries with non-controlling interests				**(3,594)**	(1,870)	**(2,465)**	1,305
				(32,974)	(1,870)	**210,437**	1,305

For the year ended 31 March 2022

45. PRINCIPAL SUBSIDIARIES *(Continued)*

Details of non-wholly owned subsidiary that has material non-controlling interests *(Continued)*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

More Cash

	31.3.2022 *HK$'000*
Current assets	12
Non-current assets	600,583
Current liabilities	(68,340)
Equity attributable to owners of the Company	319,353
Non-controlling interests	212,902
Revenue	–
Loss for the year	(73,449)
Loss attributable to owners of the Company	(44,069)
Loss attributable to the non-controlling interests	(29,380)
Loss for the year	(73,449)
Other comprehensive income attributable to owners of the Company	21,761
Other comprehensive income attributable to the non-controlling interests	14,507
Other comprehensive income for the year	36,268
Total comprehensive expense attributable to owners of the Company	(22,308)
Total comprehensive expense attributable to the non-controlling interests	(14,873)
Total comprehensive expense for the year	(37,181)
Net cash inflow from operating activities	1
Net cash inflow from financing activities	7
Net cash inflow	8

46. EVENT AFTER THE END OF THE REPORTING PERIOD

On 4 April 2022, More Star, a joint venture held as to 40% by the Group, entered into a conditional sale and purchase agreement with, amongst others, an independent third party in relation to the disposal of its entire interests in Fortress State International Limited (a direct wholly-owned subsidiary of More Star), which owns Rosedale Hotel Kowloon, at an aggregate consideration of HK$1,374.9 million. The disposal was completed on 2 June 2022, resulting in an estimated share of gain on disposal attributable to the Group of approximately HK$223.0 million.

FINANCIAL SUMMARY

	For the year ended 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Revenue	246,625	262,299	175,360	258,437	**332,187**
Profit (loss) before taxation	183,626	141,055	(972,033)	(692,246)	**541,639**
Taxation	(1,477)	(1,165)	29	28,216	**(8,449)**
Profit (loss) for the year	182,149	139,890	(972,004)	(664,030)	**533,190**
Profit (loss) attributable to:					
Owners of the Company	182,488	140,583	(971,000)	(662,160)	**566,164**
Non-controlling interests	(339)	(693)	(1,004)	(1,870)	**(32,974)**
	182,149	139,890	(972,004)	(664,030)	**533,190**

	As at 31 March				
	2018	2019	2020	2021	**2022**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	8,983,396	9,171,176	7,891,649	6,599,447	**6,710,096**
Total liabilities	(3,446,488)	(3,832,062)	(3,829,785)	(3,106,996)	**(2,505,327)**
	5,536,908	5,339,114	4,061,864	3,492,451	**4,204,769**
Equity attributable to:					
Owners of the Company	5,532,655	5,336,124	4,060,285	3,491,146	**3,994,332**
Non-controlling interests	4,253	2,990	1,579	1,305	**210,437**
	5,536,908	5,339,114	4,061,864	3,492,451	**4,204,769**

Note: The Group has retrospectively applied HKFRS 9 and HKFRS 15 at 1 April 2018 and HKFRS 16 at 1 April 2019 without restatement of comparative figures.

SCHEDULE OF PRINCIPAL PROPERTIES

Location	Approximate gross floor area *(sq. ft.)*	Lease term	Use	Stage of completion	Group's ownership
PROPERTIES HELD FOR SELF USE AND INVESTMENT					
30/F., Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong	13,880	Long	Office	Completed	100%
250 Hennessy, No. 250 Hennessy Road, Wanchai, Hong Kong	55,600	Long	Office/Car parks	Completed	100%
The Westin Bayshore, 1601 Bayshore Drive, Vancouver, British Columbia, Canada	449,000	Freehold	Hotel/Conference/ Ancillary uses	Completed	50%
Portions of Dabiao International Centre, No. 362 Jiangnan Avenue South and No. 238 Changgang Zhong Road, Haizhu District, Guangzhou City, PRC	635,000	Medium	Commercial/Office/ Hotel/Car parks	Completed	45%
Rosedale Hotel Kowloon, No.86 Tai Kok Tsui Road, Tai Kok Tsui, Hong Kong (note 1)	110,000	Long	Hotel	Completed	40%
Renaissance Shanghai Caohejing Hotel, No. 297 Tianlin Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai, PRC	694,000	Medium	Hotel	Completed	24.5%

SCHEDULE OF PRINCIPAL PROPERTIES

Location	Approximate gross floor area *(sq. ft.)*	Lease term	Use	Stage of completion	Group's ownership
STOCK OF PROPERTIES UNDER DEVELOPMENT					
Hyde Park, No. 205 Hai Tan Street, Sham Shui Po, Hong Kong	4,252 (note 2) (Gross site area approximately 4,550 sq. ft.)	Long	Residential/ Commercial	Completed	100%
Townsend House, Greycoat Place, London, United Kingdom	43,239 (note 3) (Gross site area approximately 6,098 sq. ft.)	Freehold	Residential/ Commercial	Superstructure works in progress	90.1%
Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan, Hong Kong	41,808 (Gross site area approximately 9,100 sq. ft.)	Long	Residential (note 4)	Demolition work in progress	72%
Lote 2 to Lote 12 of One Oasis, Sky Oasis and Grand Oasis, Estrada de Seac Pai Van, Coloane, Macau	1,069,000 (note 2) (Gross site area approximately 302,000 sq. ft.)	Medium	Residential/ Commercial	Development by phases (Anticipated completion date: 2022 in phases)	35.5%
1444 Alberni Street, 711 Broughton Street and 740 Nicola Street, Vancouver, British Columbia, Canada	Proposed: 612,000 (Gross site area approximately 43,230 sq. ft.)	Freehold	Residential/ Commercial	Rezoning approved	28%
No. 23 Po Shan Road, Mid-levels, Hong Kong	80,000 (Gross site area approximately 15,000 sq. ft.)	Long	Residential	Superstructure works completed	20%

Notes:

(1) The property was disposed of on 6 June 2022.

(2) The gross floor area represents the remaining area of the project.

(3) The gross floor area was based on the approved plan in May 2021.

(4) The property is currently for industrial use and is planned to be redeveloped for residential use upon compliance with town planning issues.

In this annual report, the following expressions have the following meanings unless otherwise specified:

2012 Share Option Scheme	the share option scheme of the Company adopted on 17 August 2012 and subsequently cancelled and terminated on 10 September 2021
Annual General Meeting	the annual general meeting of the Company to be held at 15/F., 250 Hennessy, 250 Hennessy Road, Wanchai, Hong Kong on Friday, 9 September 2022 at 10:30 a.m.
Board	the board of Directors
Bye-Laws	the bye-laws of the Company as amended, supplemented or otherwise modified from time to time
CAD	Canadian dollars, the lawful currency of Canada
CG Code	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
Company	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 199)
Director(s)	the director(s) of the Company
Group	collectively, the Company and its subsidiaries
HK$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
Macau	Macau Special Administrative Region of the PRC
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
New Share Option Scheme	the new share option scheme of the Company adopted on 10 September 2021
PRC	the People's Republic of China, and for the purpose of this annual report, excluding Hong Kong, Macau and Taiwan
RMB	Renminbi, the lawful currency of the PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Share(s)	ordinary share(s) of HK$0.01 each in the issued share capital of the Company

DEFINITIONS

Shareholder(s)	holder(s) of the Share(s)
Share Option Schemes	collectively, the 2012 Share Option Scheme and the New Share Option Scheme
sq. ft.	square feet
Stock Exchange	The Stock Exchange of Hong Kong Limited
US$	United States dollars, the lawful currency of the United States
Year	the financial year ended 31 March 2022
%	per cent.

In case of any inconsistency, the English version of this annual report shall prevail over the Chinese version.

德祥地產集團有限公司
ITC PROPERTIES GROUP LIMITED

30/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong