尚家生活地產

Couture Homes

CSI PROPERTIES 資本策略

資本策略地產有限公司
CSI PROPERTIES LIMITED

Stock Code 股份代號：497

ANNUAL REPORT 2022 年報

FinanceAsia ASIA'S BEST COMPANIES 2013

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Corporate Information

BOARD OF DIRECTORS

Executive Directors:
Chung Cho Yee, Mico *(Chairman)*
Kan Sze Man
Chow Hou Man
Fong Man Bun, Jimmy
Ho Lok Fai
Leung King Yin, Kevin

Independent Non-Executive Directors:
Lam Lee G.
Cheng Yuk Wo
Shek Lai Him, Abraham, *GBS, JP*
Lo Wing Yan, William, *JP*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Cheng Yuk Wo *(Chairman)*
Chung Cho Yee, Mico
Lam Lee G.

NOMINATION COMMITTEE

Chung Cho Yee, Mico *(Chairman)*
Lam Lee G.
Cheng Yuk Wo

EXECUTIVE COMMITTEE

Chung Cho Yee, Mico *(Chairman)*
Kan Sze Man
Chow Hou Man
Fong Man Bun, Jimmy
Ho Lok Fai
Leung King Yin, Kevin

COMPANY SECRETARY

Kan Sze Man

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd., Hong Kong Branch
Chong Hing Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

SHANGHAI OFFICE

Room 804, The Platinum
233 Taicang Road
Huangpu District
Shanghai, 200020, China

AUDITORS

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F., One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL REGISTRARS

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRARS

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODE

497

COMPANY WEBSITE

www.csigroup.hk

Financial Review

REVIEW OF THE RESULTS

CSI Properties Limited (the "Company") and its subsidiaries (collectively referred as the "Group") reported a total revenue of approximately HK$420.5 million for the year ended 31 March 2022, which was mainly generated from sale of properties, representing an increase of 14.0% from approximately HK$368.7 million recorded last year.

The Group reported a consolidated profit attributable to the owners of the Company of HK$1,156.2 million for the year ended 31 March 2022, represented an increase of 249.5% compared with HK$330.8 million reported in 2021.

The increase in profit in comparison to last year was mainly attributable to the gain on disposal of 49% equity interests in The Novotel Hong Kong Nathan Road Kowloon ("Novotel Hotel"), together with the fair value gain on transfer of properties held for sale to investment properties for the two shopping malls in Shanghai.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a healthy liquid position which included bank balances and cash (including cash held by securities brokers) of approximately HK$3,479.3 million (31 March 2021: HK$1,500.8 million). The Group generally financed its operations through its internal resources and banking facilities provided by its principal bankers.

As at 31 March 2022, the Group's total external borrowings, comprise of bank borrowings and guaranteed notes, amounted to approximately HK$11,309.4 million (31 March 2021: HK$11,939.0 million) and the Group's ratio of total debt to total assets was 39.0% (31 March 2021: 41.7%) (measured by total external borrowings as a percentage to the total assets of the Group).

All bank borrowings were mainly denominated in Hong Kong dollars, Renminbi, US dollars, Australian dollars and Great British Pound which were on a floating rate basis at short-term Hong Kong Interbank Offered Rate plus 0.6% to 2.05% per annum, bearing interest at Sterling Overnight Index Average plus a fixed margin or bearing interest at the quoted Loan Prime Rate by the National Interbank Funding Center or the Shanghai Interbank Offered Rate plus a fixed margin. The maturity profile (including bank borrowings of approximately HK$781.1 million that contain a repayment on demand clause in the loan agreements are grouped under repayable within one year) usually spreads over a period of around 2-5 years with approximately HK$2,291.0 million repayable within one year, HK$6,701.5 million repayable between one to five years, and HK$nil over five years.

The majority of the Group's assets and liabilities were denominated in Hong Kong dollars, Renminbi and US dollars. As such, the fluctuation of foreign currencies did not have a significant impact on the performance, result and operation of the Group. However, the Group will closely monitor the foreign exchange risk exposure.

FINANCIAL HIGHLIGHTS

(In HK$ million, except otherwise indicated)

	Year ended 31 March	
	2022	2021
Revenue		
Per consolidated statement of profit or loss	420	369
Share of revenue of associates and joint ventures	2,343	1,666
	2,763	2,035
Profit attributable to owners of the Company	1,156	331
Equity attributable to owners of the Company	14,508	13,298
Earnings per share – basic *(HK cents)*	12.26	3.43
Dividend per share proposed after the end of the reporting year – Final dividend *(HK cents)*	0.42	0.42

ASSETS VALUE

The Group's properties held for sale are stated at the lower of cost and net realisable value on individual property basis in accordance with the current accounting standards.

The principal assets of the Group's joint ventures are properties held for sale and stated at the lower of cost and net realisable value in accordance with the current accounting standards.

In order to fully reflect the underlying economic value of the properties held for sale of the Group and its joint ventures, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on the basis that the Group was to state its properties held for sale at their open market valuations as at 31 March 2022.

	2022 (Unaudited) HK$'000
Net assets attributable to owners of the Company (audited)	14,507,557
Add: Attributable revaluation surplus relating to the Group's properties held for sale (1)	3,101,779
Attributable revaluation surplus relating to properties held for sale by joint ventures (1)	3,286,951
Net assets attributable to owners of the Company as if the properties held for sale and interests in joint ventures were stated at open market value (2)	20,896,287
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value (3)	HK$2.23

(1) Based on open market valuations as at 31 March 2022 carried out by independent and qualified property valuers not connected to the Group (the value of which has been slightly adjusted due to the RMB to HK$ exchange rate) or actual transaction prices or estimated based on average transaction price.

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

(3) Net assets per ordinary share calculated based on 9,371.7 million shares in issue as at 31 March 2022.

EMPLOYEE

As at 31 March 2022, the total number of employees of the Group was 115 (2021: 105, excluding the employees of Novotel Hotel). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

FINANCIAL GUARANTEE CONTRACTS

	2022 HK$'000	2021 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	9,474,920	8,010,859
Associates	1,054,280	282,854
	10,529,200	8,293,713
and utilised by:		
Joint ventures	7,516,627	6,716,533
Associates	972,440	192,280
	8,489,067	6,908,813

The directors of the Company have performed impairment assessment of the joint ventures and associates at the end of the reporting period as well as assessing that expected credit loss allowance in relation to the guarantees is not material, other than the loss allowance of HK$74,996,000 (2021: HK$nil) recognised in the profit or loss. As at 31 March 2022, included in other payables and accruals represents financial guarantee contracts given to joint ventures amounted to HK$85,695,000 (2021: HK$11,205,000).

PLEDGE OF ASSETS

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

	2022 HK$'000	2021 HK$'000
Property, plant and equipment	195,534	208,249
Investment properties	3,622,644	–
Properties held for sale	6,802,235	11,928,292
Financial assets at fair value through profit or loss	30,766	306,188
	10,651,179	12,442,729

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

Chairman's Statement

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Directors") of the Company (the "Board"), I am pleased to present the annual results of the Group for the financial year ended 31 March 2022 (the "Fiscal Year").

The Fiscal Year continues to be a year of challenge brought by the continued outbreak of COVID-19, geopolitical conflicts and market sentiment to property developers as a whole as we sought to position ourselves back on a steady growth trajectory. Despite so, we endeavored to navigate the rough waters in continuing to capture market opportunities amidst the challenging environment.

Our Financial Highlights

We continued to achieve significant property sales from both our residential and commercial properties. The total revenue attributable to the Group from sales of properties (including contributions from joint ventures of approximately HK$2.26 billion) amounted to approximately HK$2.43 billion in the Fiscal Year. Our solid balance sheet also enables us to capture appropriate investment opportunities and to satisfy any future premium payment needs such as those in relation to our two recently rezoned joint venture residential projects in Kwu Tung and Yuen Long.

The Group's consolidated profit attributable to owners of the Company was approximately HK$1.16 billion for the Fiscal Year and the Board has recommended a final dividend of HK0.42 cents per share for the Fiscal Year.

Our Business Highlights and Outlook

Domestic Residential Segment

Whilst the social gathering restrictions in Hong Kong and the continued travel restrictions between Mainland China and Hong Kong owing to COVID-19 have affected property viewings, our luxury residential segment continues to fare well. Since the launch of Dukes Place, it has been very well received especially from local affluent families in Hong Kong and we have sold the majority of units in Dukes Place. Our ultra-premium residences "Infinity", located at Nos. 8-12 Peak Road, boasting a magnificent 180-degree of the Victoria Harbour and revamping an important property at a prime location, sparked positive responses and interests from the community.

With our diverse portfolio which also aims at the mass market residential housings, our robust pipeline consists of several key mass residential presales targeting to launch in the second quarter of 2023. Our joint venture prime residential projects above Wong Chuk Hang MTR Station and Yau Tong MTR Station, as well as the residential units to be derived from the redevelopment of Novotel Hotel in Jordan, are expected to be welcomed by the local community.

The undeniable nexus between Mainland China and Hong Kong is also one of the Group's focuses when making investment opportunities. In the 2021 Policy Address, the Chief Executive mapped out the Northern Metropolis Development Strategy, aiming to, amongst others, transform the northern part of Hong Kong. The strategic location of our luxurious villas at No. 333 Fan Kam Road in Sheung Shui is unparalleled and targets prospective buyers who frequents Mainland China while desiring a high degree of privacy and luxury. To cater for mass market, we have also added to our pipeline two residential sites. Firstly, our joint venture project in Yuen Long – "Lai Sun Yuen Long Centre", which shall be converted into a mass residential complex with a future attributable gross floor area of approximately 400,000 square feet; and secondly, another joint venture project in Kwu Tung with a future attributable gross floor area of approximately one million square feet.

Domestic Commercial Segment

We continue to witness progress on our existing prime commercial portfolio. Despite lockdowns and social restrictions in Hong Kong, we secured premium F&B and lifestyle tenants at our newly completed commercial tower, the FOCO, on Cochrane Street in Central. Our other commercial site on Gage Street/Graham Street is on track with foundation works nearing completion. We continue to seek exciting redevelopment opportunities for our existing portfolio located on Wellington Street and strive to further enhance our Central portfolio.

We also welcome our new joint venture partner, Canadian Pension Plan Investment Board, who partnered with us under a newly established joint venture for the Novotel Hotel project in Jordan. This long-awaited redevelopment plan to transform Novotel Hotel into a new commercial/residential complex upon completion has commenced. We believe this strategic partnership is an important milestone for the Group to further gain global recognition.

China Market

Whilst Hong Kong has a lot to offer to Mainland China and the international markets, I believe Mainland China has far greater offerings to Hong Kong. Owing to the government policies in Mainland China which calls for amongst others, the stimulation of consumption in all sectors, together with the eventual market recovery following the improvement in such pandemic and trade disputes, we remain hopeful that the property sector, in particular the retail property sector, will rebound in the future in Mainland China. We remain cautiously optimistic when strategising our pipeline and investment opportunities in Mainland China with a key focus on Shanghai, other first tier cities and prime locations in the Greater Bay Area.

To this end, we have cemented our market presence with the success of our Beijing luxury residential project, the Knightsbridge, a luxurious residential renovation project located in prime Beijing. The positive feedback from the community has instilled our confidence in the Mainland Chinese market and proven the strong desire from affluent mainlanders for high-end luxury corresponds to what the Group has to offer. From a strategic point of view, we have also reclassified "In Point Shopping Mall" and "Richgate Plaza" in Shanghai to capture the future long term upside due to government policies. Going forward, we believe in the vast potential in Mainland China's consumerism and will adapt and respond through appropriate positioning and investment strategies.

Our Appreciation

Finally, I would like to take this opportunity to express my heartfelt gratitude to our colleagues, our joint venture partners, business partners and our customers, for their continuous support to the Group. I would also like to thank our shareholders, who place their trust in us. In this ever-changing climate, it is of utmost important to have foresight and be well prepared to waver through unprecedented times, whilst continue to create greater value to our shareholders. We will remain resilient and be well positioned for challenges and capitalise on further growth whenever market opportunities present themselves.

CHUNG CHO YEE, MICO
Chairman

Hong Kong, 29 June 2022

Management Discussion and Analysis

BUSINESS REVIEW

The Group's profit attributable to owners of the Company for the year ended 31 March 2022 amounted to HK$1,156.2 million, compared to HK$330.8 million last year. Earnings per share was HK12.26 cents, compared to HK3.43 cents last year.

The Group's revenue for the year was HK$420.5 million, representing an increase of HK$51.8 million, compared to HK$368.7 million last year. Consolidated profit for the year amounted to HK$1,238.1 million, compared to HK$418.5 million last year. The increase in profit in comparison to last year was mainly attributable to the gain on disposal of 49% equity interests in The Novotel Hong Kong Nathan Road Kowloon ("Novotel Hotel"), together with the fair value gain on transfer of properties held for sale to investment properties for the two shopping malls in Shanghai.

Total revenue attributable to the Group from sales of properties for the year, including those contributed by joint ventures was HK$2,426.2 million (2021: HK$1,732.1 million).

The Group has remained profitable in the year despite the continuing effects from the COVID-19 pandemic and the geopolitics challenges. We have maintained a solid financial position through steady asset disposals on both the residential and commercial fronts, to continue to strengthen its liquidity. We continue to maintain healthy cash and cash equivalent position, and remain confident of our strong balance sheet to enable the Group to ride out challenges affecting Hong Kong.

Hong Kong Commercial Properties

The Group is actively developing and upgrading a number of strategic commercial projects that will be our key revenue drivers in the upcoming years. The URA project at Gage Street/Graham Street, Central is a joint venture commercial development project with Wing Tai Properties Limited. The project will deliver a Grade A office tower, super luxury hotel and retail shops with a combined gross floor area of approximately 432,000 square feet. Construction work is currently ongoing with the foundation works nearing completion. The Group and its partner, Wing Tai Properties Limited, have proven on multiple occasions the ability to curate unforgettable experiences and spaces. Therefore, we are confident that with its prime location and highly experienced team, the project will be a nexus in the area for offices, hospitality, retail, F&B and culture.

The new commercial tower "FOCO" at No. 48 Cochrane Street, Central, is a commercial development project located at the heart of SOHO district, and is situated immediately across from "Tai Kwun". The project has a gross floor area of approximately 32,000 square feet. The SOHO district is world famous for its restaurants, bars, art galleries and comedy clubs and therefore is also highly frequented by tourists, expatriates and locals alike. The Group has successfully leased a substantial portion of the floors to leading F&B and lifestyle outlets despite the challenging rental market in Hong Kong.

In Kowloon East, the Group, together with our joint venture partners, successfully rebranded our prime office tower located at No. 8 Lam Chak Street in Kowloon Bay as the "Harbourside HQ". The building had undergone substantial enhancement works to the main lobby, entrance hallway, lifts, washrooms and lift lobbies to unlock its full potential. Following the improvement works, the Group's target is actively recruiting high paying tenants from the banking, insurance, and technology, media and telecommunications sectors in order to create further value by improving rental yield.

The newly renamed "Hong Kong Health Check Tower" is located at Nos. 241 and 243 Nathan Road in Jordan. The building is situated at the junction of Nathan Road and Jordan Road and directly opposite to Jordan MTR station. The area is well known to both locals and mainland tourists for its high density of clinic and medical centres. Hong Kong Health Check Tower's proximity to both the MTR and highspeed railway network, the "golden mile" (Jordan Road) and the area's reputation for medical services create high consistent levels of organic foot traffic. The building had undergone substantial improvement works to its façade, signage, main lobby, lifts, lift lobbies and washrooms and we have a leading Hong Kong medical service provider, Hong Kong Health Check and Medical Diagnostic Centre Limited, as the anchor tenant occupying most of the commercial floors. This successful transformation to a dedicated medical service-oriented commercial tower is another showcase of the Group's expertise in upgrading and repositioning properties, while substantially improved rental yields after repositioning. We expect the enhanced commercial tower to be another profitable investment upon its future disposal.

"Novotel Hotel" has already begun the redevelopment plan since September 2021. Demolition of the existing hotel was already completed while foundation work is in progress. The current plan will be a joint commercial and residential tower at the site. We are most delighted to have formed a joint venture with Canadian Pension Plan Investment Board and another minority partner to undertake this project. Working with leading internationally renowned architectural firm, PDP London, the new tower is expected to complete its construction in 2025. The gross floor area of the new tower, amounting to over 250,000 square feet, will be evenly split between commercial and residential use. The lower commercial podium can be used as a hub for well-being or financial services with its traffic convenience. The upper residential tower will offer future residents a prime address in the heart of Kowloon peninsula, with superb school zone and extreme accessibility to all areas of Hong Kong. Presales of the residential units will be commencing in middle of year 2023 and we expect to receive good responses at this prime Kowloon address. We fully expect this iconic new tower at prime Jordan to be one of the jewels on the crown for the Group upon its completion.

The commercial division has made great stride in driving the development and repositioning of our various commercial assets. We strongly believe that the great efforts and progress will help the Group in capitalising on these value creation works when the border with Mainland China reopens and Hong Kong economy can gradually return to normalisation.

Couture Homes – Hong Kong Residential Property Development

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

"Dukes Place" at No. 47 Perkins Road in Jardine's Lookout is our joint venture luxury residential apartment project. Nestled in the heart of this quiet ultra-high net-worth neighbourhood, "Dukes Place" offers a unique combination of super luxury simplexes, duplexes, garden villas and a penthouse. This mix of different units creates a wide range of options in both layouts and sizes which range from approximately 2,850 square feet to over 6,800 square feet. To fully highlight the potential this project radiates, the Group hired renowned architecture firm, PDP London, to work on the façade along with world-class interior designers from UK, France, Japan and Hong Kong. Each of these interior designers was tasked to design a distinct unit and each of them has been able to fully capture the Group's high standards in its own unique way. Up-to-date, the Group has entered into contracts for sale 11 units out of a total of 16 units at superior pricing. This is a true achievement in these challenging time as the COVID-19 has virtually closed the borders of Hong Kong and limited buying interests from mainland buyers. We are confident in selling the remaining special units at top prices soon.

The "Infinity" at Nos. 8-12 Peak Road is a joint venture project, consisting of the refurbishment of ultra-high-end residential apartments. In addition, the Group wholly owned a detached house for redevelopment purpose at this prime Peak address. This project is blessed with full and virtually unobstructed 180-degree views of Victoria Harbour. With the final completion of the refurbishment work of the apartment units at the end of 2020, it is amongst the most desired project for connoisseurs looking for the best home the prestigious Peak can offer. We have received strong responses and interests from the community on the units and are confident that this immaculate ultra-luxury residential project will continue to solidify our renowned reputation for developing ultra-luxury residential projects.

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

Our Yau Tong MTR residential project in joint venture with Sino Land Company Limited is progressing well according to schedule. The Group is very excited to be working with Sino Land Company Limited on our first MTR residential project. Currently, we anticipate the presales of the residential units to be around middle of 2023 and have good reception from market due to its convenient location in Kowloon East.

The prime residential project at Nos. 3-6 Glenealy, Central, which we are working with Pacific Century Premium Developments Limited, is well under way with foundation works currently in progress.

Our Wong Chuk Hang MTR residential project in joint venture with New World Development Company Limited and others is a superior residential property located on top of the forthcoming Wong Chuk Hang MTR station mall podium. The plan is to develop the prime site into a premium residential development with total gross floor area of around 636,000 square feet. The units to be built will have excellent unblocked views of the Ocean Park Hong Kong and Deep Water Bay, creating a prime haven for premium residential units at this convenient address with five-minute MTR access to Admiralty. Construction work has commenced for this project with target completion around 2025. Based on the stage of progress, we currently anticipate the presales of the residential units to be around middle of 2023. The Group is confident that the project will command good responses and profitability in the future, with reference to the very successful presales of two comparable Wong Chuk Hang MTR station residential projects which achieved superior prices in the same vicinity.

To cater for mass market residential market demand, we have also added to our portfolio two significant residential sites in the future "Northern Metropolis" in Hong Kong. The first one is our 50:50 joint venture redevelopment of Lai Sun Yuen Long Centre in Yuen Long, the project has already obtained the necessary government approvals to convert the existing industrial building into a mass residential complex with a future attributable gross floor area of approximately 400,000 square feet. This convenient site presents easy access to the heart of Yuen Long and Long Ping MTR station. The second is our joint venture project in Kwu Tung with a future attributable gross floor area of approximately one million square feet in which the Group holds a 40% stake of the project. The "Kwu Tung North Development Area" is expected to be a new town development that will accommodate a population of around 115,000 with strong railway and highway links, as per the plan of the Government. We believe the site, located near the future Kwu Tung MTR station, to be a landmark mass residential development of the Group in the future.

The Group remains pleased with the performance and progress of our residential projects made to-date, especially with the sales progress of our high-end residential units which achieved good volume and superior pricings. We have a solid pipeline of residential projects, especially on the mass residential spectrum, in the future to continue the solid growth of the division.

Mainland China Market

"Knightsbridge" is the Group's first luxury residential joint venture project in Beijing and is located at Nos. 90 and 92 Jinbao Street. This project is unique with its façade design of a classical European style which is uncommon to the locality. The completed renovation works include upgrading of the façade and common areas, and the fitting out of the interiors of the 2 floors of show units. Sales of the units have already commenced with approximately half of the refurbished units already been sold at premium pricing, demonstrating the strong desire from affluent mainlanders for high-end luxury residential properties in Mainland China.

On our Mainland China commercial assets, the Group's repositioning works to the "In Point Shopping Mall" at No. 169 Wujiang Road in Shanghai had also been completed. The upgrades made to the primely located mall have created a parade of double-decker premium street-front stores to enhance the tenancy profile and rental yield. With the tenancy upgrade, the Group is achieving significant value creation with much improved rental in almost doubling previous levels.

From a strategic point of view, we have also reclassified the "In Point Shopping Mall" and "Richgate Plaza" in Shanghai from properties held for sale to investment properties during this fiscal year to capture the future upside as a result of mainland government's policies to stimulate consumption. Going forward, we believe in the vast potential in Mainland China's consumerism on a long-term basis.

The Group remains cautiously optimistic when strategising our pipeline and investment opportunities in Mainland China, with key focus on prime locations in first tier cities including Shanghai, Beijing and key cities in the Greater Bay Area.

Securities Investment

As at 31 March 2022, the Group held financial assets at fair value through profit or loss of approximately HK$655.1 million (31 March 2021: HK$1,700.9 million). The investment portfolio comprises of 59.2% listed debt securities, 2.4% listed equity securities and 38.4% unlisted funds and securities. They are denominated in different currencies with 95.2% in United States dollars and 4.8% in Hong Kong dollars.

During the year under review, a mark-to-market valuation net loss of HK$629.4 million, comprising HK$605.1 million of net fair value loss from listed debt securities, HK$7.8 million of net fair value loss from equity securities (mostly listed in Hong Kong) and HK$16.5 million arising from net fair value loss from unlisted equity and debt securities.

Interest income and dividend income from securities investment decreased to approximately HK$83.4 million (31 March 2021: HK$229.2 million).

As at 31 March 2022, approximately HK$30.8 million (31 March 2021: HK$306.2 million) of these listed securities investments were pledged to banks as collateral for banking facilities granted to the Group.

EMPLOYEE

As at 31 March 2022, the total number of employees of the Group was 115 (2021: 105, excluding the employees of Novotel Hotel). The Group's employees are remunerated in line with the prevailing market terms and individual performance, with the remuneration package and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

OUTLOOK

The global macro environment, despite the subsiding of the COVID-19 pandemic in most parts of the world, has been dampened since the beginning of 2022 with the Ukraine-Russia conflict and financial market adjustments due to global inflation fears. We remain hopeful that the negative impact on the Group's business, especially on the commercial front, will be returning to normal once these disruptions fade. As such, we remain cautiously optimistic on the prospect of the commercial sector in the medium term, particularly in prime areas such as Central, which has seen a fair amount of "Re-Centralisation" by corporates moving their offices back to Central.

On the residential front in Hong Kong, decent first-hand sales figures in the mass market sector and luxury market sector have been encouraging news for us, despite the borders with Mainland China remaining closed. We believe the mass market sector will continue to outperform given the disparity in local residential supply and demand. For the luxury market sector, we believe there is decent support as observed from our decent sales of units at our projects like "Dukes Place".

The Group will strive to maintain a strong balance sheet to ride out the current global challenges. With experienced senior management and project management teams, the Group will remain resilient and be well positioned for challenges and capitalise on further growth when market opportunities present themselves.

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to directors twice a year to draw their attention to the Model Code. The Company made specific enquiries to each director and had received their written confirmation of full compliance with the Model Code for the year ended 31 March 2022.

BOARD OF DIRECTORS

The board of directors of the Company (the "Board") is responsible for the leadership and control of the Company and oversees the Company's businesses, strategic decisions and performance. All directors pay sufficient time and attention to the affairs of the Company. Every member of the Board is fully aware of his responsibilities as a director of the Company under the applicable laws and regulations. Non-executive directors provide their skills and expertise and serve different board committees of the Company. The day-to-day execution of the Board's policies and strategies is delegated to the Executive Committee which comprised of the executive directors and was formed with specific written terms of reference.

The Company provides appropriate cover on directors and officers liabilities insurance and the latest policy was renewed in May 2022.

Bye-laws 99(A) and 102(B) of the bye-laws of the Company (the "Bye-laws") are amended by a special resolution passed on 25 August 2005 to the effect that all directors are subject to rotation at least once every three years. Additional and new directors filling up casual vacancy are subject to election in the next following general meeting.

Board Composition

As at the date of this report, the Board is comprised of six executive directors of the Company ("EDs") (namely Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Fong Man Bun, Jimmy, Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin) and four independent non-executive directors of the Company ("INEDs") (namely Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, *GBS, JP* and Dr. Lo Wing Yan, William, *JP*). Pursuant to the requirements set out in Rules 3.10(2) and 3.10A of the Listing Rules, at least one-third of the Board are INEDs and at least one of them has appropriate professional qualifications, or accounting or related financial management expertise. Biographical information of all current directors are set out on pages 49 to 54 of this annual report. List of directors and their role and function is available on the websites of the Company and the Stock Exchange.

BOARD OF DIRECTORS (Continued)

Board Composition (Continued)

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

The composition of the Board and their respective attendance records of each director at the various meetings of the Company during the year are as follows:

	Number of meetings attended/held				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
Chung Cho Yee, Mico	6/6	N/A	2/2	2/2	1/1
Kan Sze Man	6/6	N/A	N/A	N/A	1/1
Chow Hou Man	6/6	N/A	N/A	N/A	1/1
Fong Man Bun, Jimmy	6/6	N/A	N/A	N/A	1/1
Ho Lok Fai *(Note)*	5/6	N/A	N/A	N/A	1/1
Leung King Yin, Kevin *(Note)*	5/6	N/A	N/A	N/A	1/1
Independent Non-Executive Directors					
Lam Lee G.	6/6	3/3	2/2	2/2	1/1
Cheng Yuk Wo	6/6	3/3	2/2	2/2	1/1
Lo Wing Yan, William, *JP*	6/6	3/3	N/A	N/A	1/1
Shek Lai Him, Abraham, *GBS, JP*	6/6	3/3	N/A	N/A	1/1

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

Chairman and Chief Executive

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

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

BOARD OF DIRECTORS (Continued)

Independent Non-Executive Directors

All INEDs have confirmed their independence and the Company considers each of them to be independent. The Nomination Committee has conducted an annual review of the independence of all INEDs. According to the independence criteria as set out in Rule 3.13 of the Listing Rules, the Nomination Committee concluded that all the INEDs satisfied the Listing Rules requirement of independence.

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

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

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

Directors' Continuous Professional Development

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

As part of an ongoing process of director's training, the directors are provided with written materials on the latest developments from time to time to develop and refresh their knowledge and skills. During the year, all directors had received regular updates on the Company's business and written materials regarding changes to the Listing Rules and other relevant rules and regulations and/or also attended an in-house seminar organised by the Company or conducted by a professional firm. The directors are also encouraged to attend training relevant to their duties and responsibilities that they consider appropriate. The Company has received confirmations from all directors of their respective training records for the year ended 31 March 2022.

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee, for overseeing particular aspects of the Company's affairs. The four committees are established with defined written terms of reference and approved by the Board, which set out the committees' respective duties.

The terms of reference of the board committees have been reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Company.

The members of each board committees had fully accessed to board minutes, records, materials as well as the management and staff of the Company. The Company provides full support to the board committees and arranges for professional advisors to give incidental advice whenever necessary.

Audit Committee

The main role and function of the Audit Committee are to consider the application of financial reporting, risk management and internal control principles and to maintain an appropriate relationship with the external auditors of the Company.

Currently, the Audit Committee comprises four INEDs, namely, Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, *GBS, JP* and Dr. Lo Wing Yan, William, *JP*. The chairman of the Audit Committee is Mr. Cheng Yuk Wo, who has professional accounting qualifications and expertise in financial management. The Audit Committee's authority and duties are set out in written terms of reference is available on the websites of the Company and the Stock Exchange.

During the year, the Audit Committee held three meetings. Following the Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the Audit Committee regarding the selection and appointment of external auditors. The Audit Committee has reviewed the final results of the Company for the year ended 31 March 2021 and the interim results of the Company for the six months ended 30 September 2021; approved the remuneration and terms of engagement of the external auditors; reviewed the internal audit plan; reviewed the work progress reports in respect of internal control and risk management and the works performed by the external consultants; and discussed with the management and the Company's auditors the accounting policies and practices adopted, internal control and financial reporting matters of the year.

Remuneration Committee

The Remuneration Committee was established on 21 July 2005 with written terms of reference, which deal clearly with its authority and duties for a formal and transparent procedure to fix the remuneration package for all directors. The main role and function of the Remuneration Committee are to formulate reward packages for senior management and individual executive directors.

The Remuneration Committee will consult the Chairman of the Board on the adequacy of the corporate remuneration policy and individual reward package with particular reference to fairness, sufficiency of incentive element and effective application of company resources. The Remuneration Committee's authority and duties are set out in written terms of reference is available on the websites of the Company and the Stock Exchange.

Currently, the Remuneration Committee comprises two INEDs, namely Dr. Lam Lee G., and Mr. Cheng Yuk Wo, and one ED, namely, Mr. Chung Cho Yee, Mico. Mr. Cheng Yuk Wo is the chairman of the Remuneration Committee.

During the year, the Remuneration Committee held two meetings, in which it reviewed, discussed and approved the remuneration policies, system, package and the discretionary bonus of the directors and senior management of the Company.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

Details of emolument paid to the directors for the year 2022 are set out in the notes to the consolidated financial statement on page 111.

Nomination Committee

The Nomination Committee was established on 13 March 2012 with specific written terms of reference. The main role and function of the Nomination Committee are to review the structure, size and composition of the Board and the Board Diversity Policy; to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors; to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company; to assess of the independence of each INED. The Nomination Committee's authority and duties are set out in written terms of reference is available on the websites of the Company and the Stock Exchange.

Currently, the Nomination Committee comprises two INEDs, namely Dr. Lam Lee G. and Mr. Cheng Yuk Wo, and one ED, namely Mr. Chung Cho Yee, Mico. Mr. Chung Cho Yee, Mico is the chairman of the Nomination Committee.

In order to facilitate its functions for the nomination procedures and the process and criteria to select and recommend candidates for directorship of the Company, the Board adopted the Board Diversity Policy with measurable objectives. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural, gender and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Board also adopted the Nomination Policy which sets out the approach and procedures for the Board to nominate and select directors. The Nomination Committee shall consider a number of factors in making nominations, including but not limited to his/her skills and experience; commitment; independence; and reputation for integrity.

The appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board shall be made in accordance with the Bye-laws and other applicable rules and regulations.

During the year, the Nomination Committee held two meetings, in which it reviewed the structure, size, composition and diversity of the Board, made recommendations to the Board on the re-appointment of directors and succession planning of the Company and assessed the independence of INEDs. If a retiring INED (i) has served on the Board for more than nine years or (ii) has held directorship in six or more other listed companies, the Board shall explain in the circular the reasons why (i) he is still believed as independent and should be re-elected or (ii) he is able to devote sufficient time to the Board, respectively.

Executive Committee

The Executive Committee, comprised of the EDs, was formed on 21 July 2005 with specific written terms of reference. The main role and function of the Executive Committee are to manage the day-to-day operations of the Group's business and make investment and divestment decisions for and on behalf of the Group unless otherwise restricted by the terms of reference. In addition, the Executive Committee reviews the corporate and financial planning, investment and operation strategy of the Group as well as monitoring the progress of the carrying out of Board decisions by the management. The Executive Committee reports its view and puts forward recommendations to the Board through the Chairman of the Board.

Currently, the Executive Committee comprises six EDs, namely, Mr. Chung Cho Yee, Mico, Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Fong Man Bun, Jimmy, Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin. Mr. Chung Cho Yee, Mico is the chairman of the Executive Committee.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and directors of the Group; and

(v) to review the Group's compliance with the code of corporate governance and disclosure requirements in the Corporate Governance Report.

During the year, the Board reviewed the Group's compliance with the Code disclosure requirements in the Corporate Governance Report and approved the 2021 Corporate Governance Report of the Company.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company, who reports to the Chairman and assists the Board in ensuring effective information flow among Board members and that the Board policy and procedures including those on corporate governance matters are followed. The Company Secretary had complied with Rule 3.29 of the Listing Rules during the year under review.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The annual and interim results of the Group are published in a timely manner, within three months and two months respectively of the year end and the half year.

The responsibility of directors in relation to the consolidated financial statements is set out below. It should be read in conjunction with, but distinguished from, the Independent Auditor's Report on page 61 of this annual report which acknowledges the reporting responsibility of the Group's auditor.

Annual Report and Accounts

The directors acknowledge their responsibility for the preparation of the annual report and consolidated financial statements of the Group, ensuring that the consolidated financial statements give a true and fair presentation in accordance with generally accepted accounting standards in Hong Kong, the requirements of the Listing Rules and applicable laws as well as the integrity of the financial information so reported. Such responsibility is extended to cover not only the annual and interim reports but also announcements and other financial disclosures of the Company required under the Listing Rules.

Going Concern

The directors, having made appropriate enquiries, are of the view that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate for the Group to adopt the going concern basis in preparing the consolidated financial statements.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

The Board, through the Audit Committee, has delegated the internal audit function to an independent external internal control consultant, Moore Advisory Services Limited, who has conducted a review on the adequacy and effectiveness of the Group's corporate governance and inside information cycles for the year 2021-2022, and included recommendations for improvement and strengthening of the internal controls system. The Board considers that the Group's risk management and internal control systems are effective and adequate. The external internal control consultant also developed a risk-based approach for the internal audit and established a five years' internal audit plan, which is subject to review annually, covers major activities and processes of the Group's operations, businesses and service units. The results of these audit activities are submitted to the Audit Committee and senior management of the Group. Audit issues are tracked, followed up for proper implementation, and their progress are reported to the Audit Committee and senior management of the Group periodically.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Inside Information

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

Furthermore, to encourage and provide a channel to employees to report, without fear of reprisals, any potential improprieties or other matters, the Whistle Blowing Policy was established and appointed a compliance officer to receive, investigate and handle the relevant issues, thereafter report to the Audit Committee.

AUDITOR'S REMUNERATION

During the year ended 31 March 2022, the fee incurred for audit and non-audit services provided by the auditor to the Group is set out as follows:

Nature of Services	HK$ million
Audit services	3.438
Other services	0.812
	4.250

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's Memorandum of Association and Bye-laws. The latest consolidated version of the Memorandum of Association and Bye-laws is available on the websites of the Company and the Stock Exchange.

DIVIDEND POLICY

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

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

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

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

SHAREHOLDERS' RIGHTS

1. Procedures by which shareholders can convene a special general meeting

Pursuant to the Bye-laws and the Companies Act 1981 of Bermuda (the "Act"), the Board shall, on the requisition in writing of the shareholders holding at the date of deposit of the requisition not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three (3) months from the said date.

2. Procedures for shareholders to Put Forward Proposals at a General Meeting

Pursuant to the Companies Act, either any number of the registered shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of Company, or not less than 100 of such registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to receive notice of the next general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the requisitionists may consist of several documents in like form, each signed by one or more of the requisitionists; and it must be deposited at the Company's Registered Office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six (6) weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one (1) week before the meeting in the case of any other requisition. Provided that if an annual general meeting is called for a date six (6) weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

3. Procedures for shareholders to propose a person for election as a Director

Pursuant to the Bye-laws, if a shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment or election of director(s), wishes to propose a person (other than a retiring director and the shareholder himself/herself) for election as a director at that general meeting, such shareholder can deposit a notice in writing of the intention to propose that person for election as a director and a notice in writing by that person of his/her willingness to be elected at the Company's Registered Office or the Hong Kong Principal Place of business at least seven (7) days before the date of the general meeting.

The period for lodging such notice will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and no later than seven (7) days prior to the date of such meeting. In order for the Company to inform all members of that proposal, the written notice must state the full name of the person proposed for election as a director, his/her biographical details as required by Rule 13.51(2) of the Listing Rules.

SHAREHOLDERS' RIGHTS (Continued)

4. Procedures by which enquiries may be put to the Board

Shareholders may, at any time, direct enquiries to the Board. Such enquiries can be addressed to the Company Secretary in writing by mail to the Company's principal place of business in Hong Kong at 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communications with its shareholders. Such policy aims at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. This policy will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The annual general meeting provides a forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the Chairmen of the Audit, the Remuneration and the Nomination Committees or, in their absence, other members of the respective committees, and where applicable, the independent board committee, are available to answer questions at the shareholders' meetings.

An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the commencement of the annual general meeting, to ensure that shareholders attending such meeting are familiar with such procedures.

The Company's website at www.csigroup.hk offers timely access to investors regarding the Company's financial, corporate and other information.

Environmental, Social and Governance Report

REPORTING STANDARDS

In accordance with the ESG Reporting Guide ("Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), CSI Properties Limited ("CSI" or the "Company") and its subsidiaries (collectively, the "Group") are pleased to present the Environmental, Social and Governance ("ESG") Report ("ESG Report") for the period from 1 April 2021 to 31 March 2022 ("Reporting Period"). The information stated in this ESG Report covers the same period, which aligns with the financial year as the 2022 annual report of the Group. The aim of the Report is to provide our stakeholders with a comprehensive understanding of our ESG policies, achievements and performance of the Group and to demonstrate our long-standing commitment to fulfil our corporate social responsibility.

SCOPE OF REPORTING

The scope of this report covers the Group's core business in property development, leasing, hotel operation and investment activities during the current financial year in Hong Kong, Macau, Shanghai and Beijing. For more information on the "Governance" section, please refer to the Company's Corporate Governance Report included in this Annual Report for further details.

REPORTING PRINCIPLES

The Report is prepared according to the "Comply or Explain" principle and is governed by four key principles:

1. Materiality: ESG topics that may influence the perspectives of the stakeholders are disclosed.

2. Quantitative: ESG data are presented numerically, so our ESG performance can be compared against our peers, industry standards and our previous year's performance.

3. Balance: All information disclosed in the Report shall be unbiased. There will not be any misleading presentation format, selections and omission that may inappropriately influence the decision of a stakeholder.

4. Consistency: In order to ensure comparability, all key performance indicators calculation and assumption are consistent with the previous year. Any changes in our methodologies are disclosed clearly to inform the stakeholders.

MESSAGE FROM THE BOARD

2021 was a challenging year. With the complex operating environment, COVID-19, and regulatory changes, there has been developments in different dimensions of our business and changes in the ESG landscape. Against this challenging backdrop, we remained resilient. We were steadfast in our commitment to achieve long-term sustainability and stayed true to our mission: *To provide the next generation commercial and residential properties.*

Our Environment

In the 2021 United Nations Climate Change Conference (COP26), leaders around the globe stressed the importance of addressing climate change. Both Hong Kong and the People's Republic of China (the "PRC") have taken action and set a goal to reach carbon neutrality by 2050 and 2060 respectively. We are proud to be an active contributor of these national initiatives with our environmental services and products. Incorporating the latest green designs into our buildings to pursue higher rankings of Building Environmental Assessment Method ("BEAM") Plus Certification has also been one of our main strategic goals. 2021 was a successful year as we reached one of the milestones of transforming a large proportion of fluorescent and incandescent lights into LED lights of the common areas in our properties.

Within our work environment, we have furthered the environmental initiatives by leveraging on technology, such as utilising zoom or conference discussion instead of travelling, and promoting the theme of paperless office. We believe transforming into a green business operation is an essential process to support our clients' journey for the transition to a carbon neutral economy. With this long-term target in mind, we will further explore alternate strategies that will catalyse this transition and to support our nation's net zero goal.

Our People

With the lingering impacts of COVID-19, our mission to tackle the social challenges has never been clearer. The Group has established a COVID-19 contingency plan to ensure smooth business operations and sufficient anti-epidemic prevention measures for our staffs. Although we have placed air purifiers and sanitising equipment around our offices, we have also partnered with an external company that specialises in sanitisation which ensures a safe and healthy working environment. They provide a cleaning service to our offices periodically and utilise environmentally friendly clearing chemicals.

Embedded within our culture of diversity, we are a team that fosters respect, inclusion and equality. We recognise the unique abilities and talents of individuals in our workforce. With a diversified and inclusive environment, this facilitates innovative ideas to support the needs of our diverse clientele and the community. In 2021, we have maintained diversity, with 55% consisting of female staffs.

Our Next Steps

Going forward in 2022, we are prepared with sustainability deeply anchored into the heart of our business, we will continue to lay out the building blocks to accelerate our sustainable transition. We will also remain steadfast in our commitment to achieve sustainability in order to build a brighter future with our stakeholders.

On behalf of everyone at CSI, we would like to thank you for your interest in our 2022 ESG Report.

OUR APPROACH TO STAKEHOLDERS ENGAGEMENT

The Group's ESG approach is to integrate the principle of sustainability into our business operations with a view to create long-term value for customers, employees, business partners, shareholders, investors and the wider community. By obtaining feedbacks from internal and external stakeholders, this would enable us to obtain a balance view of ESG issues to facilitate the continuous improvement in our sustainability performance. As such, we regularly engage with our stakeholders to understand their expectations and priorities on our ESG issues, as well as to enhance our mutual understanding of interests and aspirations.

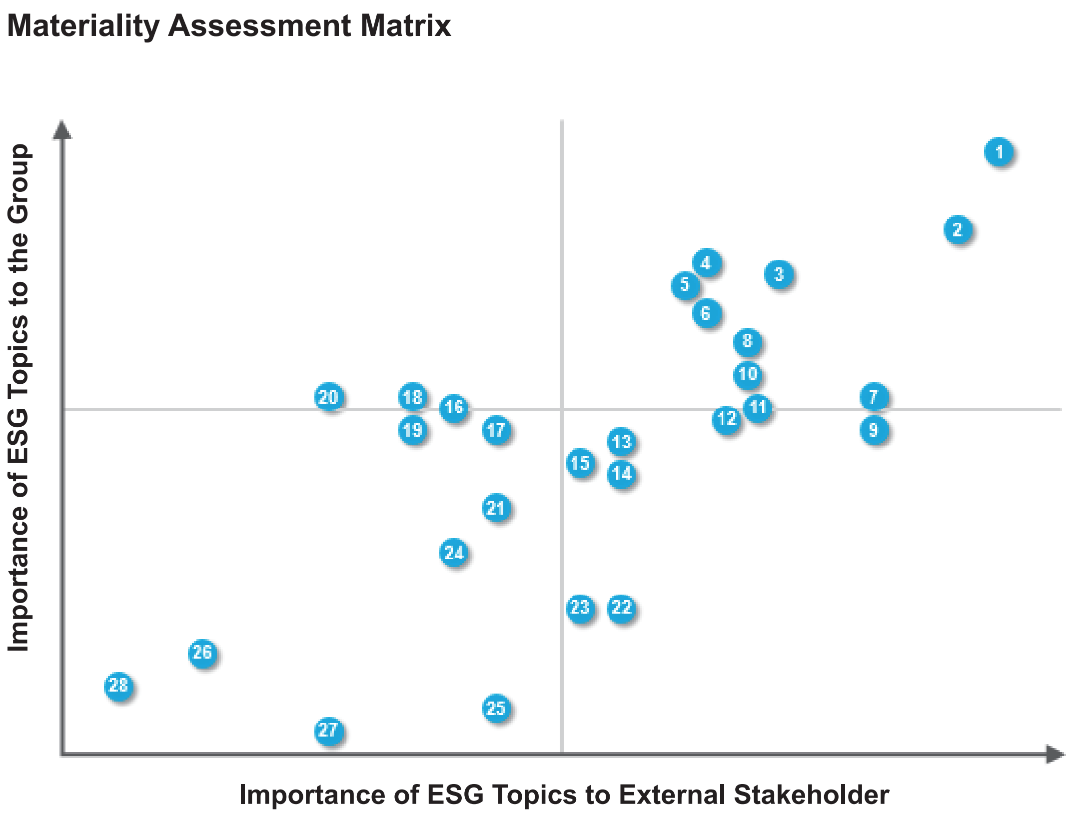
During the Reporting Period, the Group has taken various measures to enhance information transparency and readiness, involving (1) the use of Company's website to provide information update including financial reports, circulars, corporate presentations, announcements and newsletters; (2) regular communication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

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

Major Stakeholders		**Methods of Communication**	**Major Concerns and Interests**
Internal Stakeholders	Shareholders and Investors	• Annual and Interim Reports • Corporate Seminars and Information Circulars • Emails, Newsletters and Announcements • Shareholders' Meetings and Annual General Meetings • Corporate Website	• Sound Risk Management • Effective Corporate Governance • Sustainable Development • Information Disclosure and Transparency • Ethical Business Operations Responsible Investment, Profitability and Financial Stability
	Employees	• Corporate Events, Activities and Seminars • Performance Appraisals and Annual Evaluation • Trainings and Employee Engagement Events • Meetings and Briefings	• Health and Safety of Work Environment • Benefits and Compensation Package • Employee's Rights • Training Opportunities and Career Development • Privacy and Protection of Employee's Data
External Stakeholders	Tenants and Customers	• Customer Feedback and Complaints • Customer Services Hotlines • Correspondences and Meetings • Corporate Website	• Improvement of Service Quality • Increase in Customer Satisfaction • Assurance of Product Quality • Privacy Protection and Data Usage • Honesty, Ethics and Integrity
	Suppliers and Contractors	• Regular Supplier Review and Evaluation • Tendering and Procurement Meetings • Site Visits, Conferences, Phone Calls and Email	• Mutual Benefits and Achievements • Supply Chain Responsibilities • Long-term Cooperation and Sustainable Relationship • Fair Competition, Integrity and Ethics
	Business Partners	• Resource Sharing Activities and Events • Mutual Development Projects	• Sustainable and Long-term Relationship • Corporate Synergies • Knowledge, Information and Resources Sharing
	Public Community	• Community Activities and Interactions • Charitable and Volunteering Events • Social Media Platforms	• Corporate Social Responsibilities • Active Participation in Charitable Activities and Community Investment
	Government and Supervisory Institutions	• External Reports and Other Information Disclosures • Policy Consultations and Meetings • Conferences, Seminars and Meetings	• Compliance with Regulatory Rules • Sound Risk Management and Effective Corporate Governance • Business Integrity and Ethics • Environmental Protection Measures

MATERIALITY ASSESSMENT

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



Item	ESG Topic	Item	ESG Topic
1	Customer satisfaction	15	Selection and monitoring of suppliers
2	Customer information and privacy	16	Cultivation of local employment
3	Product health and safety	17	Hazardous waste production
4	Occupational health and safety	18	Energy use (e.g. electricity, gas, fuel)
5	Employee development and training	19	Anti-corruption training provided to directors and staff
6	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	20	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers
7	Observing and protecting intellectual property rights	21	Air emissions
8	Preventing child and forced labour	22	Greenhouse gas emissions
9	Environmentally preferable products and services	23	Community support (e.g. donation, volunteering)
10	Diversity and equal opportunity of employees	24	Mitigation measures to protect environment and natural resources
11	Product and service labelling	25	Use of materials (e.g. paper, packaging, raw materials)
12	Number of concluded legal cases regarding corrupt practices (e.g. bribery, extortion, fraud and money laundering)	26	Water use
13	Marketing communications (e.g. advertisement)	27	Climate change
14	Anti-corruption policies and whistle-blowing procedure	28	Non-hazardous waste production

The above matrix presents the importance of an ESG topic from internal and external stakeholder's perspective. ESG topics that are located in the top right corner (second quadrant) are the most important areas to focus on. According to the insights gathered from the materiality assessment, the social aspects are relatively more important than the environmental area. Since the Group is principally engaged in the business of property development and property investment, the impact of most business operation on the environment is relatively small, except for redevelopment projects that may pose some environmental risks compared to other businesses. The Group has actively paid attention to reduce the use of natural resources in operations, and implement environmental control measures wherever practicable to minimise its impact on the environment. The environmental section will be further elaborated in the section below.

In this Reporting Period, "customer satisfaction", "customer information and privacy" and "product health and safety" are the key issues to focus on.

STAKEHOLDERS' FEEDBACK

The Group welcomes all feedbacks made by the stakeholders for future improvements. Your opinion is highly valued, for any comments about this ESG Report or suggestions in enhancing our sustainability performance, please feel free to contact the Group via the channels below:

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A. ENVIRONMENTAL ASPECTS

A1 Emissions

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

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

GREEN BUILDING CERTIFICATION

Our sustainable development initiative has been demonstrated by the Group through the incorporation of green building elements into our property development programs, such as the adaptation of the guideline of BEAM Plus certification, to provide our tenants and residents with a clean, stable, comfortable, functional and productive living environment.

Some of our projects have been accredited the BEAM Plus Certification by the Hong Kong Green Building Council in recognition of our efforts to reduce the environmental effects of design and development work and to improve environmental quality. In the future, the Group strives to achieve higher ranking of the green building certification, such as platinum and gold, through adopting eco-friendly materials and renewable energy to minimise the carbon footprint. This is also vital to further enhance the well-being and health of the building occupants.

GREEN DESIGN

According to the Hong Kong's Climate Action Plan 2050 that was released in June 2021, buildings account for 90% of Hong Kong's total electricity consumption which is a relatively large proportion of the carbon emission in Hong Kong. We are proud to play a role in integrating green designs into our buildings by supporting green procurement and environmentally friendly construction approaches. The Group has adopted green designs across our residential projects in order to reduce the impact to the environment. We have implemented open-sky garden to reduce the impact of urban heat by the means of evaporative cooling and reducing the amount of sunlight entering the parking lots and buildings. It is believed that our residents' living standards and produce environmental benefits will be enhanced for the neighbouring communities.

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

Energy Savings

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

In accordance with the Building Energy Code, the need for indoor illumination and the appropriate lighting power density for living areas have been carefully considered by our project team. The separate lighting control switches allow users to switch only when they occupy the lighting zones. Automatic lighting control was also mounted in other areas to automatically control the illumination, in order to prevent excessive use of electricity. By integrating SMART (self-monitoring, analysis, and reporting technology) technology, it plays a vital role in energy saving management and the energy efficiency of buildings.

In addition, residents are provided with charging bays fitted with electric vehicle charging facilities. This convenient charging facility not only benefits the existing electric vehicle users, but also encourages our residents to convert their existing gasoline or diesel vehicles to electric vehicles, thus reducing GHG emissions in return.

Noise Control

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

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

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

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

4. To exercise due care before the commencement of any construction and building works to identify the noise sensitive receiver, being premises that are used for purposes sensitive to noise and requires protection, such as domestic premises, hotels, hospitals and clinics etc.

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

Air Quality

One of our key concerns on environment protection is the impact on air quality during the daily operation of our projects. In order to reduce the impact of air pollution with our stakeholders, the Group and its contractors are effectively striving to persistently improve air quality and reduce GHG emissions. As such, measures have been taken to ensure all emissions from daily operations will meet the applicable environmental standards and requirements, including but not limited to the installation of monoxide concentration control device for the mechanical ventilation system in an underground car park. If high carbon monoxide concentration is detected, localised jet fans will be switched off automatically, and the fresh air fan and exhaust air fan will still operate but at minimum speed in order to ensure sufficient fresh air intake.

Additionally, the Group aims to create a more sustainable business through transparent measurements and reporting of our emissions metrics. Our air pollution measures include regular monitoring and reporting of greenhouse gases, and air pollutants emitted by motor vehicles for commercial purposes.

In view of the Group's business portfolio, the GHG emission produced by the Group is mainly on account of the direct GHG emissions from combustion of gasoline from private cars of the Group (Scope 1), indirect emissions (Scope 2) resulted from the use of electricity for the operation of the Group.

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

Aspects	Unit	2020/21	2021/22	Percentage Comparison
Scope 1 Direct GHG Emissions	tCO_2e	42.58	35.92	-16%
Scope 2 Indirect GHG Emissions	tCO_2e	84.19	67.96	-19%
Scope 3 Other Indirect GHG Emissions	tCO_2e	11.31	10.54	-7%
Total	tCO_2e	138.08	114.42	-17%
Intensity of total GHG Emissions	tCO_2e/no. of employees	1.32	0.99	-25%

Remarks: tCO_2e: Tonnes of Carbon Dioxide equivalent

During the year, our business operation produced a total of 114.42 tonnes of carbon emissions (mainly carbon dioxide, methane and nitrous oxide) across the Group. The Group actively adopts electricity conversation and energy-saving measures to reduce GHG emissions. Although electrical appliances were adopted for anti-epidemic use, such as sanitising equipment and air purifier, Scope 2 Indirect GHG Emissions from electricity consumption remained relatively low. The decrease of Scope 3 Other Indirect GHG Emissions was due to the disposal of less paper.

Emission	Unit	2020/21	2021/22	Percentage Comparison
Nitrogen oxides ("NO_x")	kg	6.33	5.66	-11%
Particulate Matter ("PM")	kg	0.47	0.42	-11%
Sulphur oxides ("SO_x")	kg	0.23	0.20	-13%
Total emissions from vehicles	kg	7.03	6.28	-11%

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

Besides, air pollutants of NO_x, PM and SO_x recorded a decrease of approximately 11% compared with the last Reporting Period.

GREEN PROCUREMENT

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

A balanced judgment is made not only by taking into account the quality of construction materials, but also the environmental and social factors, including its recyclability, reusability, emission as well as energy consumption in supplier selection. Our preference will be based on the principle of green procurement, with priority given to environmentally friendly products and services whenever practicable. In the procurement process, contractors with ISO 14001 Environmental Management System Certification or other relevant accreditation will be prioritised, to ensure that the practices of suppliers are in line with the ISO 14001 standards, which require environmentally friendly considerations on services.

Before the purchase of any construction materials, our project team only utilises the necessary items and controls the number of materials to prevent excessive use. This is intended to mitigate the effect on the environment and to protect natural resources.

The Group supports the use of products that are conducive to sustainable development. To demonstrate our company's commitment to sustainable development and support the sustainable use of resources, we used paper certified by the Forest Stewardship Council ("FSC") for the publishing of our annual report. FSC is an international non-profit, multi-stakeholder organisation established in 1993, aiming to promote responsible management of the world's forests.

In order to support the local community, our supplier chain management strategy is to purchase goods and services locally as much as possible which supports the economic growth in our operating region. This also minimises the environmental footprint arising from transportation. The Group purchased goods and building services like cleaning, hygiene, sanitation, electrical and mechanical, security, IT services and consumables, for our operations in Hong Kong, all of which were spent on local suppliers. During the Reporting Period, our contractors and suppliers are all located in Hong Kong.

During the Reporting Period, we have complied with all applicable environmental laws, regulations and requirements for product and service procurement. For more information on our supply chain management strategy, please refer to the "Supply Chain Management" section.

GREEN OPERATION

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

1. To encourage the use of electronic documents to minimise paper printing;
2. To encourage reuse of single-side used papers for drafting, printing and receiving faxes;
3. To encourage employees to switch off the lights, air-conditioning and computer monitors after office hours or when not in use;
4. To encourage the use of both sides of the paper when printing and photocopying;
5. To place recycling boxes for the collection of used ink and toner cartridges in the office area; and
6. To encourage reuse of envelopes/packaging for internal post with new labels.

In addition, the Group distributes office memo, through emails to promote the adoption of green initiatives to all staff regularly. Our office electrical appliances have also been inspected periodically to ensure efficient usage of energy.

A2 Use of Resources

One of the main targets of the Company is to reduce the electricity consumption using LED light bulbs instead of quartz lamps. During the Reporting Period, a large proportion of office lighting were switched to LED and the Group will further explore alternate measures to further reduce the use of resources.

Documenting the above eco-friendly energy-consumption record, the following table shows the amount of natural resources consumed at our head office for the Reporting Period:

Aspects	Unit	2020/21	2021/22	Percentage Comparison
Non-renewable fuel consumed: Petrol	MWh	152.38	130.89	-14%
Electricity consumption	MWh	103.93	95.72	-8%
Total energy consumption	MWh	256.31	226.61	-12%
Intensity of total energy consumption	MWh/no. of employees	2.44	1.97	-19%
Water consumption	m^3	126.00	99.00	-21%
Intensity of water consumption	m^3/no. of employees	1.20	0.86	-28%

During the year, non-renewable fuel consumed was 130.89 Megawatt hour ("MWh") and the total electricity consumed was 95.72 MWh, with total energy consumption intensity of 1.97 MWh per employee. This figure represents a decrease of 19% as compared to the total energy consumed in the last Reporting Period.

On the other hand, the total water consumption was 99 cubic meters ("m^3"), representing a decrease of 21% during the year. The Group will continue to assess and record its water consumption data annually and compare it with last year's data to assist the Group in further developing our reduction targets in the future.

Reducing Waste and Promoting Recycling

In 2021, the Hong Kong Government published the Waste Blueprint 2035 which highlights a new mission: "Waste Reduction, Resource Circulation, Zero Landfill". The Group also shares a similar vision, which is to develop and introduce an environmentally sustainable waste management program focused on the use of building materials. Through our approach, this also ensures the compliance with the applicable regulatory and contractual standards.

As to reduce the consumption of natural resources, our project development team and contractors are encouraged to take into consideration the reduction of construction waste during the design, planning and implementation phases of our property development projects, we have also developed a number of applicable waste control measures during the year, including but not limited to the following:

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

2. To introduce pre-cast elements in construction which are effective in terms of optimal material requirement and can reduce waste generation on-site; and

3. To carry out more rational planning of our operations and management of the construction sites to reduce the consumption of natural resources.

The Group understands that waste management is also a collective effort of our residents, tenants, customers or any other users of the premises. Hence, the Group has launched and encourage our stakeholder to participate in our recycling campaigns. These waste control approaches will apply to all of our upcoming projects and are encouraged to be complied with by our contractors. We partnered with Greeners Action for many years in promoting the recycling culture through the "Umbrella Recycling" and "Tetrapak Clean Recycling Pilot Scheme 2021", placing the recycling bins and encouraging the participation of employees and tenants.

Programs	Target	Achievement
Lai See Reuse & Recycle Program 2022 (Greeners Action)	Recycling unused or used Lai See packets to reduce waste and help relief the burden of landfill disposal	25kg (2020/21: 76kg) red packets
Mooncake Box Recycling Collection 2021 (Greeners Action)	Recycling the metal by sorting out and help relief the burden of landfill disposal	162 mooncake boxes (2020/21: 149 mooncake boxes)

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

Aspects	Unit	2020/21	2021/22	Percentage Comparison
Non-hazardous: Waste paper	kg	2,340.80	2,159.92	-8%
Intensity of non-hazardous waste	kg/no. of employees	22.29	18.78	-16%

Remarks: kg: Kilograms

Paper is the main source of non-hazardous waste generated in our head office. As a result, we are working towards in transforming our office into a paperless working environment.

Our employees are encouraged to adopt an effective use of paper, including recycling single-sided printing paper for reuse and using digital technology to replace paper. The total paper usage has been reduced by 8% as compared with the last Reporting Period.

A3 The Environment and Natural Resources

Due to the nature of our business, the impact on the environment is minimal. The main environmental impact of the business is the indirect impact of carbon dioxide generated by power and paper usage in the daily activities of the business.

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

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

A4 Climate Change

After the 2021 United Nations Climate Change Conference of the Parties (COP26), leaders around the globe have been planning a suite of interventions to address the risk and impact of climate change on the economy. The Group has formulated a set of procedures to build up climate resiliency, which is as follows:

a) To perform a climate risk assessment;

b) To develop measures for addressing the risk;

c) To prioritise and allocate resources to support the implementation of the measures; and

d) To monitor and conduct a post implementation evaluation.

Climate Risk Assessment

Our approach to building climate resiliency is to first identify the impacts of climate change and the new regulations introduced into our business environment. There are two major types of climate risk, which are physical risk and transition risk:

- Physical risk is the direct risk arising from weather related events and changes in weather patterns.

- Transition risk is the risk arising from the transition to a carbon neutral economy.

Physical Risk

- Physical Acute Risk: This type of risk arises from weather related events, such as flood, tornados and blizzard. Physical acute risk is relatively low and the impact to our daily business activities is limited. Regarding with our office-based operations, only severe weather related events may cause temporary business disruptions. For instance, when typhoon 8 is hoisted, employees may be unable to travel to the office. However, the Group has adopted work from home arrangements and most documents are available online. Basic office operations can still be continued remotely.

  Our outdoor operations in the construction site may be subject to a relatively higher physical acute risk. During black rain storm, flooding may occur which may cause some damage and affect our progress in projects. Although outdoor operations are more susceptible to weather related events, there are measures in place to protect the well-being of our employees and to ensure our assets will not be damaged. This includes our contingency plans, and safety check procedures, such as conducting an exit check on our scaffolding. In the Reporting Period, there were around 20 days that were lost in our outdoor operations due to severe weather related events. The Group will continue to closely monitor the impact of weather-related events on our business operations.

  Regarding with our investment properties, these buildings have used certified materials and are structured to withstand severe weather events. There is minimal risk of any damage to our assets.

- Physical Chronic Risk: This type of risk arises from changes in weather related patterns that includes rise in sea levels and increase in annual temperatures. Our properties are not located in low-lying areas, which will not be susceptible to the rise in sea levels. As mentioned above, extreme temperatures, humidity and wind will not damage our properties. Overall the physical chronic risk is regarded as minimal.

Transition Risk

- Legal and Policy Risk: With PRC's and Hong Kong's net zero goal in 2050 and 2060 respectively, it is inevitable that new low-carbon policies may be introduced into the property development industry in the future.

  In Hong Kong, one of the government's four decarbonisation strategies is "energy savings and green buildings." The Hong Kong's Climate Action Plan 2050 as published by the government stated that "improving energy efficiency of buildings to reduce the energy demand will be Hong Kong's top priority in future energy saving efforts" (extracted from 4.1.3 of Hong Kong's Climate Action Plan 2050). We believe there may be changes to our business operations, such as stricter environmental requirements for buildings which may potentially result in higher operating cost. In the past few years, the Group has not only been integrating energy saving initiatives into our business operation, but also incorporating energy saving measures in the buildings of our business projects. We believe this will align with our business operations with Hong Kong's decarbonisation goals to minimise any potential risk. In parallel, the PRC has also developed similar initiatives. The Group will continue to closely monitor the development of the new policies introduced into our operating regions in order to mitigate any climate risk and to grasp new opportunities.

- Technology Risk: Within our projects, the Group strives to leverage on the latest technology to enhance the operational efficiency, reduce our impact to the environment and to create a higher quality product for our clients. We have been incorporating more SMART technology and automation within our building designs to improve the quality of life of our residents, tenants and customers. There have not been any major technologic issues in the Reporting Period.

- Market Risk: Although green designs have generally been more popular with our international clients compared with our local clients, this is not the main driver for our high sales volume. Green designs are regarded as an extra feature to complement with other building designs and to further reduce our carbon footprints.

  We do also provide other environmental related features in our properties, such as the electric charging station. The Group understands that there has been an increasing number of clients or potential customers that own an electrical vehicle. This was primarily due to the introduction of the first registration tax concessions, lower license fee for private electrical vehicles and other government incentives. The electric charging station serves as a convenient accommodation for electrical vehicle owner. As "green transport" is one of the four decarbonisation strategies in Hong Kong, the Group believes that building the electric charging station in our properties will play a vital role to support our client's transition to a carbon neutral economy.

  Since there has not been a major shift in our client's preferences on green designs and environmental friendly features of our properties, the market risk is regarded as relatively low.

- Reputational Risk: Although there has been some momentum by the government and regulatory authorities to implement environmental related initiatives, our customers and business partners generally do not perceive these green designs and environmental features of our buildings as a mandatory requirement. Hence, the reputational risk for not incorporating environmental related measures into our business does not significantly impact on our image.

- During the Reporting Period, there were no significant climate risk identified by our climate risk assessment, nor has the Group been severely affected by climate change.

B. SOCIAL ASPECTS

B1 Employment

The Group strongly believes that the most valuable asset for its sustainable development is its employees. The Group strictly complies with the Hong Kong Employment Ordinances and other legal employment requirements, avoiding any child employment, discrimination, harassment or offenses against the laws of Hong Kong. We strive to fulfil our responsibilities to employees, respect their legitimate rights and interests, promote their professional development, improve our working environment and pay attention to the physical and mental health of employees in order to realise the common development of the Group and its employees. During the year, the Group was not aware of any litigation cases regarding labour and employment practices brought against the Group or its employees.

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

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

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

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

The Group makes MPF contributions for its employees on a regular basis and is in compliance with MPF legislation to ensure the interests of its employees are protected. Under the MPF system, mandatory contributions made by employers and employees are set at 5% of the salary with reference to the statutory minimum (HK$7,100) and maximum (HK$30,000) salary level. In addition, the Group also contributes 5% to the part of the voluntary provident fund, according to the terms of the MPF Scheme. Moreover, the Group offers more than one MPF providers for staff to select since 2019. A "Good MPF employer" designation has been awarded to the Group since 2016 and this award aims to cultivate an employer's responsibility under the law and also encourage the employer's efforts to further enhance the retirement protection of employees.

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

B2 Health and Safety

Occupational health and safety is a key focus of the Group, and we strive to maintain a safe and healthy working environment in strict compliance with the relevant laws and regulations, including but not limited to the Occupational Safety and Health Ordinance.

Our policies on occupational health and safety are communicated in the "Employee Handbook" and followed the code of practice on safety management, which is prepared by the Occupational Safety and Health Branch of the Labour Department.

During the Reporting Period, considering the COVID-19 epidemic situation, 2021/22 fire drill and evacuation drill were not held in the year. Instead, fire drill training materials were sent to employees to enhance their fire safety knowledge, and their roles and responsibilities during emergencies.

Furthermore, for the purpose of raising staff awareness of occupational health and safety, our Group and its employees have joined and participated in several events during the year, including but not limited to the (1) Vaccination Subsidy Scheme 2021/2022; (2) Joyful@Healthy Workplace charter and (3) Mental Health Workplace Charter which held by Advisory Committee on Mental Health and Department of Health.

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

During the Reporting Period and the past three years, neither reports of non-compliance regarding employee health and safety, nor any work-related fatalities were received.

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

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

- Distributed Rapid Antigen Test Kits to employees;
- Purchased a We-GENKI disinfection station;
- Offer vaccination leave and cash incentive for lucky draw; and
- Implemented a vaccine pass at the office entrance.

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

B3 Development and Training

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

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

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

B4 Labour Standards

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

During the year, the Group has one part time employee, and the rest are full time staff and aged 18 or above. Geographically, 86% of our staffs are located in Hong Kong, 13% are in Mainland China, and 1% is in Macau, which is similar to the records last year according to the table below.

The following table illustrates the Group's staff composition as at 31 March 2022:

Total Employment Distribution	Categories	2020/21	2021/22	Percentage Comparison
Total workforce		**105**	**115**	**+10%**
Gender	Male	49%	45%	+2%
	Female	51%	55%	+17%
Age group	21 – 30	8%	9%	+25%
	31 – 40	29%	31%	+16%
	41 – 50	40%	36%	–2%
	51 – 60	16%	16%	+12%
	over 61	7%	8%	+29%
Geographical region	Mainland China	13%	13%	+7%
	Hong Kong	85%	86%	+11%
	Macau	2%	1%	–50%

Employee composition and changes in staff turnover are monitored by the Group. Equal opportunities are heeded as prerequisites for the effective utilisation of available competence and for a balanced working environment.

During the period under review, our employee turnover rate was 25%.

Employee Turnover Rate	Categories	2020/21	2021/22	Percentage Comparison
Total employee turnover		**20**	**27**	**+35%**
Overall employee turnover rate		19%	25%	+29%
Gender	Male	22%	29%	+34%
	Female	17%	19%	+14%
Age group	21 – 30	100%	60%	–40%
	31 – 40	32%	25%	–23%
	41 – 50	0%	17%	–
	51 – 60	6%	21%	+258%
	over 61	14%	11%	–22%
Geographical region	Mainland China	21%	0%	–100%
	Hong Kong	19%	26%	+37%
	Macau	0%	100%	–

The Group has been further developing the employee retention strategy to develop a talent pipeline that will meet the needs of our expanding business, such as strengthening recruitment controls, therefore applicants can fully understand the working environment of the Group. We also focus on the work–life balance of employees and their development prospects within the Group to build a competitive career platform.

During the Reporting Period, 5% of the workforce were provided training, which were all senior management consisting of all male employees. The average training hours per employees, male employees and senior managements were 0.03, 0.06 and 0.25 training hours respectively.

B5 Supply Chain Management

For supply chain management, it not only measures the quality of our services and deliverables, but also how effective environmental and social risks are managed by the Group.

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

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

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

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

During the Reporting Period, the Group managed and partnered with a total of 3 contractors, all of which are from Hong Kong. All of these contractors are certificated with ISO 14001 Environmental Management System Certification which ensures the Group's environmental management system meets the standard of internal industry-specific environmental.

B6 Operating Practices and Product Responsibility

Hotel Management

The Group partners with suppliers that align with our ESG strategy. Our business partners are indispensable to our value chain as they contribute to our success in the pursuit of service excellence and the enhancement of our reputation.

The Group is keen on creating sustainable values through a long-term partnership with the Accor Hotels Group and has worked with the Accor Hotels Group for more than 6 years.

We benefit from their expertise in a variety of professional services in hotel management. Through their knowledge and experiences, we have continued to improve the environmental footprint of our hotel services and social responsibility, which are in line with our Group's sustainability initiatives.

Protection of Intellectual Property Rights

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

During the Reporting Period, the Group compiled with the relevant laws and regulations related to intellectual properties rights including but not limited to Patents Ordinance (Cap. 514 of the Laws of Hong Kong), and was not aware of any infringement of its or any other intellectual property rights which had or could have a material adverse effect on our business, there were no legal proceedings against the Group with respect to our use of works. We will continue to target zero infringement in coming years.

Consumer Data Protection and Privacy

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

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

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

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

Product Recall and Complaints

Due to the nature of the Group's business activities in property development and investment, hotel operation, property and project management, the data collected during the Reporting Period relating to product recall, labelling and advertising is assessed as either immaterial and irrelevant. The Group received one complaint related to product safety and service during the Reporting Period which has been addressed within a reasonable timeframe.

B7 Anti-Corruption and Anti-Money Laundering

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

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

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

2. Non-Disclosure of Confidential Information;

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

4. Clause of Non-Competition.

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

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

In order to ensure employees uphold the highest standard of ethics, the Group has been exploring other platform to provide anti-corruption training to the staffs.

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

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

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

B8 Community Investment

The Group is passionate about supporting the community, and going above and beyond our business operation to give back to those that are in need. The Group's community events revolve around three pillars, namely, family interactions, environment and out-door activities. These three elements provide guidance on the type of community activities that we host or support. The Group also encourages our employees to contribute to the community through volunteering in various events.

Investment Practices

The Group practices a set of principles when acting as a placing agent or an underwriter of fund-raising activities whereby the Group seeks to cooperate with companies who share the same passions as us, which is to create a transformational change that will secure a sustainable future for the community. The Group contributes to society in a variety of ways, including donations. During the Reporting Period, we have supported a number of organisations such as the Sheen Hok Charitable Foundation, Greeners Action, the Hong Kong Golf Club Charitable Foundation Limited, the Community Chest of Hong Kong, Suicide Prevention Services Limited and the Yan Chai Hospital, with a total donation amount over HK$0.653 million.

FUTURE APPROACH TO SUSTAINABLE DEVELOPMENT

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

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

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

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

4) Organise more recreational eco-friendly activities and charitable events for them to join.

Directors' Report

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries, associates and joint ventures are set out in notes 47, 21 and 20, respectively to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development, an analysis of the Group's performance using financial key performance indicators is provided in the Financial Highlights and principal risks and uncertainties that the Group may be facing and particulars of important events affecting the Group that have occurred since the end of the financial year are provided in the "Chairman's Statement" on pages 7 to 11, "Management Discussion and Analysis" on pages 12 to 16 and "Corporate Governance Report" on pages 17 to 26 of this annual report.

Discussions on the environmental policies and performance, and the account of the key relationships of the Group with its stakeholders are contained in the "Environmental, Social and Governance Report" on pages 27 to 45 of this annual report.

Compliance with Laws and Regulations

The Group is committed to maintain a high level of corporate compliance with the legal and regulatory requirements in respect of businesses and operations. The Group's overseas operations are mainly carried out by the Company's subsidiaries in Macau and the People's Republic of China (the "PRC") while the Company itself was incorporated in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group accordingly shall comply with relevant laws and regulations in, inter alia, the PRC, Macau, Hong Kong and Bermuda.

As far as the board of directors of the Company (the "Board") is aware, during the year and up to the date of this report, the Group has complied with the relevant laws and regulations that have significant impact on its businesses and operations.

Relationships with Key Stakeholders

The Group's success also depends on the support from its key stakeholders which comprise, inter alia, employees, business partners and customers. Employees are regarded as important and valuable assets of the Group. Therefore, the Group provides competitive remuneration packages to attract, motivate and retain employees for their continued contribution to the Group and also encourages them by way of sponsorship to attend training courses which help employees' career development. Besides, the Group has developed and maintained solid and steady relationships with its business partners, and provides high quality products and services to its customers so as to enhance its competitiveness, sustainability and future development.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year are set out in the consolidated statement of profit or loss on page 66.

No interim dividend was paid to shareholders during the year. The directors now recommend the payment of a final dividend of HK0.42 cents per share for the year ended 31 March 2022 (2021: HK0.42 cents) or an aggregate amount of approximately HK$39.4 million for the year ended 31 March 2022 (2021: HK$39.9 million), subject to the approval of shareholders of the Company at the 2022 annual general meeting, to shareholders whose names appear on the register of members of the Company on 13 September 2022.

CLOSURE OF REGISTER OF MEMBERS

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

(a) for the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 26 August 2022 to Wednesday, 31 August 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 25 August 2022; and

(b) for the purpose of determining the shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 6 September 2022 to Tuesday, 13 September 2022 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 5 September 2022.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

BORROWINGS

Details of bank borrowings of the Group are set out in note 28 to the consolidated financial statements.

RESERVES

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

DISTRIBUTABLE RESERVES OF THE COMPANY

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31 March 2022, calculated under the Companies Act 1981 of Bermuda (as amended), including contributed surplus and accumulated profits amounted to approximately HK$13,456,422,000 (2021: HK$12,695,040,000).

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 40.7% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 40.7% of the Group's total sales.

During the year, the aggregate purchases attributable to the Group's five largest suppliers comprised approximately 39.8% of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 39.8% of the Group's total purchases.

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

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

DIRECTORS

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

Executive Directors:

Mr. Chung Cho Yee, Mico *(Chairman)*
Mr. Kan Sze Man
Mr. Chow Hou Man
Mr. Fong Man Bun, Jimmy
Mr. Ho Lok Fai
Mr. Leung King Yin, Kevin

Independent Non-Executive Directors:

Dr. Lam Lee G.
Mr. Cheng Yuk Wo
Hon. Shek Lai Him, Abraham, *GBS, JP*
Dr. Lo Wing Yan, William, *JP*

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

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

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

Mr. Chung Cho Yee, Mico

Mr. Kan Sze Man

DIRECTORS' PROFILE

Chairman and Executive Director

Mr. Chung Cho Yee, Mico, aged 61, Chairman and Executive Director of the Company, joined the Company in 2004. He is a director of certain subsidiaries of the Company. He is also the Chairmen of the Executive Committee and the Nomination Committee, and a member of the Remuneration Committee of the Board. Mr. Chung graduated from University College London in the United Kingdom with a law degree in 1983 and qualified as a solicitor in Hong Kong in 1986. Mr. Chung is currently a non-executive director of HKT Limited and HKT Management Limited, the trustee-manager of the HKT Trust, the shares of which are listed on the Stock Exchange. Mr. Chung is the brother-in-law of Mr. Kan Sze Man, an executive director of the Company.

Mr. Chung was an independent non-executive director of HKC (Holdings) Limited up to January 2020, the shares of which were delisted from the Stock Exchange in June 2021.

Executive Directors

Mr. Kan Sze Man, aged 50, joined the Company as Group General Counsel in 2001 and has been the Chief Operating Officer since 2016. He is a director of certain subsidiaries and associates of the Company and a member of the Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He graduated from Wadham College, University of Oxford in the United Kingdom in 1993 and qualified as a solicitor in Hong Kong in 1997. He has worked in the commercial department of a Hong Kong law firm and a U.K. city firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000. Mr. Kan is the brother-in-law of Mr. Chung Cho Yee, Mico, the Chairman and the controlling shareholder of the Company.

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

Mr. Chow Hou Man

Mr. Fong Man Bun, Jimmy

DIRECTORS' PROFILE (Continued)

Executive Directors (Continued)

Mr. Chow Hou Man, aged 51, joined the Company in 2001 and is a Group Chief Financial Officer. He is a director of certain subsidiaries and associates of the Company and a member of the Executive Committee of the Board. Mr. Chow graduated from the Baptist University in Hong Kong and holds a Master of Business Administration degree from the Hong Kong Polytechnic University. He has over 20 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Fong Man Bun, Jimmy, aged 57, joined the Company in 2011 and is a Managing Director of Couture Homes Properties Limited, a wholly-owned subsidiary of the Company. He is also a director of certain subsidiaries and associates of the Company and a member of the Executive Committee of the Board. Mr. Fong is mainly responsible for identifying and advising on residential development and investment for both acquisition and disposal planning of the Group. Mr. Fong has over 30 years' solid experience in luxury residential real estate project development and investment and has in-depth knowledge of the property market. He was a Director of Savills Hong Kong Limited (formerly known as First Pacific Davis) since 1993. Mr. Fong has worked in Shanghai, the PRC in the 90's and also in the real estate department of Jones Lang Wotton (now known as Jones Lang LaSalle) in 1989.

Mr. Ho Lok Fai

Mr. Leung King Yin, Kevin

DIRECTORS' PROFILE (Continued)

Executive Directors (Continued)

Mr. Ho Lok Fai, aged 61, joined the Company in 2005. He is a deputy managing director/director of certain subsidiaries of the Company and a member of the Executive Committee of the Board. Mr. Ho has been involved in the commercial property investment and agency business since 1991, having over 30 years of solid and proven experience specializing in the investment in Grade A and B offices in Hong Kong. He is responsible for investment in commercial properties, leasing matters, property management business for offices and industrial properties of the Group. He possesses exceptional acumen and insight in property market business, with comprehensive understandings of extensive clientele in commercial property investments; extensive and reliable connection with the reputable estate agents in the commercial property market for which he can readily procure to dispose commercial and development projects of the Group into the market in the most profitable and efficient manners. For many years, he has achieved very satisfactory results and performance for those projects or investments that he has been involved.

Mr. Leung King Yin, Kevin, aged 60, joined the Company in 2021 and was appointed as managing director of development in May 2021 by the Company and a member of the Executive Committee of the Board. He is the head of the project management and development department of the Group, leading a team of project managers and surveyors in managing a variety of residential and commercial projects in Hong Kong. Prior to joining the Group, he was the general manager/project director of a number of sizable listed companies. He has over 30 years of experience in the property development field with a variety of portfolio including residential, commercial and hotel developments in Hong Kong, Mainland China and Canada. Mr. Leung holds a Bachelor degree of Architecture from the University of Melbourne. He is a registered architect and an authorised person under the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong), with extensive project management experience.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Directors

Dr. Lam Lee G., aged 62, joined the Group in 2001. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board. Dr. Lam has extensive international experience in corporate management, strategy consulting, corporate governance, direct investment, investment banking and asset management. He served as Chairman of Hong Kong Cyberport, a member of the Committee on Innovation, Technology and Re-Industrialisation, and the Sir Murray MacLehose Trust Fund Investment Advisory Committee, of the Hong Kong Special Administrative Region Government. He is a member of the Governance Committee of the Hong Kong Growth Portfolio, and the Development Bureau Common Spatial Data Advisory Committee of the HKSAR Government, Convenor of the Panel of Advisors on Building Management Disputes of the HKSAR Government Home Affairs Department, a member of the Court of the City University of Hong Kong, the Metropolitan University of Hong Kong Lee Shau-Kee School of Business and Administration International Advisory Board and the Tencent Finance Academy (Hong Kong) Advisory Board, Chairman of the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) Sustainable Business Network (ESBN), Vice Chairman of Pacific Basin Economic Council (PBEC), and a member of the Hong Kong Trade Development Council Belt and Road and Greater Bay Area Committee.

Dr. Lam is an executive director of Hong Kong Aerospace Technology Group Limited (formerly known as Eternity Technology Holdings Limited, re-designated from non-executive director on 3 January 2022), the shares of which are listed on the Stock Exchange. He is an independent non-executive director of each of Vongroup Limited, Mei Ah Entertainment Group Limited, Elife Holdings Limited (formerly known as Sino Resources Group Limited), Haitong Securities Co., Ltd. and it is also listed on the Shanghai Stock Exchange, Hang Pin Living Technology Company Limited (formerly known as Hua Long Jin Kong Company Limited), Kidsland International Holdings Limited, Greenland Hong Kong Holdings Limited and Huarong International Financial Holdings Limited; and a non-executive director of each of Sunwah Kingsway Capital Holdings Limited, China LNG Group Limited, National Arts Group Holdings Limited (formerly known as National Arts Entertainment and Culture Group Limited) and Mingfa Group (International) Company Limited (re-designated from independent non-executive director on 23 April 2020), the shares of all of which are listed on the Stock Exchange. He is also an independent non-executive director of Asia-Pacific Strategic Investments Limited (formerly known as China Real Estate Grp Ltd.), Beverly JCG Ltd. (formerly known as JCG Investment Holdings Ltd.), Thomson Medical Group Limited and Alset International Limited (formerly known as Singapore eDevelopment Limited (re-designated from non-executive director on 2 July 2020), the shares of all of which are listed on the Singapore Exchange. Dr. Lam is an independent non-executive director of AustChina Holdings Limited (formerly known as Coalbank Limited), whose shares are listed on the Australian Securities Exchange and TMC Life Sciences Berhad, whose shares are listed on the Bursa Malaysia, and a non-executive director of Jade Road Investments Limited (formerly known as Adamas Finance Asia Limited), whose shares are listed on the London Securities Exchange.

Dr. Lam was a non-executive director of Tianda Pharmaceuticals Limited up to August 2021, China Shandong Hi-Speed Financial Group Limited up to May 2020 and Green Leader Holdings Group Limited up to July 2019, and he was also an independent non-executive director of Aurum Pacific (China) Group Limited up to March 2021 and Glorious Sun Enterprises Limited up to August 2019, the shares of all of which are listed on the Stock Exchange. Dr. Lam was an independent non-executive director of Huarong Investment Stock Corporation Limited (which was privatised on 12 November 2020) up to December 2020 and Hsin Chong Group Holdings Limited up to September 2019 (the shares of which were delisted from the Stock Exchange in December 2019). He was an independent non-executive director of each of Top Global Limited (listed on the Singapore Exchange) up to August 2021 and Sunwah International Limited (listed on the Toronto Stock Exchange) up to June 2021.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Directors (Continued)

Mr. Cheng Yuk Wo, aged 61, joined the Group in 2002. He is the Chairmen of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Board. Mr. Cheng is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Professional Accountants of Canada. He is a co-founder of a Hong Kong merchant banking firm and is the proprietor of a certified public accountant practice firm in Hong Kong. Mr. Cheng obtained a Master of Science (Economics) degree in Accounting and Finance from the London School of Economics, England and a Bachelor of Arts (Honours) degree in Accounting from the University of Kent, England. Mr. Cheng had worked at Coopers and Lybrand (now known as PricewaterhouseCoopers) in London and with Swiss Bank Corporation (now known as UBS AG) in Toronto.

Mr. Cheng is an independent non-executive director of Chong Hing Bank Limited, the shares of which was delisted from the Stock Exchange in September 2021. He is also an independent non-executive director of China Renewable Energy Investment Limited, CPMC Holdings Limited, Top Spring International Holdings Limited, Liu Chong Hing Investment Limited, Chia Tai Enterprises International Limited, Miricor Enterprises Holdings Limited, Somerley Capital Holdings Limited and Kidsland International Holdings Limited, the shares of all of which are listed on the Stock Exchange.

Mr. Cheng was an independent non-executive director of C.P. Pokphand Co. Ltd. up to January 2022, Goldbond Group Holdings Limited up to September 2021, HKC (Holdings) Limited up to June 2021 and C.P. Lotus Corporation up to October 2019, the shares of which were delisted from the Stock Exchange in January 2022, August 2021, June 2021 and October 2019 respectively.

Also, Mr. Cheng was an independent non-executive director of DTXS Silk Road Investment Holdings Company Limited up to May 2020, the shares of which are listed on the Stock Exchange.

Dr. Lo Wing Yan, William, *JP*, aged 61, joined the Group in 2014. He is a member of the Audit Committee of the Board. He is currently the Founder & Chairman of Da Z Group Co. Limited and the Chairman of Captcha Media Limited, a boutique digital marketing and strategy agency in Hong Kong. Dr. Lo is a Founding Governor and a member of the Governors and Executive Committee of the Charles K. Kao Foundation for Alzheimer's Disease Limited as well as a Governor of the Board of Governor of the Independent Schools Foundation Academy, one of the most well-known independent schools in Hong Kong. He has also been the Chairman of Junior Achievement Hong Kong since 2013. Dr. Lo is an experienced executive in the TMT (technology, media and telecommunications) and the consumer sectors. He started his career in McKinsey & Company Inc. as a management consultant and held senior positions in China Unicom, Hongkong Telecom, Citibank HK, I.T Limited, South China Media Group and Kidsland International Holdings Ltd in the past. He is renowned for being the founder of Netvigator, the largest Internet business in Hong Kong, as well as iTV (the predecessor of NowTV), the first interactive and on-demand TV service in the world. Dr. Lo obtained a M. Phil. degree in Pharmacology and a Ph.D. degree in Molecular Neuroscience, both from University of Cambridge. In 1996, he was selected as a "Global Leader for Tomorrow" by the Davos-based renowned global organisation World Economic Forum. In 2000, he was selected as one of the top 25 Asia's Digital Elites by the Asiaweek magazine. Dr. Lo has held numerous Government appointments during his career and is currently a member of the Cyberport Advisory Panel, the Hospital Governing Committee of Hong Kong Red Cross Blood Transfusion Service and the Advisory Committee of School of Chinese Medicine, Hong Kong Baptist University. He was a board member of the Hong Kong Broadcasting Authority (now known as Communications Authority) as well as the Hong Kong Applied Science and Technology Research Institute and the Hong Kong Science Park. He was also a founding member of the Growth Enterprise Market (GEM) Listing Committee of the Stock Exchange. In 1999, Dr. Lo was appointed a Justice of the Peace (JP) of the Government of the Hong Kong Special Administrative Region for his contribution to Hong Kong. During the period 2003-2016, Dr. Lo was a Committee Member of Shantou People's Political Consultative Conference. In 2019, Dr Lo has been invited by the United Nations Economic and Social Commission for Asia and the Pacific to lead a task force for its Sustainable Business Network committee to look at financial inclusion leveraging fintech in the region.

DIRECTORS' PROFILE (Continued)

Independent Non-Executive Directors (Continued)

Dr. Lo is an independent non-executive director of Television Broadcasts Limited, Jingrui Holdings Limited, South Shore Holdings Limited, Oshidori International Holdings Limited and OCI International Holdings Limited, the shares of all of which are listed on the Stock Exchange. Also, Dr. Lo is an independent non-executive director of Regencell Bioscience Holdings Limited (NASDAQ: RGC).

Dr. Lo was an independent non-executive director of SITC International Holdings Company Limited up to October 2020 and Ronshine China Holdings Limited up to June 2019, the shares of all of which are listed on the Stock Exchange. Also, Dr. Lo was an executive director of SMI Holdings Group Limited up to April 2019, and an independent non-executive director of Brightoil Petroleum (Holdings) Limited up to December 2020 and Hsin Chong Group Holdings Limited up to September 2019, the shares of all of which were delisted from the Stock Exchange in October 2020, December 2020 and December 2019 respectively.

Hon. Shek Lai Him, Abraham, *GBS, JP* aged 77, joined the Group in 2018. He is a member of the Audit Committee of the Board. Mr. Shek obtained a bachelor degree of arts and a diploma in education in the University of Sydney in May 1969 and March 1970 respectively. He became the honorary fellow of Lingnan University, The Hong Kong University of Science and Technology, The University of Hong Kong and The Education University of Hong Kong in November 2008, June 2014, September 2016 and March 2018 respectively. In addition to his achievements in the academic field, Mr. Shek has also earned certain honorary titles in various ambits. He was appointed as Justice of the Peace in July 1995 and awarded the Silver Bauhinia Star and Gold Bauhinia Star in the Hong Kong Special Administrative Region 2007 and 2013 Honors Lists respectively. He has also been a member of the advisory committee board of the Independent Commission Against Corruption since January 2017. Mr. Shek is currently a member of the Honorary Court Member of The Hong Kong University of Science and Technology, the Court and the Council Member of The University of Hong Kong. Mr. Shek is also currently the chairman and an executive director of Goldin Financial Holdings Limited (re-designated from independent non-executive director on 1 March 2021 and from the vice chairman on 6 June 2022 respectively), the shares of which are listed on the Stock Exchange.

In addition, Mr. Shek is an independent non-executive director of the following listed companies, all of which are listed on the Stock Exchange: Paliburg Holdings Limited; Lifestyle International Holdings Limited; Chuang's Consortium International Limited; NWS Holdings Limited; Country Garden Holdings Company Limited; Chuang's China Investments Limited; ITC Properties Group Limited; China Resources Cement Holdings Limited; Lai Fung Holdings Limited; Cosmopolitan International Holdings Limited; Everbright Grand China Assets Limited; Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust; Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust; Far East Consortium International Limited; Landing International Development Limited; Hao Tian International Construction Investment Group Limited and International Alliance Financial Leasing Co., Ltd.

Mr. Shek was also an independent non-executive director of the following companies, all of which are listed on the Stock Exchange: SJM Holdings Limited up to May 2021; Hop Hing Group Holdings Limited up to June 2020; and MTR Corporation Limited up to May 2019; the shares of all of which are listed on the Stock Exchange.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors and officers is currently in force and was in force during the year. The Company has taken out and maintained appropriate directors' and officers' liability insurance cover in respect of potential legal actions against their risks and exposure arising from the Group's business and activities.

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

As at 31 March 2022, the interests and short positions of the directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) (the "SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Long positions in shares of the Company:

Name of Director	Nature of interests	Company/name of associated corporation	Number of shares held *(note 1)*	Approximate percentage of total shareholding *(%)*
Chung Cho Yee, Mico ("Mr. Chung") *(note 2)*	Beneficial owner	The Company	5,063,562,062 (L)	54.03
	Interest of controlled corporation	The Company	5,060,517,062 (L)	54.00
Kan Sze Man	Beneficial owner	The Company	23,790,500 (L)	0.25

Notes:

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

(2) Mr. Chung is the beneficial owner of 5,063,562,062 shares in the Company (being the aggregate of personal interest of Mr. Chung of 3,045,000 shares and the corporate interest held by Earnest Equity Limited ("Earnest Equity") of 5,060,517,062). Earnest Equity is a wholly-owned subsidiary of Digisino Assets Limited ("Digisino"). The entire issued share capital of Digisino is held by Mr. Chung and thus both Digisino and Earnest Equity are corporations wholly-owned and controlled by him. Therefore, Mr. Chung is deemed to be interested in any shares or equity derivatives held by Earnest Equity or Digisino.

Save as disclosed above, as at 31 March 2022, none of the directors and chief executive of the Company had any interest in any securities of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of listed companies as set out in the Listing Rules to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year, was the Company or its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company or its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with the controlling shareholder (as defined in the Listing Rules) or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by the controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the directors and their respective associates was interested in any business, apart from the Group's businesses, which compete or are likely to compete, either directly or indirectly, with the Group's businesses, other than those businesses where the directors were appointed as directors to represent the interests of the Group.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent non-executive directors of the Company ("INEDs"), an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs are independent.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2022, according to the register kept by the Company pursuant to Section 336 of SFO, and so far as is known to any directors or the Company, no other person (other than a director or chief executive of the Company) had, or was deemed or taken to have, an interest or short position in shares and underlying shares which would fall to be disclosed to the Company under the provisions of the Divisions 2 and 3 of Part XV of the SFO.

CONNECTED TRANSACTION

During the year, the Group had no connected transactions.

In respect of the Company's related party transactions disclosed in note 41 to the consolidated financial statements prepared in accordance with International Financial Reporting Standards, to the extent that they constitute connected transactions of the Company for the purpose of the Listing Rules that apply to them, the Company confirms that it has complied with the relevant requirements under the Listing Rules (if applicable).

The Company was not aware of any other related party transactions which constitute a connected transaction of the Group, nor are there any connected transactions that need to be disclosed in this report under the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Group had provided financial assistance to, and guarantee for, affiliated companies in the aggregate amount of HK$18,744,489,000, which represented approximately 64.7% of the Group's total assets as at 31 March 2022.

As at 31 March 2022, the advances and guarantees made by the Group to its joint ventures and associates are as follows:

	Advances HK$'000	Guarantees HK$'000
Action Soar Investments Limited	257,491	–
Autumn Bliss Limited	33	–
Century Bliss Limited	57,335	290,000
Champion Maker Limited	–	–
City Synergy Limited	85,885	41,942
Clear Dynamic Limited	453,004	345,000
Cleverland Global Limited	–	1,033,500
Creative Modern Limited	634,032	–
Eagle Wonder Limited	415,815	600,000
Fame Allied Limited	24,196	80,000
Favour Eternal Limited	8,905	–
Great Maker Limited	540,000	–
Jerwyn Pte. Ltd.	59,820	–
Land Magic Investments Limited	209,600	186,400
Leading Avenue Limited	273,962	270,000
Lotus Legend Limited	7,691	–
King Empire International Limited	977,426	630,000
Modern Crescent Limited	527,988	1,031,250
Ocean Beyond Investments Limited	263,745	–
Sincere Charm Limited	286,548	108,760
Sino City Ventures Limited	363,209	391,169
Southwater Investments Limited	2,328,369	3,450,000
Success Apex Limited	315,261	166,399
Tiptop Noble Limited	425	1,300,500
Vital Triumph Limited	124,549	180,000
True Fame Enterprises Limited	–	424,280
	8,215,289	10,529,200

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

	Combined balance sheet HK$'000	Group's attributable interests HK$'000
Non-current assets	33,785	11,178
Current assets	60,924,913	21,802,471
Current liabilities	(20,317,678)	(5,060,374)
Non-current liabilities	(33,043,229)	(13,146,077)
	7,597,791	3,607,198

EMOLUMENT POLICY

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

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

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

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in note 42 to the consolidated financial statements.

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

EQUITY-LINKED AGREEMENTS

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

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

During the year, the Company repurchased a total of 116,990,000 shares on the Stock Exchange at an aggregate consideration (before expenses) of HK$28,212,720. All the repurchased shares were subsequently cancelled. The repurchases were made for the benefit of the Company and its shareholders as a whole with a view to enhancing the earnings per share of the Company. Details of the repurchases are as follows:

Month, Year	Number of ordinary shares repurchased	Purchase price Highest	Purchase price Lowest	Aggregate consideration paid (before expenses)
		HK$	HK$	HK$
August, 2021	82,720,000	0.255	0.250	21,073,250
September, 2021	310,000	0.220	0.220	68,200
October, 2021	2,850,000	0.228	0.225	645,450
December, 2021	3,760,000	0.211	0.205	777,900
January, 2022	9,670,000	0.214	0.201	2,025,450
February, 2022	5,310,000	0.213	0.210	1,123,890
March, 2022	12,370,000	0.205	0.197	2,498,580
Total	116,990,000			28,212,720

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE

The Company is obliged to comply with the requirements for continuing listing on the Stock Exchange and is committed to practice high standard of corporate governance in its daily management and operations. The Company follows and applies the principles of the code provisions of the Code as set out in Appendix 14 of the Listing Rules in the year under review with exception of few deviations. Detailed information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in pages 17 to 26 of this annual report.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK$653,000.

SUFFICIENCY OF PUBLIC FLOAT

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 170 of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the consolidated financial statements for the year ended 31 March 2022.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in or exercising of any rights (including entitlements to any relief of taxation) in relation to the shares of the Company, they are advised to consult their professional advisers.

AUDITORS

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

On behalf of the Board

CHUNG CHO YEE, MICO
CHAIRMAN

29 June 2022

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF CSI PROPERTIES LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of CSI Properties Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 66 to 169, 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

Assessing the net realisable value of properties held for sale owned by the Group and the joint ventures

As at 31 March 2022, the Group held a number of residential and commercial properties held for sale in Hong Kong and Macau.

In addition, the Group also has interests in residential and commercial properties held for sale in Mainland China and Hong Kong through joint ventures which are equity accounted for in the consolidated financial statements. A significant component of the carrying value of the interests in joint ventures is the carrying value of the underlying properties owned by these investees.

We identified the valuation assessment of properties held for sale, owned by the Group or through joint ventures (collectively referred to as the "Properties") as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with significant estimates involved in determining the net realisable value ("NRV"). As disclosed in note 4 to the consolidated financial statements, the determination of the NRV of Properties requires significant management estimation, particularly in determining open market value and/or the market evidence of transaction prices for similar properties in the same locations and conditions with reference to the valuations carried out by the independent and qualified property valuer (the "Valuer") for the Properties.

As at 31 March 2022, the Group had properties held for sale amounted to HK$7,300,656,000 whilst the joint ventures had properties held for sale that are attributable to the Group amounted to HK$7,800,884,000 and properties under development for sale that are attributable to the Group amounted to HK$9,667,606,000 as disclosed in notes 24 and 20 to the consolidated financial statements, respectively.

For the year ended 31 March 2022, a write-down of Group's properties held for sale amounting to approximately HK$140,354,000 has been recognised in the consolidated statement of profit or loss.

How our audit addressed the key audit matter

Our procedures in relation to assessing the NRV of the Properties included:

- evaluating the Group management's valuation assessment and the external valuation reports prepared by Valuer on which the management's assessment of the NRV of the Properties was based;
- understanding the Group's valuation assessment process, including the valuation model adopted, assumptions used and the involvement of the Valuer;
- assessing the competence, capabilities and objectivity of the Valuer;
- evaluating the appropriateness of the valuation methodologies adopted to determine the NRV of the Properties;
- assessing the reasonableness of key estimates used in the valuations, on a selection basis, including determining open market value by comparing it to market evidence of transaction prices for similar properties in the same locations and conditions; and
- checking the mathematical accuracy of the valuation calculations.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgments associated with the determination of the fair value. The Group's investment properties are located in the Mainland China. As at 31 March 2022, the Group's investment properties amounted to HK$3,622,644,000 and represented 12.49% of the Group's total assets. All of the Group's investment properties are stated at fair value based on valuations carried out by the Valuer. The valuations are dependent on significant unobservable inputs that involve significant judgment including monthly market rent and capitalisation rates. Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in note 18 to the consolidated financial statements.	Our procedures in relation to the valuation of the investment properties included: • evaluating the competence, capabilities and objectivity of the Valuer; • obtaining an understanding of the valuation process and techniques adopted by the Valuer to assess if they are consistent with industry norms; • obtaining the valuation reports and meeting with the Valuer to assess the reasonableness of the valuation techniques and significant unobservable inputs including monthly market rent and capitalisation rates underlying the valuation to publicly available information of similar comparable properties; and • assessing the integrity of and the accuracy of the source data adopted by management and the Valuer and comparing them, on a sampling basis, to where relevant, existing tenancy profiles including committed rents and occupancy rates.

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.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Ms. Zhu Chen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 June 2022

Consolidated Statement of Profit or Loss

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	5		
Sales of properties held for sale		171,088	141,800
Rental income		249,374	226,912
Total revenue		420,462	368,712
Cost of sales and services		(389,130)	(132,444)
Gross profit		31,332	236,268
Income from investments	7	83,354	229,218
(Losses) gains from investments	7	(570,943)	19,591
Other income	8	274,488	197,646
Fair value gain on transfer of properties held for sale to investment properties	18	1,281,287	–
Other gains and losses	9	719,953	30,751
Administrative expenses		(267,095)	(240,307)
Finance costs	10	(310,469)	(275,280)
Share of results of joint ventures		116,003	246,079
Share of results of associates		(22,756)	521
Profit before taxation		1,335,154	444,487
Income tax expense	11	(97,096)	(25,982)
Profit for the year	12	1,238,058	418,505
Profit (loss) attributable to:			
Owners of the Company		1,156,180	330,809
Holders of perpetual capital securities	31	73,422	89,700
Non-controlling interest		8,456	(2,004)
		1,238,058	418,505
Earnings per share (HK cents)	16		
Basic		12.26	3.43

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Profit for the year	1,238,058	418,505
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	22,119	42,618
Share of exchange differences of joint ventures, net of related income tax	99,316	170,221
	121,435	212,839
Total comprehensive income for the year	1,359,493	631,344
Total comprehensive income attributable to:		
Owners of the Company	1,277,615	540,163
Holders of perpetual capital securities	73,422	89,700
Non-controlling interest	8,456	1,481
	1,359,493	631,344

Consolidated Statement of Financial Position

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-Current Assets			
Property, plant and equipment	17	232,477	262,165
Investment properties	18	3,622,644	–
Financial assets at fair value through profit or loss ("FVTPL")	19	250,344	180,350
Derivative financial instruments	32	67,060	–
Club memberships		11,915	11,915
Interests in joint ventures	20	5,561,570	4,743,982
Amounts due from joint ventures	20	6,356,190	5,983,637
Interests in associates	21	462,635	362,154
Amounts due from associates	21	851,477	1,422,774
Loan receivables	22	85,119	129,683
		17,501,431	13,096,660
Current Assets			
Loan receivables	22	213,314	104,902
Trade and other receivables	23	91,418	241,345
Properties held for sale	24	7,300,656	12,179,207
Financial assets at FVTPL	19	404,749	1,520,555
Taxation recoverable		2,303	450
Cash held by securities brokers	25	23,604	37,899
Bank balances and cash	25	3,455,719	1,462,929
		11,491,763	15,547,287
Current Liabilities			
Other payables and accruals	26	598,340	578,080
Contract liabilities	27	10,588	–
Taxation payable		163,654	231,496
Amounts due to joint ventures	20	788,398	749,096
Amounts due to non-controlling shareholders of subsidiaries	41(a)	168,310	165,210
Bank borrowings – due within one year	28	2,291,019	1,714,909
Guaranteed notes – due within one year	30	–	1,859,520
		4,020,309	5,298,311
Net Current Assets		7,471,454	10,248,976
Total assets less current liabilities		24,972,885	23,345,636

Consolidated Statement of Financial Position

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Capital and Reserves			
Share capital	*29*	74,974	76,117
Treasury shares	*29*	–	(6,572)
Reserves		14,432,583	13,228,358
Equity attributable to owners of the Company		14,507,557	13,297,903
Holders of perpetual capital securities	*31*	1,257,327	1,539,443
Non-controlling interest		41,934	33,879
Total Equity		15,806,818	14,871,225
Non-Current Liabilities			
Bank borrowings – due after one year	*28*	6,701,467	8,364,534
Guaranteed notes – due after one year	*30*	2,316,956	–
Derivative financial instruments	*32*	–	81,798
Deferred tax liabilities	*33*	147,644	28,079
		9,166,067	8,474,411
		24,972,885	23,345,636

The consolidated financial statements on pages 66 to 169 were approved and authorised for issue by the Board of Directors on 29 June 2022 and are signed on its behalf by:

Chung Cho Yee, Mico
DIRECTOR

Chow Hou Man
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company								Holders of perpetual capital securities HK$'000 (note 31)	Non-controlling interests HK$'000	Total equity HK$'000
	Share capital HK$'000	Share premium HK$'000	Treasury shares HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (note)	Translation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000			
At 1 April 2020	78,460	2,052,135	-	6,620	72,579	(172,793)	10,847,113	12,884,114	1,539,443	36,253	14,459,810
Profit for the year	-	-	-	-	-	-	330,809	330,809	89,700	(2,004)	418,505
Exchange differences arising on translation of foreign operations	-	-	-	-	-	39,133	-	39,133	-	3,485	42,618
Share of exchange differences of joint ventures	-	-	-	-	-	170,221	-	170,221	-	-	170,221
Total comprehensive income for the year	-	-	-	-	-	209,354	330,809	540,163	89,700	1,481	631,344
Share repurchases (*note 29*)	(2,343)	-	(6,572)	-	-	-	(69,388)	(78,303)	-	-	(78,303)
Dividends recognised as distribution (*note 15*)	-	-	-	-	-	-	(48,071)	(48,071)	-	-	(48,071)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	-	(89,700)	-	(89,700)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(3,855)	(3,855)
At 31 March 2021	76,117	2,052,135	(6,572)	6,620	72,579	36,561	11,060,463	13,297,903	1,539,443	33,879	14,871,225
Profit for the year	-	-	-	-	-	-	1,156,180	1,156,180	73,422	8,456	1,238,058
Exchange differences arising on translation of foreign operations	-	-	-	-	-	22,119	-	22,119	-	-	22,119
Share of exchange differences of joint ventures	-	-	-	-	-	99,316	-	99,316	-	-	99,316
Total comprehensive income for the year	-	-	-	-	-	121,435	1,156,180	1,277,615	73,422	8,456	1,359,493
Cancellation of ordinary shares	(207)	-	6,572	-	-	-	(6,365)	-	-	-	-
Share repurchases (*note 29*)	(936)	-	-	-	-	-	(27,293)	(28,229)	-	-	(28,229)
Dividends recognised as distribution (*note 15*)	-	-	-	-	-	-	(39,732)	(39,732)	-	-	(39,732)
Distribution to holders of perpetual capital securities	-	-	-	-	-	-	-	-	(75,353)	-	(75,353)
Repurchase of 5.875% perpetual bonds and cancelled	-	-	-	-	-	-	-	-	(281,580)	-	(281,580)
Interest received for repurchase of 5.875% perpetual bonds	-	-	-	-	-	-	-	-	1,395	-	1,395
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(401)	(401)
At 31 March 2022	74,974	2,052,135	-	6,620	72,579	157,996	12,143,253	14,507,557	1,257,327	41,934	15,806,818

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	1,335,154	444,487
Adjustments for:		
Finance costs	310,469	275,280
Depreciation of property, plant and equipment	35,713	35,271
Gain on disposal of a subsidiary	(742,435)	(18,289)
Gain on disposal of investment in an associate	–	(11,626)
Amortisation of financial guarantee contracts	(7,476)	(7,367)
Interest income	(184,928)	(170,981)
Forfeited deposits	–	(256)
Write-down (net reversal of write-down) of properties held for sale	140,354	(32,458)
Impairment loss recognised on financial guarantee contracts	74,996	–
Recovery of loan receivable written-off in prior year	(37,858)	–
Share of results of joint ventures	(116,003)	(246,079)
Share of results of associates	22,756	(521)
Fair value gain on transfer of properties held for sale to investment properties	(1,281,287)	–
Decrease (increase) in fair value of financial assets at FVTPL	678,408	(81,655)
(Increase) decrease in fair value of derivative financial instruments	(107,465)	62,064
Interest income from financial assets at FVTPL	(56,510)	(169,456)
Dividend income from financial assets at FVTPL	(26,844)	(59,762)
Operating cash flows before movements in working capital	37,044	18,652
Increase in properties held for sale	(468,318)	(508,301)
Decrease in trade and other receivables	124,506	32,693
Decrease in financial assets at FVTPL	386,659	744,013
(Decrease) increase in other payables and accruals	(48,063)	246,177
Increase in contract liabilities	10,588	–
Increase (decrease) in cash held by securities brokers	14,295	(31,467)
Net cash generated from operations	56,711	501,767
Income tax paid	(44,349)	(44,672)
Income tax refund	1,482	2,704
NET CASH FROM OPERATING ACTIVITIES	13,844	459,799

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
INVESTING ACTIVITIES			
Investments in joint ventures		(28,142)	–
Advances to joint ventures		(765,197)	(875,444)
Repayments from joint ventures		483,207	255,920
Repayments from a non-controlling shareholder of a subsidiary		–	3,470
Purchases of property, plant and equipment		(6,025)	(201)
Investments in an associate		(173,020)	–
Repayments from an associate		642,181	–
Advance to an associate		–	(1,582,652)
Dividends received from an associate		576	800
Interest received		35,827	21,025
Interest income received from financial assets at FVTPL		56,510	169,456
Dividend income received from financial assets at FVTPL		26,844	59,762
Loan receivables newly granted		(210,000)	(100,000)
Repayments from loan receivables		–	114,070
Proceeds on maturity of loan receivables		184,010	–
Proceeds on disposal of a subsidiary		–	23,250
Proceeds on disposal of interest in an associate		–	12,734
Net cash inflow from disposal of subsidiaries	35, 36	1,022,652	–
Disposal of financial assets at FVTPL		(19,255)	(19,998)
Settlement on derivative financial instruments		(41,393)	(26,134)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		1,208,775	(1,943,942)

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	NOTE	2022 HK$'000	2021 HK$'000
FINANCING ACTIVITIES			
Purchases of treasury shares		–	(6,572)
Repayments of bank borrowings		(1,383,954)	(2,505,083)
Repurchase of guaranteed notes		(1,859,520)	(64,740)
Proceeds from issuance of guaranteed notes		2,340,000	–
Transaction cost for issuance of guarantee notes		(22,214)	–
Payment for share purchase		(28,229)	(71,731)
Dividends paid		(39,732)	(48,071)
Dividends paid to non-controlling shareholders of subsidiaries		(401)	(3,855)
Advances from joint ventures		489,377	241,330
Repayments to joint ventures		(89,998)	(48,429)
Advance from (repayment to) non-controlling shareholders of subsidiaries		3,100	(2,123)
New bank borrowings raised		2,030,873	3,174,269
Interest paid		(312,198)	(297,010)
Repurchase of perpetual capital securities		(281,580)	–
Distribution to holders of perpetual capital securities	31	(75,353)	(89,700)
NET CASH FROM FINANCING ACTIVITIES		770,171	278,285
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,992,790	(1,205,858)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,462,929	2,668,787
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		3,455,719	1,462,929

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

1. GENERAL INFORMATION

CSI Properties Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited ("HKSE"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in the annual report. The directors of the Company considers that Earnest Equity Limited, a private company incorporated in the British Virgin Islands ("BVI"), is its immediate holding company while Digisino Assets Limited, also a private company incorporated in the BVI, is its ultimate holding company. Its ultimate controlling party is Mr. Chung Cho Yee, Mico, a director of the Company.

The Company is an investment holding company. The activities of its principal subsidiaries, joint ventures and associates are set out in notes 47, 20 and 21 respectively.

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

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

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

In the current year, the Group has applied the 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:

Amendments to HKFRS 16	COVID-19 – Related Rent Concessions
Amendments 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 IFRS Interpretations 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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

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 Hong Kong Interbank Offered Rate ("HIBOR")/London Interbank Offered Rate ("LIBOR") bank borrowings of HK$9,356,798,000 and several HIBOR/LIBOR derivative financial instruments of HK$81,798,000 which subject to interest rate benchmark reform.

During the year, the Group's LIBOR interest rate swaps and LIBOR bank borrowings with carrying amounts of HK$599,000 and HK$101,811,000 respectively have been transitioned to the relevant alternative benchmark rates. The amendments have had no material impact on the consolidated financial statements. Additional disclosures as required by HKFRS 7 are set out in note 44.

2.2 New and amendments to HKFRSs in issue but 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 anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

2.2a Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

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

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

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

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

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

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

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

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

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

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

Basis of preparation of consolidated financial statements

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

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

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

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

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

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

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

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

Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

Acquisition of a subsidiary not constituting a business

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.

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

Significant accounting policies (Continued)

Acquisition of a subsidiary not constituting a business (Continued)

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

Investments in associates and joint ventures

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

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

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

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

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

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

Significant accounting policies (Continued)

Investments in associates and joint ventures (Continued)

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

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

Revenue from contracts with customers

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

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

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

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

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

Significant accounting policies (Continued)

Revenue from contracts with customers (Continued)

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

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

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

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

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

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

Incremental costs of obtaining a contract

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

The Group recognises such costs (agency fee) as an asset (contract cost) if it expects to recover these costs. The asset so recognised is subsequently 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 asset is subject to impairment review.

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

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

Significant accounting policies (Continued)

Property, plant and equipment

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

Ownership interests in leasehold land and building

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

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

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

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

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 fair value, 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.

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

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

Significant accounting policies (Continued)

Completed properties held for sale

Completed properties held for sale are stated in the consolidated statement of financial position at the lower of cost and net realisable value on an individual property basis. Cost includes the cost of the properties and other directly attributable expenses. Net realisable value is calculated at the actual or estimated selling price less the estimated selling expenses.

Properties under development held for sale under current assets

Properties under development for sale under current assets are properties held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the cost of property interests, development expenditure and other direct attributable expenses including borrowing cost capitalised where appropriate.

Upon completion, the properties are transferred to completed properties held for sale. Net realisable value takes into account the price ultimately expected to be realised, less costs to completion in cases for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

Transfer from inventories to investment properties carried at fair value

The Group transfers properties from inventories to investment properties when there is a change in use to hold the properties to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is supported by evidences of the change in use. Any difference between the fair value of the properties at the date of transfer and its previous carrying amounts is recognised in profit or loss.

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, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Short-term leases

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

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

Significant accounting policies (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 are derived from the Group's ordinary course of business are presented as revenue.

Refundable rental deposits

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

Lease modification

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

Intangible assets

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

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

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

All other financial assets are subsequently measured at FVTPL, except that at 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" ("HKFRS 3") applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term;

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

Impairment of financial assets and financial guarantee contracts

The Group performs impairment assessment under expected credit loss ("ECL") on financial assets (including trade and other receivables, loan receivables and amounts due from joint ventures, associates, cash held by securities brokers and bank balances) and financial guarantee contracts which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

The Group always recognises lifetime ECL for trade receivables.

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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.

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

(i) Significant increase in credit risk (Continued)

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

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

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

(ii) Definition of default

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

Significant accounting policies (Continued)

Financial instruments (Continued

Financial assets (Continued)

Impairment of financial assets and financial guarantee contracts (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 1 year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

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

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

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

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

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.

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

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entity are recognised at the proceeds received, net of direct issue costs.

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

A financial instrument issued by a group entity, which includes no contractual obligation for the Group to deliver cash or other financial assets to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, is classified as an equity instrument and is initially recorded at the proceeds received.

Perpetual capital securities issued by the Group that have the above characteristics are classified as equity instruments.

Financial liabilities at amortised cost

Financial liabilities including other payables, amounts due to joint ventures, amounts due to non-controlling shareholders of subsidiaries, guaranteed notes and bank borrowings are subsequently measured at amortised cost using the effective interest method.

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts liabilities are initially measured at their fair values, and are subsequently measured at the higher of:

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

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

Derecognition/Modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Except for changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform in which the Group applies the practical expedient, when the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

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).

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

Significant accounting policies (Continued)

Financial instruments (Continued)

Derivative financial instruments

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

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefits costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

Significant accounting policies (Continued)

Taxation (Continued)

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

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

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

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

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

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.

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.

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

Significant accounting policies (Continued)

Taxation (Continued)

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

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

Foreign currencies

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

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

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

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

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

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

Significant accounting policies (Continued)

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful life is tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

Significant accounting policies (Continued)

Share-based payment arrangements

Share-based payment transactions of the Company

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in equity (share option reserve) will be transferred to retained profits.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

Perpetual capital securities

Pursuant to the terms of the perpetual capital securities (as defined in note 31), a wholly-owned subsidiary of the Company, as an issuer of the perpetual capital securities, can at its option redeem the perpetual capital securities and at its discretion defer distributions on the perpetual capital securities. However, in those cases, the Company and the issuer will not be able to declare or pay any dividends to their ordinary shareholders if any distributions on the perpetual capital securities are unpaid or deferred. In the opinion of the directors of the Company, this restriction does not result in the Group having the obligation to redeem the perpetual capital securities or to pay distributions on the perpetual capital securities, and the perpetual capital securities contain no other features meeting the definition of a financial liability. Accordingly, the perpetual capital securities are classified as equity instruments. As at 31 March 2022, the carrying amounts of the perpetual capital securities are HK$1,257,327,000 (2021: HK$1,539,443,000).

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

Critical judgements in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has recognised deferred tax on changes in fair value of investment properties, amounted to HK$128,129,000, as the Group is subject to income taxes on the fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

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

Valuation of properties held for sale

The properties held for sale owned by the Group or through joint ventures (collectively referred to as the "Properties") are stated at the lower of cost and net realisable value. The net realisable value of the Properties were determined by management of the Group with reference to external valuation reports prepared by the Valuer, taking into account of open market value and/or the market evidence of transaction prices for similar properties in the same locations and conditions.

If there is a decrease in open market value, the net realisable value will decrease and additional write-down of the Properties would be recognised should the net realisable value be lower that the carrying amount.

In addition, given the volatility of the property market and the unique nature of individual properties, the actual outcomes in terms of revenue may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in the estimates would affect profit or loss in future years.

Detail of the carrying amount of the Properties are disclosed in notes 20 and 24.

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by the Valuer. The determination of the fair value involves certain assumptions of market conditions. In determining the fair values, the Valuer has based on a method of valuation which involves certain unobservable inputs including, among other factors, capitalisation rate and monthly market rent used in the valuations as set out in note 18.

In determining the fair values, the Valuer has based on a method of valuation which involves certain unobservable inputs including, among other factors, capitalisation rate and monthly market rent used in the valuations as set out in note 18.

In relying on the valuation report, the directors of the Company have exercised their judgements and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Detail of the carrying amount of the Group's investment properties is disclosed in note 18.

5. REVENUE

(i) Disaggregation of revenue

	2022 HK$'000	2021 HK$'000
Sales of properties held for sale – at a point in time	171,088	141,800
Rental income	249,374	226,912
	420,462	368,712

	Sales of properties held for sale	
	2022 HK$'000	2021 HK$'000
Geographical market		
Hong Kong	171,088	141,800

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

	2022 HK$'000	2021 HK$'000
Sales of properties held for sale		
Commercial property holding	171,088	141,800
Revenue from contracts with customers	171,088	141,800
Rental income	249,374	226,912
Interest income and dividend income	83,354	229,218
Revenue disclosed in segment information	503,816	597,930

(iii) Performance obligations for contracts with customers

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

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

5. REVENUE (Continued)

(iv) Leases

	2022 HK$'000	2021 HK$'000
For operating leases:		
Lease payments that are fixed	249,374	226,912

6. SEGMENT INFORMATION

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

There are four reportable and operating segments in current year as follows:

(a) commercial property holding segment, which engages in the investment and trading of commercial properties, properties under development and also the strategic alliances with the joint venture partners of the joint ventures and associates in Hong Kong and the People's Republic of China (the "PRC") excluding Macau;

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

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

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

The CODM also considered the share of revenue of associates and joint ventures for the purpose of allocating resources and assessing performance of each segment.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2022					
EXTERNAL REVENUE					
Rental income	245,097	1,224	3,053	–	249,374
Sales of properties held for sale	171,088	–	–	–	171,088
Revenue of the Group	416,185	1,224	3,053	–	420,462
Interest income and dividend income	–	–	–	83,354	83,354
	416,185	1,224	3,053	83,354	503,816
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	85,106	2,663	–	–	87,769
Sales of properties held for sale	63,811	2,191,287	–	–	2,255,098
	148,917	2,193,950	–	–	2,342,867
Segment revenue	565,102	2,195,174	3,053	83,354	2,846,683
RESULTS					
Share of results of joint ventures *(note)*	(275,870)	391,873	–	–	116,003
Share of results of associates *(note)*	(953)	(21,803)	–	–	(22,756)
Segment profit (loss) excluding share of results of joint ventures and associates	1,374,596	(11,686)	(24,464)	(506,786)	831,660
Segment profit (loss)	1,097,773	358,384	(24,464)	(506,786)	924,907
Unallocated other income					107,807
Unallocated other gains and losses					719,953
Central administrative costs					(107,044)
Finance costs					(310,469)
Profit before taxation					1,335,154

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Consolidated HK$'000
For the year ended 31 March 2021					
EXTERNAL REVENUE					
Rental income	219,676	4,175	3,061	–	226,912
Sales of properties held for sale	141,800	–	–	–	141,800
Revenue of the Group	361,476	4,175	3,061	–	368,712
Interest income and dividend income	–	–	–	229,218	229,218
	361,476	4,175	3,061	229,218	597,930
SHARE OF REVENUE OF ASSOCIATES AND JOINT VENTURES					
Rental income	75,565	265	–	–	75,830
Sales of properties held for sale	13,994	1,576,287	–	–	1,590,281
	89,559	1,576,552	–	–	1,666,111
Segment revenue	451,035	1,580,727	3,061	229,218	2,264,041
RESULTS					
Share of results of joint ventures *(note)*	(121,122)	367,201	–	–	246,079
Share of results of associates *(note)*	576	(55)	–	–	521
Segment profit (loss) excluding share of results of joint ventures and associates	322,735	(1,305)	609	206,664	528,703
Segment profit	202,189	365,841	609	206,664	775,303
Unallocated other income					39,197
Unallocated other gains and losses					19,125
Central administrative costs					(113,858)
Finance costs					(275,280)
Profit before taxation					444,487

Note: Share of results of associates and joint ventures mainly represent share of the operating profit or loss of these entities from their businesses of property investment and development.

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) includes the profit earned (loss incurred) by each segment, income and (losses) gains from investments, fair value gain on transfer of properties held for sale to investment properties, assets management income, interest income from amounts due from joint ventures and an associate, consultancy fee income, share of results of joint ventures and associates, without allocation of certain items of other income (primarily bank interest income, loan interest income, amortisation of financial guarantee contracts and forfeited deposits) and of other gains and losses (primarily gain on disposal of a subsidiary, gain on disposal of investment in an associate, recovery of loan receivable written-off in prior year, impairment loss recognised on financial guarantee contracts and net exchange gain), central administrative costs and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

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

	2022 HK$'000	2021 HK$'000
Segment assets		
Commercial property holding	16,073,783	16,375,572
Residential property holding	8,002,202	8,323,556
Macau property holding	151,508	175,526
Securities investment	742,624	1,699,956
Total segment assets	24,970,117	26,574,610
Property, plant and equipment	232,477	262,165
Taxation recoverable	2,303	450
Cash held by securities brokers	23,604	37,899
Bank balances and cash	3,455,719	1,462,929
Other unallocated assets	308,974	305,894
Consolidated total assets	28,993,194	28,643,947
Segment liabilities		
Commercial property holding	529,734	578,447
Residential property holding	883,078	739,618
Macau property holding	61,922	61,536
Securities investment	10,952	173,528
Total segment liabilities	1,485,686	1,553,129
Guaranteed notes	2,316,956	1,859,520
Bank borrowings	8,992,486	10,079,443
Taxation payable	163,654	231,496
Other unallocated liabilities	227,594	49,134
Consolidated total liabilities	13,186,376	13,772,722

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than property, plant and equipment, taxation recoverable, cash held by securities brokers, bank balances and cash and other assets used jointly by reportable and operating segments; and

- all liabilities are allocated to operating segments other than guaranteed notes, bank borrowings, taxation payable and other liabilities for which reportable and operating segments are jointly liable.

Other segment information

For the year ended 31 March 2022

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit (loss) or segment assets and liabilities:							
Interests in joint ventures	2,364,349	3,197,221	–	–	5,561,570	–	5,561,570
Amounts due from joint ventures	4,655,786	1,700,404	–	–	6,356,190	–	6,356,190
Amounts due to joint ventures	185,796	602,602	–	–	788,398	–	788,398
Interests in associates	3,465	459,170	–	–	462,635	–	462,635
Amounts due from associates	–	851,477	–	–	851,477	–	851,477
Net decrease in fair value of financial assets at FVTPL or derivative financial instruments	–	–	–	(570,943)	(570,943)	–	(570,943)
Interests income from amounts due from joint ventures and an associate	97,500	50,381	–	–	147,881	1,220	149,101
Interest income from financial assets at FVTPL	–	–	–	56,510	56,510	–	56,510
Depreciation of property, plant and equipment	–	–	–	–	–	(35,713)	(35,713)
Write-down of properties held for sale	(140,354)	–	–	–	(140,354)	–	(140,354)
Fair value gain on transfer of properties held for sale to investment properties	1,281,287	–	–	–	1,281,287	–	1,281,287

6. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2021

	Commercial property holding HK$'000	Residential property holding HK$'000	Macau property holding HK$'000	Securities investment HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit (loss) or segment assets and liabilities:							
Interests in joint ventures	1,565,400	3,178,582	–	–	4,743,982	–	4,743,982
Amounts due from joint ventures	4,669,679	1,313,958	–	–	5,983,637	–	5,983,637
Amounts due to joint ventures	360,962	388,134	–	–	749,096	–	749,096
Interests in associates	5,009	357,145	–	–	362,154	–	362,154
Amounts due from associates	–	1,422,774	–	–	1,422,774	–	1,422,774
Net increase in fair value of financial assets at FVTPL or derivative financial instruments	–	–	–	19,591	19,591	–	19,591
Interests income from amounts due from joint ventures	97,500	50,883	–	–	148,383	1,573	149,956
Interest income from financial assets at FVTPL	–	–	–	169,456	169,456	–	169,456
Depreciation of property, plant and equipment	–	–	–	–	–	(35,271)	(35,271)
Net reversal of write-down of properties held for sale	32,458	–	–	–	32,458	–	32,458

Geographical information

The Group's operations in commercial property holding, residential property holding, Macau property holding and securities investment are mainly located in Hong Kong, the PRC (excluding Hong Kong and Macau) and Macau.

The following table provides an analysis of the Group's revenue and non-current assets by geographical location.

Revenue from property rentals and sales of properties held for sale are allocated based on the geographical location of the property interests.

6. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

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

	Revenue from external customers Year ended 31 March		Non-current assets *(note)*	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Hong Kong	256,621	238,713	5,620,687	4,383,179
PRC	160,788	126,938	4,270,554	997,037
Macau	3,053	3,061	–	–
	420,462	368,712	9,891,241	5,380,216

Note: Non-current assets exclude financial instruments.

Information about major tenants and buyers of properties

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

	2022 HK$'000	2021 HK$'000
Buyer A[1]	171,088	–
Buyer B[1]	–	141,800
	171,088	141,800

[1] Revenue from commercial property holding

Revenue by type of income

The relevant information is set out in note 5.

7. INCOME AND (LOSSES) GAINS FROM INVESTMENTS

	2022 HK$'000	2021 HK$'000
Income from investments includes the following:		
Interest income from financial assets at FVTPL	56,510	169,456
Dividend income from financial assets at FVTPL	26,844	59,762
	83,354	229,218
(Losses) gains from investments includes the following:		
Net change in fair value of financial assets at FVTPL		
– net realised (loss) gain	(49,032)	84,114
– net unrealised loss	(629,376)	(2,459)
Net change in fair value of derivative financial instruments		
– net realised loss	(41,393)	(26,133)
– net unrealised gain (loss)	148,858	(35,931)
	(570,943)	19,591

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

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

	2022 HK$'000	2021 HK$'000
Derivative financial instruments	107,465	(62,064)
Financial assets at FVTPL	(595,054)	310,873
	(487,589)	248,809

8. OTHER INCOME

	2022 HK$'000	2021 HK$'000
Bank interest income	3,139	12,357
Interest income from loan receivables	32,688	8,668
Interest income from amounts due from joint ventures and an associate	149,101	149,956
Amortisation of financial guarantee contracts	7,476	7,367
Assets management income from joint ventures	17,391	2,400
Consultancy fee income	189	6,093
Forfeited deposits	–	256
Refund of stamp duty	44,069	–
Others	20,435	10,549
	274,488	197,646

Total interest income of financial assets measured at amortised cost amounts to HK$184,928,000 (2021: HK$170,981,000) for the year ended 31 March 2022.

9. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Impairment loss recognised on financial guarantee contracts	(74,996)	–
Recovery of loan receivable written-off in prior year	37,858	–
Gain on disposal of a subsidiary *(note i)*	742,435	18,289
Gain on disposal of investment in an associate *(note ii)*	–	11,626
Net exchange gain	14,656	836
	719,953	30,751

Notes:

i. During the year ended 31 March 2022, the Group disposed of its 49% equity interests in Surplus King Grand Investment Holding Limited to two independent third parties. Detail of the transaction is set out in note 36.

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

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

10. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interests on:		
Bank borrowings	187,347	198,532
Other borrowings	11,583	–
Loan from a joint venture partner	2,174	1,918
Guaranteed notes	120,632	90,638
Total borrowing costs	321,736	291,088
Less: Amounts capitalised in the cost of qualifying assets	(11,267)	(15,808)
	310,469	275,280

Borrowing costs capitalised are interest expenses incurred for financing the development of properties under development. Interest rate of borrowing costs to expenditure on qualifying assets ranged from 1.26% to 2.01% (2021: 1.30% to 3.73%) per annum.

11. INCOME TAX (CREDIT) EXPENSE

	2022 HK$'000	2021 HK$'000
The (credit) charge comprises:		
Hong Kong Profits Tax		
– Current year	3,647	17,166
– (Over)under provision in prior years	(30,474)	322
	(26,827)	17,488
Deferred taxation *(note 33)*	123,923	8,494
	97,096	25,982

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

According to the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to Macau Pataca ("MOP") 300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

According to the budget for the financial year of 2022 approved by the Macau Legislative Assembly, the tax-free income threshold for complementary tax has been increased from MOP32,000 to MOP600,000 for income derived in the tax year of 2021.

11. INCOME TAX (CREDIT) EXPENSE (Continued)

No provision for Macau complementary tax was required as the subsidiaries of the Group in Macau did not have assessable profits more than MOP300,000 for both years.

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

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

No provision for PRC EIT tax was required as the subsidiaries of the Group in PRC have accumulated losses available for offset against future profits for both years.

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

	2022 HK$'000	2021 HK$'000
Profit before taxation	1,335,154	444,487
Taxation at Hong Kong Profits Tax rate of 16.5%	220,300	73,340
Tax effect of expenses not deductible for tax purpose	151,331	18,556
Tax effect of income not taxable for tax purpose	(262,357)	(58,412)
Tax effect of share of results of joint ventures	(19,140)	(40,603)
Tax effect of share of results of associates	3,755	(86)
Effect of tax concession	(165)	(165)
Tax effect of tax losses not recognised	40,244	38,348
Utilisation of tax losses previously not recognised	(6,398)	(5,318)
(Over)under provision in prior years	(30,474)	322
Income tax expense for the year	97,096	25,982

12. PROFIT FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' remuneration *(note 13)*	44,886	33,445
Other staff costs:		
Salaries and other benefits	54,414	55,774
Performance-related incentive bonus	14,692	9,435
Contributions to retirement benefits schemes	3,881	5,266
	72,987	70,475
Total staff costs	117,873	103,920
Auditor's remuneration	3,438	3,760
Cost of properties held for sale recognised as an expense	155,000	122,909
Depreciation of property, plant and equipment	35,713	35,271
Write-down (net reversal of write-down) of properties held for sale (included in cost of sales)	140,354	(32,458)
Gross rental income from investment properties	(160,788)	–
Less: direct operating expenses incurred for investment properties that generated rental income during the year	39,163	–
direct operating expenses incurred for investment properties that did not generate rental income during the year	4,510	–
	(117,115)	–

13. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of ten (2021: eight) directors were as follows:

For the year ended 31 March 2022

	Executive Directors						Independent Non-executive Directors				
	Mr. Chung Cho Yee, Mico HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Fong Man Bun, Jimmy HK$'000	Mr. Ho Lok Fai (appointed on 4 June 2021) HK$'000	Mr. Leung King Yin, Kevin (appointed on 4 June 2021) HK$'000	Dr. Lam Lee G. HK$'000	Mr. Cheng Yuk Wo HK$'000	Dr. Lo Wing Yan, William HK$'000	Mr. Shek Lai Him, Abraham HK$'000	Total HK$'000
Directors' remuneration											
Fees	-	-	-	-	-	-	200	200	200	200	800
Salaries and other benefits	12,237	5,120	3,620	3,871	2,110	3,080	-	-	-	-	30,038
Performance-related incentive bonus *(note)*	5,099	2,134	1,509	1,876	904	1,439	-	-	-	-	12,961
Contributions to retirement benefits schemes	18	306	226	244	130	163	-	-	-	-	1,087
	17,354	7,560	5,355	5,991	3,144	4,682	200	200	200	200	44,886

For the year ended 31 March 2021

	Executive Directors				Independent Non-executive Directors				
	Mr. Chung Cho Yee, Mico HK$'000	Mr. Kan Sze Man HK$'000	Mr. Chow Hou Man HK$'000	Mr. Fong Man Bun, Jimmy HK$'000	Dr. Lam Lee G. HK$'000	Mr. Cheng Yuk Wo HK$'000	Dr. Lo Wing Yan, William HK$'000	Mr. Shek Lai Him, Abraham HK$'000	Total HK$'000
Directors' remuneration									
Fees	-	-	-	-	200	200	200	200	800
Salaries and other benefits	12,237	5,121	3,620	3,870	-	-	-	-	24,848
Performance-related incentive bonus *(note)*	2,550	1,280	905	2,263	-	-	-	-	6,998
Contributions to retirement benefits schemes	18	306	231	244	-	-	-	-	799
	14,805	6,707	4,756	6,377	200	200	200	200	33,445

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

The Company has not appointed Chief Executive Officer, and the role and function of the Chief Executive Officer has been performed by the CODM collectively.

The above emoluments to Executive Directors were for their services in connection with the management of the affairs of the Company and of the Group. The above emoluments to Independent Non-executive Directors were for their services as directors of the Company. No directors waived any emoluments during both years.

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

14. FIVE HIGHEST PAID EMPLOYEES

Of the five individuals with the highest emoluments in the Group, five (2021: four) were directors of the Company whose emoluments are included in note 13 above. For the year ended 31 March 2021, the emolument of the remaining one individual was as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other benefits	–	3,000
Performance-related incentive bonus *(note)*	–	250
Contributions to retirement benefits schemes	–	183
	–	3,433

Emolument was within the following band:

	2022 Number of employee	2021 Number of employee
HK$3,000,001 to HK$3,500,000	–	1

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

15. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Dividends recognised as distribution during the year		
– Final dividend of HK0.42 cents per share in respect of financial year ended 31 March 2021 (2021: Final dividend of HK0.50 cents per share in respect of financial year ended 31 March 2020)	39,732	48,071
Dividends proposed after the end of the reporting period		
– Final dividend of HK0.42 cents per share (2021: Final dividend of HK0.42 cents per share)	39,361	39,853

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2022 HK$'000	2021 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share: (profit for the year attributable to owners of the Company)	1,156,180	330,809
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	9,431,247	9,649,087

No diluted earnings per share is presented as there is no potential ordinary shares outstanding during both years.

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Total HK$'000
COST						
At 1 April 2020	303,998	25,214	1,289	11,077	126,219	467,797
Additions	–	201	–	–	–	201
Disposal of a subsidiary	–	–	–	–	(44,537)	(44,537)
At 31 March 2021	303,998	25,415	1,289	11,077	81,682	423,461
Additions	–	4,987	1,038	–	–	6,025
At 31 March 2022	303,998	30,402	2,327	11,077	81,682	429,486
DEPRECIATION						
At 1 April 2020	83,262	18,209	1,046	8,370	59,675	170,562
Provided for the year	14,904	2,309	2	1,760	16,296	35,271
Eliminated on disposal of a subsidiary	–	–	–	–	(44,537)	(44,537)
At 31 March 2021	98,166	20,518	1,048	10,130	31,434	161,296
Provided for the year	14,905	3,241	338	932	16,297	35,713
At 31 March 2022	113,071	23,759	1,386	11,062	47,731	197,009
CARRYING VALUES						
At 31 March 2022	190,927	6,643	941	15	33,951	232,477
At 31 March 2021	205,832	4,897	241	947	50,248	262,165

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Land and buildings	Over the shorter of the terms of the relevant lease of the relevant land on which buildings are erected, or 5%
Leasehold improvements	20%
Furniture, fixtures and office equipment	20%
Motor vehicles	33%
Vessel	20%

Certain of the above property, plant and equipment are pledged to secure the general banking facilities granted to the Group. Details are set out in note 38.

	2022 HK$'000	2021 HK$'000
Expense relating to short-term leases	1,199	1,589
Total cash outflows for leases	1,199	1,589

18. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 April 2021	–
Transfer from properties held for sale	3,566,840
Exchange adjustments	55,804
At 31 March 2022	3,622,644

The Group leases out retail stores under operating leases with rentals payable monthly or quarterly. The leases typically run for an initial period of 1 to 10 years. The leases of retail stores contain minimum annual lease payment that are fixed over the lease term.

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

The fair value of the Group's investment properties as at 31 March 2022 has been arrived at on the basis of a valuation carried out on the date by Cushman & Wakefield Limited, independent and qualified property valuer not connected to the Group.

The above investment properties are pledged to secure bank facilities granted to the Group. Details are set out in note 38.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial properties units located in Shanghai, PRC 2022: HK$3,622,644,000 (2021: n/a)	Investment method derived from the existing tenancies, with due provision for the reversionary potential of each constituent portion of the property at appropriate capitalisation rates.	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 4.2% – 4.5% (2021: n/a).	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
		Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size between the comparables and the property ranging from RMB264 to RMB1,759 per sqm per month (2021: n/a).	A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

The fair value measurement is categorised into Level 3 fair value hierarchy.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at FVTPL comprise:

	2022 HK$'000	2021 HK$'000
Listed equity securities *(note i)*	15,477	91,628
Unlisted equity securities/limited partnership *(note ii)*	195,207	185,334
Unlisted mutual funds *(note iii)*	–	10,361
Listed debt securities *(note iv)*	387,508	1,334,953
Unlisted debt security *(note v)*	56,901	78,629
	655,093	1,700,905
Total and reported as:		
Listed		
Hong Kong	258,945	457,782
Singapore	76,697	525,007
Elsewhere	67,343	443,792
Unlisted	252,108	274,324
	655,093	1,700,905
Analysed for reporting purposes as:		
Non-current assets	250,344	180,350
Current assets	404,749	1,520,555
	655,093	1,700,905

Notes:

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

(ii) The unlisted equity securities/limited partnership as at 31 March 2022 are measured at fair value. Details are set out in note 44(c).

(iii) Unlisted mutual funds represent units in investment funds managed by financial institutions. The underlying assets of the funds comprise unlisted bonds issued by government, central banks, banks and corporate entities in Asia.

The Group has the right to redeem such investment units at the redemption price provided by the investment fund managers on a regular basis. All were redeemed during the year ended 31 March 2022.

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

Notes: (Continued)

(iv) The listed debt securities at 31 March 2022 represented bonds with fixed interest of 5% to 15% (2021: 4.75% to 15%) per annum. The maturity dates of the listed debt securities range from 8 April 2022 to perpetual (2021: 9 June 2021 to perpetual). Their fair values are determined based on quoted market bid prices available from the market. At 31 March 2022, included in the amount are listed debt securities with carrying amount of HK$63,505,000 in aggregate which were default and listed debt securities with carrying amount of HK$7,000,000 in aggregate which were past due. The Group has sought legal advice and has taken legal remedies against the guarantor. Management believes the Group is able to recover the assets and the legal action will be ongoing for more than 12 months.

The summary of listed debt securities of financial assets at FVTPL as at 31 March 2022 and 2021 and their corresponding unrealised (loss) gain and interest income for the years ended 31 March 2022 and 2021 are as follows:

	As at 31 March 2022				As at 31 March 2021			
	Issued by PRC-based real estate companies HK$'000	Issued by financial institutions HK$'000	Others HK$'000	Total HK$'000	Issued by PRC-based real estate companies HK$'000	Issued by financial institutions HK$'000	Others HK$'000	Total HK$'000
Market value	241,765	1,616	144,127	387,508	1,137,464	1,688	195,801	1,334,953
Coupon rate per annum	5.75% to 15%	7.5%	5% to 11%	5% to 15%	5.75% to 15%	7.5%	4.75% to 11%	4.75% to 15%
Maturity	April 2022 - Perpetual	Perpetual	December 2022 - July 2026	April 2022 - Perpetual	June 2021 - Perpetual	Perpetual	June 2021 - December 2022	June 2021 - Perpetual
Rating	NR to BB-	BB-	NR	NR to BB-	NR to BB	BB-	NR to BB	NR to BB
Credited (charged) to profit or loss								
Interest income	39,319	116	17,075	56,510	154,372	280	14,804	169,456
Unrealised (loss) gain	(598,976)	(71)	(6,075)	(605,122)	(1,105)	115	22,506	21,516

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

Notes: (Continued)

(iv) (Continued)

The five largest listed debt securities held as at 31 March 2022 and 2021 are as follows:

	Market value as at 31 March 2022 HK$'000	% of the portfolio of listed debt securities	Interest income for the year ended 31 March 2022 HK$'000	Unrealised (loss) gain for the year ended 31 March 2022 HK$'000
11% notes due in December 2022 issued by VCREDIT Holdings Limited	111,347	28.7%	8,696	(3,228)
6.7% notes due in April 2023 issued by Guangzhou R&F Properties Co., Ltd.	59,750	15.4%	–	(18,250)
5% notes due in June 2026 issued by Lai Sun MTN Limited	28,353	7.3%	1,434	(2,847)
3.6% notes due in March 2023 issued by Shanghai Shimao Company Limited	19,678	5.1%	–	(19,322)
6.75% notes due in April 2022 issued by Greenland Global Investment Limited	18,720	4.8%	2,110	244

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

The fair value of each of remaining debts investments represented less than 1% of the total assets of the Group as at 31 March 2022. Certain of the listed debt securities are pledged to secure the general banking facilities granted to the Group. Details are set out in note 38.

(v) The unlisted debt security at 31 March 2022 represented bonds with fixed interest of 14% per annum. The unlisted debt security will mature in June 2022. The fair value is determined based on discounted cash flows method.

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

	2022 HK$'000	2021 HK$'000
Costs of unlisted investments in joint ventures	4,679,226	4,118,661
Share of post-acquisition gain (losses), net of dividend received	93,011	(69,121)
Exchange difference arising on translation	122,043	22,727
Deemed capital contribution – financial guarantee contracts	37,591	32,748
Deemed capital contribution – interest-free loans *(note i)*	629,699	638,967
	5,561,570	4,743,982
Amounts due from joint ventures included in non-current assets *(note i)*	6,356,190	5,983,637
Amounts due to joint ventures included in current liabilities *(note ii)*	788,398	749,096

Notes:

(i) Included in the amounts due from joint ventures as at 31 March 2022, there are principal amounts of HK$2,721,102,000 (2021: HK$2,972,148,000), which are unsecured, bear interest at Hong Kong prime rate plus 1% to 3% and 4.875% (2021: 1% to 3% and 4.875%) per annum and repayable after one year. The remaining amounts with principal of HK$4,555,921,000 (2021: HK$3,836,895,000) are unsecured, non-interest bearing and have no fixed repayment terms. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK$3,416,684,000 (2021: HK$3,363,665,000) is determined based on the present value of future cash flows from expected repayment date. The difference between fair value of the non-interest bearing amounts due from joint ventures and the nominal amount at initial recognition is recognised as part of the interests in the joint ventures. All the balances are not expected to be repaid within one year and are therefore classified as non-current.

In addition, included in the amounts due from joint ventures that form part of the Group's net investments in joint ventures as at 31 March 2022, there are share of loss of joint ventures of HK$452,356,000 (2021: HK$352,176,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations.

During the year ended 31 March 2022 and 2021, there is no impairment loss made individually on the amount due from joint ventures which had been determined by assessing the expected credit loss allowance by management. Details are set out in note 44.

(ii) Included in the amounts due to joint ventures as at 31 March 2022, there is principal amount of HK$108,700,000 (2021: HK$108,700,000), which is unsecured, bear interest at 2% per annum and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand.

(iii) Valuation of the properties held for sale held by joint ventures as at 31 March 2022 and 2021 were carried out by the Valuer with reference to expected future selling prices by comparing it to recent sales transaction for similar properties located in the vicinity of each development.

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

As at 31 March 2022 and 2021, the Group had interests in the following significant joint ventures:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of share held	Proportion of nominal value of issued capital held by the Group		Proportion of voting power held		Principal activities
					2022	2021	2022	2021	
Southwater Investments Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	50%	50%	50% (note)	50% (note)	Property development
Great Maker Limited	Incorporated	Hong Kong	Hong Kong	Ordinary	30%	30%	30% (note)	30% (note)	Property holding
Eagle Wonder Limited and its subsidiaries	Incorporated	BVI	Hong Kong	Ordinary	60%	60%	50% (note)	50% (note)	Property holding

Note: Regarding these joint ventures, the Group has entered into agreements with the joint venture partners in respect of the operations and control of these entities. Based on the legal form and terms of the contractual arrangements, the investments in these entities are treated as joint ventures because major decisions relating to relevant activities require consent of all parties.

The above table lists the joint ventures of the Group which, in the opinion of the directors of the Company, principally affected the results of the year or form a substantial portion of the net assets of the group. The remaining joint ventures are considered insignificant in terms of its individual carrying amount of interest in joint ventures and the share of results recognised by the Group for the current year. To give details of other joint ventures would, in the opinion of the directors of the Company, result in particulars of excessive length.

The joint ventures had properties held for sale that are attributable to the Group amounted to HK$7,800,884,000 (2021: HK$7,724,181,000) and properties under development for sale that are attributable to the Group amounted to HK$9,667,606,000 (2021: HK$7,692,969,000) as at 31 March 2022, all of which are situated in the PRC, Hong Kong and Singapore.

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

Summarised financial information of material joint ventures

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

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Southwater Investments Limited

	2022 HK$'000	2021 HK$'000
Current assets	12,149,943	11,647,774
Non-current assets	57	48
Current liabilities	(59,637)	(48,524)
Non-current liabilities	(9,822,150)	(9,331,020)

The above amounts of assets and liabilities include the following:

	2022 HK$'000	2021 HK$'000
Cash and cash equivalents	29,663	15,295
Current financial liabilities (excluding trade and other payables and provisions)	(2,614)	(2,154)
Non-current financial liabilities (excluding trade and other payables and provisions)	(9,822,150)	(9,331,020)

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

Summarised financial information of material joint ventures (Continued)

Southwater Investments Limited (Continued)

As at 31 March 2022, current assets mainly comprised of cash and cash equivalents of HK$29,663,000 (2021: HK$15,295,000) and properties held for sale under development of HK$12,120,279,000 (2021: HK$11,632,000,000). Non-current liabilities as at 31 March 2022 comprised of a bank loan of HK$5,101,301,000 (2021: HK$4,873,170,000) and loan from shareholders of HK$4,720,849,000 (2021: HK$4,457,850,000).

	2022 HK$'000	2021 HK$'000
Revenue	–	–
Loss and total comprehensive expense for the year	(65)	(302)

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

	2022 HK$'000	2021 HK$'000
Net assets of the joint venture	2,268,213	2,268,278
Proportion of the Group's ownership interest in the joint venture	50%	50%
	1,134,107	1,134,139
Deemed capital contribution – financial guarantee contracts	17,250	17,250
Carrying amount of the Group's interest in the joint venture	1,151,357	1,151,389

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

Summarised financial information of material joint ventures (Continued)

Great Maker Limited

	2022 HK$'000	2021 HK$'000
Current assets	**1,976,761**	2,052,437
Current liabilities	**(1,847,519)**	(2,000,155)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**33,044**	23,876

As at 31 March 2022, current assets mainly comprised of cash and cash equivalents of HK$33,044,000 (2021: HK$23,876,000), properties held for sale of HK$1,942,488,000 (2021: properties held for sale under development of HK$2,027,070,000). Current liabilities as at 31 March 2022 comprised of advances from customers of HK$10,465,900 (2021: HK$8,833,000) and loan from shareholders of HK$1,800,000,000 (2021: HK$1,976,406,000).

	2022 HK$'000	2021 HK$'000
Revenue	**212,702**	46,647
Profit and total comprehensive income for the year	**76,960**	8,511
The above profit for the year include the following:		
Income tax expense	**14,871**	1,595

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

Summarised financial information of material joint ventures (Continued)

Great Maker Limited (Continued)

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

	2022 HK$'000	2021 HK$'000
Net assets of the joint venture	129,242	52,282
Proportion of the Group's ownership interest in the joint venture	30%	30%
	38,773	15,685
Deemed capital contribution – financial guarantee contracts	1,716	1,716
Carrying amount of the Group's interest in the joint venture	40,489	17,401

Eagle Wonder Limited

	2022 HK$'000	2021 HK$'000
Current assets	1,531,809	1,618,095
Current liabilities	(910,786)	(1,126,415)
Non-current liabilities	(693,022)	(759,111)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	255,030	242,143
Current financial liabilities (excluding trade and other payables and provisions)	(813,086)	(1,021,235)
Non-current financial liabilities (excluding trade and other payables and provisions)	(693,022)	(759,111)

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

Summarised financial information of material joint ventures (Continued)

Eagle Wonder Limited (Continued)

As at 31 March 2022, current assets mainly comprised of cash and cash equivalents of HK$255,030,000 (2021: HK$242,143,000) and properties held for sale of HK$1,275,214,000 (2021: HK$1,374,076,000).

	2022 HK$'000	2021 HK$'000
Revenue	399,501	1,546,356
Profit and total comprehensive income for the year	195,432	309,261
The above profit for the year include the following:		
Interest income	1	1
Interest expense	59,297	102,226
Income tax expense	6,126	12,452

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

	2022 HK$'000	2021 HK$'000
Net liabilities of the joint venture	(71,999)	(267,431)
Proportion of the Group's ownership interest in the joint venture	60%	60%
	(43,199)	(160,459)
Deemed capital contribution – financial guarantee contracts	990	1,680
	(42,209)	(158,779)

The share of loss of joint venture of HK$43,199,000 (2021: HK$160,459,000) representing share of the loss in excess of the cost of investment to the extent of the Group's legal or constructive obligations are deducted in the amount due from joint venture that forms part of the Group's net investment in the joint venture as at 31 March 2022.

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

Summarised financial information of material joint ventures (Continued)

Aggregate information of joint ventures that are not individually material

	2022 HK$'000	2021 HK$'000
The Group's share of loss	(24,312)	(15,487)
The Group's share of other comprehensive income	99,316	170,221
The Group's share of total comprehensive income	75,004	154,734
Dividends received from joint venture during the year *(note)*	54,051	104,000

Note: During the year ended 31 March 2022, the Company received HK$54,051,000 (2021: HK$104,000,000) dividend income and HK$360,077,000 (2021: $nil) return of capital from joint ventures through current accounts with joint ventures.

The carrying amount of the individual joint venture that is not individually material represents less than 10% of net asset value of the Group as at 31 March 2022.

Significant restriction

There are no significant restrictions on the ability of the joint ventures to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

21. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM ASSOCIATES

	2022 HK$'000	2021 HK$'000
Costs of unlisted investments in associates	363,476	190,456
Share of post-acquisition losses and other comprehensive expense, net of dividend received	(5,597)	(4,018)
Deemed capital contribution – financial guarantee contracts	563	577
Deemed capital contribution – interest-free loans *(note)*	104,193	175,139
	462,635	362,154
Amounts due from associates included in non-current assets *(note)*	851,477	1,422,774

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

Note: Included in the amounts due from associates as at 31 March 2022, principals of HK$977,425,000 (2021: HK$1,597,913,000) are unsecured, non-interest bearing and have no fixed repayment terms. At the end of the reporting period, the carrying amounts of such non-interest bearing portion of HK$851,477,000 (2021: HK$1,422,774,000) is determined based on the present value of future cash flows. It is expected that the amounts will be repayable in 5 years. The corresponding adjustment in relation to the imputed interests on the non-interest bearing amounts due from associates is recognised as part of the interests in associates. All the balances are not expected to be repaid within one year and are therefore classified as non-current.

At 31 March 2022 and 2021, the Group had interest in the following significant associates:

Name of entity	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held indirectly by the Group		Proportion of voting power held		Principal activities
					2022	2021	2022	2021	
Wealth Explorer Holdings Limited ("Wealth Explorer")	Incorporated	BVI	Hong Kong	Ordinary	20%	20%	20%	20%	Property holding and development
True Fame Enterprises Limited ("True Fame")	Incorporated	BVI	Hong Kong	Ordinary	30% *(note)*	-	30% *(note)*	-	Property holding and development

Note: During the year, the Group together with other shareholders of Wealth Explorer underwent a restructure by transferring entire equity interest in a wholly-owned subsidiary of Wealth Explorer, which holds properties held for sale in Hong Kong, to a newly incorporated company, True Fame (the "Restructuring"). After the Restructuring, the Group's effective interest in True Fame increased from 20% to 30% by acquiring additional 10% equity interest in True Fame from other shareholders of Wealth Explorer at an aggregate cash consideration of HK$173,020,000.

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

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

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

Summarised financial information of material associates

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

True Fame

	2022 HK$'000
Current assets	2,581,937
Current liabilities	(2,582,094)

As at 31 March 2022, current assets mainly comprised of properties held for sale of HK$2,565,420,000 (2021: HK$nil), and current liabilities as at 31 March 2022 comprised of amounts due to shareholders of HK$1,416,747,000 (2021: HK$nil) and bank borrowings of HK$1,138,638,000 (2021: HK$nil).

	2022 HK$'000
Revenue	–
Loss and total comprehensive expense for the year	(165)

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

	2022 HK$'000
Net assets of the associate	(157)
Proportion of the Group's ownership interest in the associate	30%
	(47)
Deemed capital contribution – financial guarantee contracts	217
Carrying amount of the Group's interest in the associate	170

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

Summarised financial information of material associates (Continued)

Wealth Explorer

	2022 HK$'000	2021 HK$'000
Current assets	1,260,033	1,986,067
Current liabilities	–	(1,076,034)

As at 31 March 2022, current assets mainly comprised of amount due from shareholders of HK$1,260,033,000 (2021: HK$nil) and properties held for sale of HK$nil (2021: HK$1,979,331,000), and current liabilities as at 31 March 2022 comprised of amounts due to shareholders of HK$nil (2021: HK$111,714,000) and bank borrowings of HK$nil (2021: HK$958,367,000).

	2022 HK$'000	2021 HK$'000
Revenue	–	–
Profit (loss) and total comprehensive income (expense) for the year	350,000	(268)

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

	2022 HK$'000	2021 HK$'000
Net assets of the associate	1,260,033	910,033
Proportion of the Group's ownership interest in the associate	20%	20%
	252,007	182,007
Deemed capital contribution – financial guarantee contracts	217	577
Deemed capital contribution – interest-free loans	–	7,185
Carrying amount of the Group's interest in the associate	252,224	189,769

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

Summarised financial information of material associates (Continued)

Aggregate information of associate that is not individually material

	2022 HK$'000	2021 HK$'000
The Group's share of (loss) profit and total comprehensive (expense) income for the year	(22,706)	575
Dividends received from an associate during the year	576	800

The carrying amount of the individual associate that is not individually material represents less than 10% of net asset value of the Group as at 31 March 2022.

Significant restriction

There are no significant restrictions on the ability of the associates to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

22. LOAN RECEIVABLES

	2022 HK$'000	2021 HK$'000
Loan receivables	298,433	234,585
Analysed for reporting purposes as:		
Current assets	213,314	104,902
Non-current assets	85,119	129,683
	298,433	234,585

The Group offers loans to buyers of properties sold by the Group and its joint ventures, and the repayment terms of the loans are specified in the loan agreements. As at 31 March 2022, the loan receivables included the carrying amount of HK$88,433,000 (2021: HK$134,585,000) which is mortgage loans over the properties held by the purchasers and are receivable by instalments over a period of not more than 20 years, the carrying amount of HK$100,000,000 (2021: HK$100,000,000) which is repayable within 12 months from the end of the reporting period and secured by share charge of a company owned by the borrower and the company is also the registered owner of property and the carrying amount of HK$110,000,000 (2021: HK$nil) which is repayable within 12 months from the end of reporting period and secured by the properties held by the borrower.

Before granting loans, the Group uses an internal credit assessment process to assess the potential borrower's credit quality and defines its credit limits granted to the borrowers. The credit limits granted to the borrowers are reviewed by the management regularly.

22. LOAN RECEIVABLES (Continued)

The Group's loan receivables are denominated in HK$, the functional currency of the relevant group entity. During the year ended 31 March 2022, the range of interest rate on the Group's loan receivables is fixed at 13% to 15% or prime rate plus 1% (2021: fixed at 10% to 15% or ranging from prime rate less 2.5% to plus 1%) per annum. Including in loan receivables as at 31 March 2022, there were loan receivables with carrying amounts of HK$85,119,000 (2021: HK$129,683,000), which was repayable more than twelve months after the reporting period, and hence was classified as non-current. Pursuant to loan agreements, the Group retains a discretionary right to demand the repayment from the borrower in full before the maturity of the loans at the amount of principals outstanding plus accrued interests.

At the end of each reporting date, the Group's loan receivables were individually assessed for impairment. Given that the value of corresponding properties under the mortgage is substantially higher than the outstanding balance, the loss given default is trivial and no ECL is provided for those loan receivables as the amount is not material.

23. TRADE AND OTHER RECEIVABLES

Trade receivables mainly comprise of rental receivables. Rental receivables are billed and receivable based on the terms of tenancy agreement. The Group allows credit period of 0 – 60 days (2021: 0 – 60 days) to its tenants. The ageing analysis of the trade receivables, presented based on the debit note date for rental receivables which approximated the revenue recognition date, at the end of the reporting period is as follows:

	2022 HK$'000	2021 HK$'000
Trade receivables:		
0 – 30 days	7,056	7,339
31 – 90 days	2,279	670
	9,335	8,009
Prepayments and deposits	20,945	37,504
Other receivables *(note)*	61,138	195,832
	91,418	241,345

Before accepting new customers, the Group will assess and understand the potential customer's credit quality.

The entire trade receivables balance was neither past due nor credit-impaired and had no default record based on historical information.

Note: As at 31 March 2022, other receivables mainly comprised of refundable stamp duty for redevelopment of commercial properties amounting to HK$nil (2021: HK$145,390,000).

24. PROPERTIES HELD FOR SALE

	2022 HK$'000	2021 HK$'000
The Group's carrying amounts of properties held for sale, stated at lower of cost and net realisable value, comprise:		
– Completed properties	6,244,201	10,623,472
– Properties under development	1,056,455	1,555,735
	7,300,656	12,179,207

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

Certain of the above properties held for sale are pledged to secure the general facilities granted to the Group. Details are set out in note 38.

The net realisable value of the properties held for sale as at 31 March 2022 and 2021 were determined by the management with reference to external valuation reports prepared by the Valuer, taking into account open market value and/or the market evidence of transaction prices for similar properties in the same locations and conditions.

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

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

Properties under development – valued on the basis that the properties will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expected to complete the development to reflect the quality of the completed development.

Based on the assessment carried out by the directors of the Company, a write-down of HK$140,354,000 (2021: net reversal of write-down of HK$32,458,000), comprising a write-down of HK$115,254,000 for properties located in Hong Kong and a write-down of HK$25,100,000 located in Macau because of the negative impact arising from the ongoing 2019 Novel Coronavirus pandemic, is recognised in the cost of sales for the year ended 31 March 2022. All impaired units are commercial properties.

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

Cash held by securities brokers are short-term deposits which carried variable interest rates ranging from 0.0001% to 0.025% (2021: 0.0001% to 0.025%) per annum.

The amounts of the Group's cash held by securities brokers denominated in a currency other than the functional currencies of the relevant group entities are set out below:

	2022 HK$'000	2021 HK$'000
United States dollars ("US$")	11,328	8,766

Bank balances and cash comprised bank balances and cash and short-term bank deposits with an original maturity of three months or less. The bank balances carried variable interest rates ranging from 0.0001% to 0.8% (2021: 0.0001% to 2.39%) per annum.

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

	2022 HK$'000	2021 HK$'000
Renminbi ("RMB")	264,617	1,755
US$	957,009	394,935
Euro ("EUR")	20,491	8,456
Great British Pound ("GBP")	28,297	24,307
Australian Dollars ("AUD")	91	26,107
	1,270,505	455,560

26. OTHER PAYABLES AND ACCRUALS

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

	2022 HK$'000	2021 HK$'000
Rental and related deposits received	101,754	130,479
Other tax payables	1,170	2,149
Financial guarantee contracts to joint ventures	85,695	11,205
Interest payables	33,877	24,339
Accrued construction costs	249,856	261,641
Accruals and other payables	125,988	148,267
	598,340	578,080

27. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Sales of properties held for sale	10,588	–

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

28. BANK BORROWINGS

	2022 HK$'000	2021 HK$'000
The carrying amounts of the Group's borrowings are repayable based on contractual repayment dates as follows:		
Within one year	1,509,937	919,793
More than one year, but not exceeding two years	3,362,262	1,812,254
More than two years, but not exceeding five years	3,339,205	6,552,280
	8,211,404	9,284,327
The carrying amounts of the Group's borrowings that contain a repayment on demand clause in the loan agreements are repayable as follow:		
Within one year	716,550	81,976
More than one year, but not exceeding two years	2,700	30,678
More than two years, but not exceeding five years	61,832	682,462
	781,082	795,116
Less: Amounts due within one year or contain a repayment on demand clause in the loan agreements shown under current liabilities	(2,291,019)	(1,714,909)
Amounts shown under non-current liabilities	6,701,467	8,364,534
Secured *(note i)*	5,363,373	7,755,243
Unsecured *(note ii)*	3,629,113	2,324,200
	8,992,486	10,079,443

Notes:

i. The secured bank borrowings were secured by various assets held by the Group. The carrying amounts of the assets pledged are disclosed in note 38.

ii. At 31 March 2022, bank borrowings amounting to HK$3,629,113,000 were guaranteed by the Company (2021: HK$2,324,200,000).

As at 31 March 2022, the bank borrowings of HK$215,520,000 (2021: HK$251,952,000) and HK$97,660,000 (2021: HK$101,810,000) are denominated in AUD and GBP respectively.

The bank borrowings carried floating rate interests, of which borrowings amounting to HK$8,158,670,000 as at 31 March 2022 (2021: HK$9,254,987,000) bore interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 0.60% to 2.05% (2021: HIBOR plus 1% to 2.05%) per annum, borrowings amounting to HK$97,660,000 (2021: HK$101,811,000) bore interest at LIBOR/Sterling Overnight Index Average ("SONIA") plus a fixed margin and borrowings amounting to HK$736,156,000 (2021: HK$722,645,000) bore interest at the quoted Loan Prime Rate by the National Interbank Funding Center or the Shanghai Interbank Offered Rate plus a fixed margin. At 31 March 2022, the effective interest rates ranged from 0.60% to 5.94% (2021: 0.60% to 5.94%) per annum.

29. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK0.8 cent each		
Authorised:		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	22,500,000,000	180,000
Issued and fully paid:		
At 1 April 2020	9,807,569,676	78,460
Shares repurchased and cancelled	(292,890,000)	(2,343)
At 31 March 2021 and 1 April 2021	9,514,679,676	76,117
Shares cancelled	(25,960,000)	(207)
Shares repurchased and cancelled	(116,990,000)	(936)
At 31 March 2022	9,371,729,676	74,974

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

During the year ended 31 March 2022, the Company repurchased 116,990,000 of its own shares through the HKSE. The above shares were cancelled upon repurchase and the total amount paid to acquire these cancelled shares of HK$28,229,000 was deducted from equity holder's equity.

Month of repurchased and cancelled	Number of ordinary shares repurchased	Price per share Highest HK$	Price per share Lowest HK$	Aggregate price paid HK$'000
April 2021	25,960,000*	0.255	0.246	6,572
August 2021	82,720,000	0.255	0.250	21,073
September 2021	310,000	0.220	0.220	68
October 2021	2,850,000	0.228	0.225	647
December 2021	3,760,000	0.211	0.205	780
January 2022	9,670,000	0.214	0.201	2,032
February 2022	5,310,000	0.213	0.210	1,127
March 2022	12,370,000	0.205	0.197	2,502

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

30. GUARANTEED NOTES

On 8 August 2016, Estate Sky Limited ("ESL"), a subsidiary of the Group, issued guaranteed notes, which the Company is the guarantor, in the aggregate principal amount of US$250,000,000 (equivalent to approximately HK$1,950,000,000) ("2016 Guaranteed Notes") at an interest rate of 4.875% per annum, payable semi-annually in arrears. The guaranteed notes was matured on 8 August 2021. During the year ended 31 March 2022, the Group redeemed and cancelled US$238,400,000 (equivalent to approximately HK$1,859,520,000) of the 2016 Guaranteed Notes (2021: US$8,300,000 (equivalent to approximately HK$64,740,000)).

The 2016 Guaranteed Notes were listed on the Singapore Exchange and the fair value was HK$1,821,177,000 as at 31 March 2021.

On 21 July 2021, ESL issued guaranteed notes, which the Company is the guarantor, in the aggregate principal amount of US$300,000,000 (equivalent to approximately HK$2,340,000,000) ("2021 Guaranteed Notes") at an interest rate of 5.45% per annum, payable semi-annually in arrears. The guaranteed notes with carrying amount of HK$2,316,956,000 as at 31 March 2022 will mature on 21 July 2025.

The 2021 Guaranteed Notes were listed on the Singapore Exchange and the fair value was HK$2,218,787,000 as at 31 March 2022.

31. PERPETUAL CAPITAL SECURITIES

On 20 September 2017, a wholly-owned subsidiary of the Company, ESL issued perpetual capital securities, with an aggregate principal amount of US$200,000,000 (equivalent to approximately HK$1,560,000,000) ("Perpetual Capital Securities"), of which the Company is the guarantor. The proceeds from the issuance of the Perpetual Capital Securities after netting off the issuance cost was US$197,004,000 (equivalent to approximately HK$1,536,629,000). As at 31 March 2022, the Perpetual Capital Securities was carried at HK$1,257,327,000 (2021: HK$1,539,443,000).

The distribution rate for the first five years up to 20 September 2022 is 5.75% per annum, which is paid semi-annually in arrears on 20 March and 20 September of each year ("Distribution Payment Date"). ESL may defer any interest at its own discretion and is not subject to any limit as to the number of times distributions and arrears of distribution can be deferred. The deferred interest is interest bearing at the current distribution rate during the interest deferral period.

The Perpetual Capital Securities have no fixed maturity and are callable at ESL's option, on 20 September 2022 or on any Distribution Payment Date afterwards, at their principal amounts together with any accrued, unpaid or deferred distribution interest payments. The Perpetual Capital Securities were listed on the Singapore Exchange.

After 20 September 2022, the distribution rate will be reset every five years to a percentage per annum equal to the sum of (i) the U.S. Treasury Benchmark Rate which is the rate in percent per annum equal to the semi-annual equivalent yield to maturity of the comparable treasury issue; (ii) the initial spread which is 4.005% and (iii) step-up margin which is 3%.

Pursuant to the terms and conditions of these Perpetual Capital Securities, ESL has no contractual obligation to repay its principal or to pay any distribution and deferred interest unless compulsory distribution payment event (which at the discretion of the issuer) has occurred. Details of which are set out in the Company's announcements published on the HKSE dated 13 and 14 September 2017, and announcement published on the Singapore Exchange dated 21 September 2017. Accordingly, the Perpetual Capital Securities are classified as equity instrument. Subsequent distribution payment will be recorded as equity distribution to Holders of perpetual capital security.

31. PERPETUAL CAPITAL SECURITIES (Continued)

During the year ended 31 March 2022, the profit attributable to holders of the Perpetual Capital Securities, based on the applicable distribution rate, was approximately HK$73,422,000 (2021: HK$89,700,000). During the year ended 31 March 2022, the Company repurchased its own Perpetual Capital Securities, with an aggregate principle amount of HK$281,580,000, through the Singapore Exchange.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	2022 HK$'000	2021 HK$'000
Derivative financial (assets) liabilities		
– Interest rate swaps	(67,060)	81,798

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

Derivative financial instruments – Interest rate swaps

	2022	2021
Notional amount (HK$'000)	3,500,000	3,500,000
Notional amount (GBP'000)	10,000	10,000
Maturity date	2 May 2023 – 20 September 2027	2 May 2023 – 20 September 2027
Strike rate (fixed rate range)	0.688% – 1.660%	0.688% – 1.660%

The above contracts are measured at fair value at the end of the reporting period. None of these derivative contracts were designated as hedging instruments and the fair value gain amounting to HK$107,465,000 (2021: fair value loss amounting to HK$62,064,000) is recognised in profit or loss.

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

33. DEFERRED TAXATION

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

	Fair value change of investment properties HK$'000	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2020	–	27,796	(8,211)	19,585
Charge (credit) to consolidated statement of profit or loss for the year	–	8,872	(378)	8,494
At 31 March 2021	–	36,668	(8,589)	28,079
Disposal of subsidiary	–	(4,358)	–	(4,358)
Charge (credit) to consolidated statement of profit or loss for the year	128,129	(4,018)	(188)	123,923
At 31 March 2022	128,129	28,292	(8,777)	147,644

As at 31 March 2022, the Group had unused tax losses of approximately HK$1,229,807,000 (2021: HK$917,464,000) available for offset against future profits and certain of these tax losses have not yet been agreed with the tax authority. A deferred tax asset has been recognised in respect of tax loss of HK$53,195,000 (2021: HK$52,056,000). No deferred tax asset has been recognised in respect of the remaining unused tax losses of HK$1,176,612,000 (2021: HK$865,408,000) due to unpredictability of future profits streams. The unrecognised tax losses in Hong Kong amounted to HK$1,114,894,000 (2021: HK$790,505,000) can be carried forward indefinitely. The unrecognised tax losses arising from subsidiaries operated in the PRC will expire as follows:

Tax losses expiring in

	2022 HK$'000	2021 HK$'000
2025	24,038	43,058
2026	33,187	31,845
2027	4,493	–
	61,718	74,903

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2022, no deferred taxation regarding such withholding tax has been provided as the PRC subsidiaries have accumulated losses and have no retained profits available for distribution (2021: HK$nil).

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

34. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

For the year ended 31 March 2021

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

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

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

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

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

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

35. DISPOSAL OF ASSETS AND LIABILITIES THROUGH DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2022

Disposal of Growth Safe Limited (the "2022 Disposed Subsidiary")

During the year ended 31 March 2022, the Group disposed of the entire interests in the 2022 Disposed Subsidiary. Since the 2022 Disposed Subsidiary was principally engaged in properties held for sale, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale which were the single predominant asset of the 2022 Disposed Subsidiary. Accordingly, the Group had accounted for the disposal of the 2022 Disposed Subsidiary as disposal of the underlying properties held for sale. The consideration allocated to the sale of properties held for sale was regarded as revenue generated from sales of properties held for sale by the Group.

The amounts of the assets and liabilities attributable to the 2022 Disposed Subsidiary on the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Properties held for sale	155,000
Other receivables	67
Other payables	(1,234)
	153,833
Transaction cost for disposal of the 2022 Disposed Subsidiary	3,201
Gross gain on disposal	14,054
Total consideration satisfied by:	
Cash received	171,088
Net cash inflow arising on disposal:	
Cash consideration received	171,088

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

For the year ended 31 March 2021

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

During the year ended 31 March 2021, the Group disposed of the entire interests in the 2021 Disposed Subsidiaries for a total cash consideration of HK$140,583,000. Since the 2021 Disposed Subsidiaries were principally engaged in properties held for sale, the Group was principally selling, and the buyer was principally acquiring, the properties held for sale which were the single predominant asset of the 2021 Disposed Subsidiaries. Accordingly, the Group had accounted for the disposal of the 2021 Disposed Subsidiaries as disposal of the underlying properties held for sale. The consideration allocated to the sale of properties held for sale was regarded as revenue generated from sales of properties held for sale by the Group.

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

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

36. DISPOSAL OF SUBSIDIARY

For the year ended 31 March 2022

Disposal of Surplus King Grand Investment Holding Limited (the "2022 Disposed Subsidiary - Surplus King")

During the year ended 31 March 2022, the Group disposed of its 49% equity interests in the 2022 Disposed Subsidiary - Surplus King to two independent third parties and accounted for remaining interest of 51% in the 2022 Disposed Subsidiary - Surplus King as a joint venture ("Joint Venture"). The 2022 Disposed Subsidiary - Surplus King was principally engaged in holding properties held for sale. Under the relevant shareholders' agreement, decisions on operating and financing activities of the Joint Venture requires unanimous consent from another joint venture partner. Accordingly, neither the Group nor the other joint venture partners have the ability to control the unilaterally and it is considered as jointly controlled by the Group and the joint venture partners.

The amount of the assets and liabilities attributable to the 2022 Disposed Subsidiary - Surplus King on the date of disposal were as follows:

	HK$'000
Consideration included:	
Cash received	857,500
Total consideration received	857,500
Analysis of assets and liabilities over which control was lost:	
Properties held for sale	2,726,672
Trade and other receivables, deposits and prepayments	27,464
Bank balances and cash	5,936
Bank borrowings	(1,750,000)
Trade and other payables	(12,344)
Taxation payable	(1,305)
Net assets disposed of	996,423
Gain on disposal of a subsidiary:	
Consideration received and receivables	857,500
Net assets disposed of	(996,423)
Fair value of retained interests in Joint Venture	892,500
Transaction costs	(11,142)
Gain on disposal	742,435
Net cash inflow arising on disposal:	
Cash received	857,500
Less: bank balances and cash disposed of	(5,936)
	851,564

37. FINANCIAL GUARANTEE CONTRACTS

	2022 HK$'000	2021 HK$'000
Guarantees given by the Group for banking facilities granted to:		
Joint ventures	9,474,920	8,010,859
Associates	1,054,280	282,854
	10,529,200	8,293,713
and utilised by:		
Joint ventures	7,516,627	6,716,533
Associates	972,440	192,280
	8,489,067	6,908,813

The directors of the Company have performed impairment assessment of the joint ventures and associates at the end of the reporting period as well as assessing that ECL allowance in relation to the guarantees as set out in note 44. As at 31 March 2022, included in other payables and accruals (note 26) represents financial guarantee contracts given to joint ventures amounted to HK$85,695,000 (2021: HK$11,205,000).

38. PLEDGE OF ASSETS

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

	2022 HK$'000	2021 HK$'000
Property, plant and equipment	195,534	208,249
Investment properties	3,622,644	–
Properties held for sale	6,802,235	11,928,292
Financial assets at FVTPL	30,766	306,188
	10,651,179	12,442,729

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

39. OPERATING LEASE AND CAPITAL COMMITMENTS

Operating lease commitments

The Group as lessor

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

Minimum lease payments receivable on leases are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	272,789	283,631
In the second year	202,349	169,855
In the third year	129,121	108,359
In the fourth year	64,536	88,034
In the fifth year	41,226	48,721
After five years	123,118	170,114
	833,139	868,714

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

40. RETIREMENT BENEFITS SCHEMES

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

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

40. RETIREMENT BENEFITS SCHEMES (Continued)

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

The retirement benefits scheme contributions relating to the MPF Scheme, stated-managed retirement benefits schemes and defined contribution retirement scheme in Macau charged to the current year's consolidated statement of profit or loss of HK$4,968,000 (2021: HK$6,065,000) represented contributions paid and payable to the schemes by the Group at rates specified in the rules of the schemes.

41. RELATED PARTY DISCLOSURES

Other than those elsewhere disclosed in the consolidated financial statements, the Group has following transactions with related parties.

(a) The amounts due to non-controlling shareholders of subsidiaries are unsecured, non-interest bearing and repayable on demand. Details of the amounts due from (to) joint ventures and associates are set out in the consolidated statement of financial position and on notes 20 and 21 respectively.

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

	2022 HK$'000	2021 HK$'000
Short-term benefits	47,679	35,896
Post-employment benefits	1,102	982
	48,781	36,878

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

42. SHARE OPTION SCHEMES

2012 Scheme

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

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

Options granted must be taken up within 60 days of the date of grant, upon payment of HK$1 per grant. Options may be exercised at any time during the specific exercise period as determined by the board of directors. In each grant of options, the board of directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all share option schemes of the Company is not permitted to exceed 30% of the shares of the Company in issue from time to time. No share option may be granted under any share option scheme of the Company if such limit is exceeded.

During the years ended 31 March 2022 and 2021, no share options were granted under the 2012 Scheme by the Company. As at 31 March 2022 and 2021, none of the share options had been granted.

43. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes the amounts due to joint ventures, amounts due to non-controlling shareholders of subsidiaries, bank borrowings and guaranteed notes disclosed in notes 20, 41(a), 28 and 30, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, various reserves and retained profits.

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

44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Financial assets at FVTPL		
Financial assets mandatory measured at FVTPL	655,093	1,700,905
Financial assets at amortised cost	11,056,989	9,345,665
Derivative financial instruments	67,060	–
Financial liabilities		
At amortised cost	12,401,781	13,008,087
Derivative financial instruments	–	81,798
Financial guarantee contracts	85,695	11,205

(b) Financial risk management objectives and policies

The Group's management monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and equity and other price risks), credit risk, liquidity risk and risk arising from the interest rate benchmark reform.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risks

(i) Foreign currency risk management

The Group operates in Hong Kong with most of the transactions denominated and settled in Hong Kong dollars, the functional currency of relevant group entities.

The Group is mainly exposed to foreign currency risk in relation to RMB, US$, EUR, GBP and AUD arising from foreign currency denominated bank balances and cash, cash held by securities brokers and guaranteed notes as set out in notes 25 and 30 respectively.

44. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(i) Foreign currency risk management (Continued)

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

	Assets		Liabilities	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
RMB	264,617	1,755	–	–
US$	957,009	403,701	2,316,956	1,859,520
EUR	20,491	8,456	–	–
GBP	28,297	24,307	97,660	101,810
AUD	91	26,107	215,520	251,952

Under the pegged exchange rate system, the financial impact on exchange difference between HK$ and US$ will be immaterial as most US$ denominated monetary assets are held by group entities having HK$ as their functional currency, and the other financial assets denominated RMB, EUR, GBP and AUD are not material, and therefore no sensitivity analysis has been prepared.

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

(ii) Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to financial assets at FVTPL, guaranteed notes issued by ESL and derivative financial instruments as set out in notes 19, 30 and 32 respectively. Besides, the Group is also exposed to the cash flow interest rate risk in relation to loan receivables, cash held by securities brokers, bank balance and bank borrowings as set out in notes 22, 25 and 28 respectively.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") 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 analyses for cash flow interest rate risk

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate cash held by securities brokers, bank balances, loan receivables and bank borrowings, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. An increase or decrease of 10 basis points (2021: 10 basis points) for cash held by securities brokers and bank balances and 50 basis points (2021: 50 basis points) for loan receivables and bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For cash held by securities brokers and bank balances, if interest rates had been 10 basis points (2021: 10 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2022 would increase/decrease by HK$2,905,000 (2021: HK$1,253,000).

44. FINANCIAL INSTRUMENTS (Continued)

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

Market risks (Continued)

(ii) Interest rate risk management (Continued)

Sensitivity analyses for cash flow interest rate risk (Continued)

For loan receivables and bank borrowings, if interest rates had been 50 basis points (2021: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2022 would decrease/increase by HK$34,101,000 (2021: HK$38,502,000).

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

(iii) Equity and other price risks management

The Group is exposed to equity and other price risks through its financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity and other price risks are mainly concentrated on unlisted equity securities/limited partnership, listed equity securities, listed debt securities and unlisted debt securities quoted in the open markets. In addition, the Group has a designated team to monitor the price risks and will consider hedging the risk exposure should the need arise.

Sensitivity analyses

The sensitivity analyses below have been determined based on the exposure to equity and other price risks at the end of reporting period. In management's opinion, the sensitivity analysis is unrepresentative of inherent equity and other price risks as the year end exposure does not reflect the exposure during the year.

If the prices of the listed equity securities and unlisted mutual funds and the prices of underlying investment portfolio of the respective unlisted equity securities/limited partnership had been 5% (2021: 5%) higher/lower, post-tax profit for the year ended 31 March 2022 would increase/decrease by HK$10,534,000 (2021: increase/decrease by HK$14,366,000) as a result of the changes in fair value of equity securities/limited partnership and mutual funds held by the Group.

If the prices of the respective debt securities had been 5% (2021: 5%) higher/lower, post-tax profit for the year ended 31 March 2022 would increase/decrease by HK$22,220,000 (2021: increase/decrease by HK$70,679,000) as a result of the changes in fair value of debt securities.

The Group's sensitivity to equity and other price risks has increased during the year mainly due to the fluctuation of fair value of financial assets at FVTPL.

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment

As at 31 March 2022, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group is exposed to credit risk which will cause a financial loss to the Group arising from the amount of financial guarantees provided by the Group disclosed in note 37.

In order to minimise the credit risk, monitoring procedures are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on financial assets at amortised cost. With respect to financial guarantees provided by the Group to banks to secure the banking facilities granted to joint ventures and associates of the Group other than a particular financial guarantee, which has significantly increase in credit risk, the directors of the Company consider the credit risk is limited because the joint ventures and associates either have strong financial positions or the value of properties held by respective investees are substantially higher than the carrying amounts of financial guarantees. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Trade receivables

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

In order to minimise the credit risk, credit checks are carried out before commencement of tenancies and ongoing credit evaluation ensures any ECL of the tenants. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Impairment assessment on trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for trade receivables as at 31 March 2022.

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

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

In addition, based on historical credit loss experience, the directors of the Company are of the opinion that there has been no default occurred for trade receivables aged over 90 days and the probability of default of trade receivables is low since the Group generally receives deposits from customers for leasing of properties. Given that the deposits can cover majority of trade receivables, the loss given default is considered insignificant.

Impairment assessment on bank balances/cash held by securities brokers

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

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on loan receivables

The Group had a concentration of credit risk as the loan receivables are advanced to a few independent third parties. As at 31 March 2022, the loan receivables will be matured ranging from June 2022 to July 2038 (2021: April 2021 to July 2038). Loan receivables of HK$88,433,000 (2021: HK$134,585,000) are secured by properties mortgage, HK$100,000,000 (2021: HK$100,000,000) is secured by share charge and HK$110,000,000 (2021: HK$nill) is secured by the properties held by the borrower. The balance is classified as low risk and no ECL is recognised as the Group's exposure to credit losses is minimal considering the underlying value of the properties pledged to the Group.

Impairment assessment on other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and Group provided impairment based on 12m ECL. For the years ended 31 March 2022 and 2021, the Group assessed the ECL for other receivables are insignificant and therefore no loss allowance is recognised.

Impairment assessment on amounts due from joint ventures/amounts due from associates

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

Impairment assessment on financial guarantee contracts

The Group assessed the loss allowances for financial guarantee contracts of HK$10,529,200,000 (2021: HK$8,293,713,000), representing the maximum amount the Group has guaranteed under the respective contracts, on 12m ECL basis. When assessing the ECL, the directors of the Company taken into account the historical default experience and financial strength of the guaranteed entities, as appropriate. For the year ended 31 March 2022, the Group assessed the ECL for financial guarantee contracts and impairment of HK$74,996,000 (2021: HK$nil) is recognised during the year. As at 31 March 2022, except for the aggregate amount of outstanding financial guarantees issued to banks in respect of banking facilities granted to joint ventures of HK$1,211,250,000 (2021: HK$nil) on which ECL of HK$74,996,000 (2021: HK$nil) is provided, the Group assessed the ECL for the remaining financial guarantee contracts of HK$9,317,950,000 (HK$8,293,713,000) are insignificant and no loss allowance is recognised. Details of the financial guarantee contracts with carrying amount of HK$85,695,000 as at 31 March 2022 (2021: HK$11,205,000) are set out in note 37.

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on financial guarantee contracts (Continued)

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

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

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Impairment assessment on financial guarantee contracts (Continued)

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

	Notes	External credit rating	Internal credit rating	12-months or lifetime ECL	2022 Loss provided HK$'000	2022 Gross carrying amount HK$'000	2021 Loss provided HK$'000	2021 Gross carrying amount HK$'000
Financial assets at amortised cost								
Trade receivables	23	N/A	*note a*	Lifetime ECL – not credit-impaired	–	9,335	–	8,009
Other receivables*	23	N/A	Low risk	12m ECL	–	61,138	–	195,832
Loan receivables	22	N/A	Low risk	12m ECL	–	298,433	–	234,585
Amounts due from joint ventures	20	N/A	Low risk	12m ECL	–	6,356,190	–	5,983,637
Amounts due from associates	21	N/A	Low risk	12m ECL	–	851,477	–	1,422,774
Cash held by securities brokers	25	A to AA+	Low risk	12m ECL	–	23,604	–	37,899
Bank balances	25	A to AA+	N/A	12m ECL	–	3,455,719	–	1,462,929
Other items								
Financial guarantee contracts (*note b*)	37	N/A	Low risk	12m ECL	–	9,317,950	–	8,293,713
Financial guarantee contracts (*note b*)	37	N/A	Watch list	12m ECL	74,996	1,211,250	–	–

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

Notes:

a. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivables individually by past due status of each debtor and the loss allowance is not material.

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

As at 31 March 2022, the ECL allowance on the Group's financial assets at amortised cost are insignificant. The loss allowance for financial guarantee contracts issued by the Group of HK$74,996,000 (2021: HK$nil) is measured at an amount equal to 12m ECL and recognised during the year.

44. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk and impairment assessment (Continued)

Investments in listed and unlisted debt securities

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

The credit quality of the listed debt securities as set out in note 19, determined by external credit-ratings assigned by S&P's and analysed by percentages of the fair value of the debt instruments in each grade of credit-ratings over the total fair value of the listed debt securities at the end of the reporting period, is as follows:

	2022 %	2021 %
Ba1/BB+	–	0.1
Ba2/BB	–	12.3
Ba3/BB–	3.2	14.1
B1 to C/B+ to D	16.1	16.3
Unrated	80.7	57.2
	100.0	100.0

The Group monitors the external credit rating to provide early identification of possible changes in the creditworthiness of counterparties regularly to update the credit risk of issuers of debt securities. This enables the Group to assess the potential loss as a result of the risk to which it is exposed and take appropriate corrective actions.

The Group also invested in unlisted debt security which exposed to credit risk. The management of the Group reviews and monitors on a regular basis the portfolio of the unlisted debt security. The unlisted debt security is entered with credit worthy issuers in the market. In this regard, the directors of the Company consider that the credit risk relating to the unlisted debt security is closely monitored.

Liquidity risk management

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

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables

The following table details of the Group's remaining contractual maturity for financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise the rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of reporting period.

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

	Weighted average interest rate %	On demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	2 – 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount at 31 March 2022 HK$'000
31 March 2022									
Non-derivative financial liabilities									
Other payables	–	135,631	–	–	–	–	–	135,631	135,631
Amounts due to joint ventures	–	788,398	–	–	–	–	–	788,398	788,398
Amounts due to non-controlling shareholders of subsidiaries	–	168,310	–	–	–	–	–	168,310	168,310
Guaranteed notes	5.45	10,379	21,103	94,792	126,274	2,608,598	–	2,861,146	2,316,956
Bank borrowings	2.11	781,082	420,808	1,262,424	3,503,691	3,409,676	–	9,377,681	8,992,486
		1,883,800	441,911	1,357,216	3,629,965	6,018,274	–	13,331,166	12,401,781
Financial guarantee contracts		10,529,200	–	–	–	–	–	10,529,200	85,695
Derivatives – net settlement									
Interest rate swaps		–	–	–	(1,341)	(59,227)	(6,492)	(67,060)	(67,060)

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

	Weighted average interest rate	On demand	1 – 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	More than 5 years	Total undiscounted cash flows	Total carrying amount at 31 March 2021
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2021									
Non-derivative financial liabilities									
Other payables	–	154,818	–	–	–	–	–	154,818	154,818
Amounts due to joint ventures	–	749,096	–	–	–	–	–	749,096	749,096
Amounts due to non-controlling shareholders of subsidiaries	–	165,210	–	–	–	–	–	165,210	165,210
Guaranteed notes	4.88	–	22,663	1,897,292	–	–	–	1,919,955	1,859,520
Bank borrowings	3.63	795,116	314,281	942,842	2,116,165	7,028,411	–	11,196,815	10,079,443
		1,864,240	336,944	2,840,134	2,116,165	7,028,411	–	14,185,894	13,008,087
Financial guarantee contracts		8,293,713	–	–	–	–	–	8,293,713	11,205
Derivatives – net settlement									
Interest rate swaps		–	7,705	23,620	31,400	95,517	46,425	204,667	81,798

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 31 March 2022, the aggregate carrying amounts of these bank borrowings amounted to HK$781,082,000 (2021: HK$795,116,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repayable, together with interest, in accordance with the scheduled repayment dates set out in the loan agreements as follows:

	1 – 3 months	3 months to 1 year	1 – 2 years	2 – 5 years	Total undiscounted cash flows	Total carrying amounts
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2022	182,075	546,224	3,758	62,846	794,903	781,082
31 March 2021	21,181	63,542	31,706	705,328	821,757	795,116

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

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

Interest rate benchmark reform

As listed in notes 28 and 32, several of the Group's HIBOR/LIBOR bank loans and derivatives may be subject 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 LIBOR regulators.

LIBOR

The Financial Conduct Authority has confirmed all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and

- immediately after 30 June 2023, in the case of the remaining US dollar settings.

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Interest rate benchmark reform (Continued)

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

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

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 interbank 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.

Interest rate basis risk

Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk and transact basis interest rate risk if required.

(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 bank borrowings contracts which are linked to LIBOR have been transitioned to SONIA. In addition, for floating rate loans that are 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.

44. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Interest rate benchmark reform (Continued)

HIBOR (Continued)

(ii) Progress towards implementation of alternative benchmark interest rates (Continued)

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 borrowings linked to GBP LIBOR	2022	97,660	N/A	Transit to SONIA
Bank borrowings linked to HIBOR	2022	8,158,670	N/A	HIBOR will continue till maturity
Derivatives				
Cash flow hedge – Receive 1-month GBP LIBOR, pay GBP fixed interest rate swap	2027	105,470	N/A	To transit derivatives via International Swaps and Derivatives Association protocol

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

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

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

Some of the Group's financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable:

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

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

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

44. FINANCIAL INSTRUMENTS (Continued)

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

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

Financial assets	Fair value as at 31 March 2022 HK$'000	Fair value as at 31 March 2021 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Financial assets at FVTPL	Listed equity securities in: - Hong Kong: 15,337 - Elsewhere: 140	Listed equity securities in: - Hong Kong: 91,628 - Elsewhere: nil	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: - Hong Kong: 164,180 - Singapore: 76,697 - Elsewhere: 67,203	Listed debt securities in: - Hong Kong: 288,154 - Singapore: 525,007 - Elsewhere: 443,792	Level 1	Quoted bid prices in an active market	N/A	N/A
	Listed debt securities in: - Hong Kong: 79,428	Listed debt securities in: - Hong Kong: 78,000	Level 2	Quoted bid prices in an active market and adjustment of management fee	N/A	N/A
	Unlisted debt security: 56,901	Unlisted debt security: 78,629	Level 2	Discount cash flow method was used to capture the present value of the expected future economic benefits to be derived, based on an appropriate discount rate	Discount rate of 121.19% (2021: 13.96%)	The increase in the discount rate would result in a decrease in fair value
	Unlisted mutual funds: nil	Unlisted mutual funds: 10,361	Level 2	Share of the net asset value of the fund, determined with reference to the fair value of underlying investment portfolio (mainly listed shares) and adjustments of related transaction costs	N/A	N/A
Financial assets at FVTPL	Unlisted equity securities/limited partnership: - Financial asset A/B: 165,671	Unlisted equity securities/limited partnership: - Financial asset A/B: 154,177	Level 3	Adjusted net asset value, determined based on net asset value ("NAV") adjusted for NAV discount	The NAV discount of 4.47% to 11.17% (2021: 4.14% to 8.72%)	The increase in the NAV discount rate would result in a decrease in fair value
	- Financial asset C: 16,243	- Financial asset C: 16,243	Level 2	Recent transaction price	N/A	N/A
	- Financial asset D: 13,293	- Financial asset D: 14,914	Level 2	Market approach, determined with reference to the fair value of the underlying investment i.e. quoted prices in active market and adjustment of operating expenses	N/A	N/A
Derivative financial instruments	Interest rate swaps: 67,060	Interest rate swaps: (81,798)	Level 2	Discounted cash flows. Future cash flows are estimated based on interest rates from observable yield curves at the end of the reporting period and contracted interest rates, discounted at a rate that reflects the credit risk of the Group or the counterparties, as appropriate.	N/A	N/A

44. FINANCIAL INSTRUMENTS (Continued)

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

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000
At 1 April 2020	107,716
Fair value gains in profit or loss	4,298
Transfer from Level 2 to Level 3	39,140
Purchases	3,023
At 31 March 2021	154,177
Fair value losses in profit or loss	(7,773)
Purchases	19,267
At 31 March 2022	165,671

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

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

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Interest payables HK$'000 (*note 26*)	Dividend payables HK$'000 (*note 15*)	Amounts due to joint ventures HK$'000 (*note 20*)	Bank borrowings HK$'000 (*note 28*)	Guaranteed notes HK$'000 (*note 30*)	Amounts due to non-controlling shareholders of subsidiaries HK$'000 (*note 41(a)*)	Total HK$'000
At 1 April 2020	30,261	–	556,195	9,327,963	1,924,260	167,333	12,006,012
Financing cash flows	(297,010)	(51,926)	192,901	669,186	(64,740)	(2,123)	446,288
Exchange adjustment	–	–	–	82,294	–	–	82,294
Dividend declared	–	51,926	–	–	–	–	51,926
Capitalisation of interest expenses	15,808	–	–	–	–	–	15,808
Interest expenses	275,280	–	–	–	–	–	275,280
At 31 March 2021	24,339	–	749,096	10,079,443	1,859,520	165,210	12,877,608
Financing cash flows	(312,198)	(40,133)	399,379	646,919	458,266	3,100	1,155,333
Exchange adjustment	–	–	–	16,124	(830)	–	15,294
Dividend declared	–	40,133	–	–	–	–	40,133
Return of capital	–	–	(360,077)	–	–	–	(360,077)
Capitalisation of interest expenses	11,267	–	–	–	–	–	11,267
Interest expenses	310,469	–	–	–	–	–	310,469
Disposal of a subsidiary	–	–	–	(1,750,000)	–	–	(1,750,000)
At 31 March 2022	33,877	–	788,398	8,992,486	2,316,956	168,310	12,300,027

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current assets		
Investments in subsidiaries	471,929	481,231
Amounts due from subsidiaries	14,369,890	14,010,119
Loan to a subsidiary	120,000	120,000
Investments in joint ventures	38,155	33,296
Club memberships	5,200	5,200
Deferred tax assets	8,777	8,589
	15,013,951	14,658,435
Current assets		
Other receivables	5,373	1,744
Bank balances and cash	593,859	280,084
	599,232	281,828
Current liability		
Other payables and accruals	23,032	110,351
Net current assets	576,200	171,477
	15,590,151	14,829,912
Capital and reserves		
Share capital	74,974	76,117
Reserves *(note)*	15,515,177	14,753,795
Total Equity	15,590,151	14,829,912

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

Note:

Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (*note*)	Retained profits HK$'000	Total HK$'000
At 1 April 2020	2,052,135	6,620	134,931	7,979,396	10,173,082
Profit and other comprehensive income for the year	–	–	–	4,628,784	4,628,784
Dividends recognised as distribution	–	–	–	(48,071)	(48,071)
At 31 March 2021	2,052,135	6,620	134,931	12,560,109	14,753,795
Profit and other comprehensive income for the year	–	–	–	801,114	801,114
Dividends recognised as distribution	–	–	–	(39,732)	(39,732)
At 31 March 2022	2,052,135	6,620	134,931	13,321,491	15,515,177

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

47. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries at 31 March 2022 and 2021 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2022 %	2021 %	2022 %	2021 %	
2 Shelley Street Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
45 Barker Road Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
46 Lyndhurst Management Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
Able Market Limited	Hong Kong	HK$1	–	–	100	100	Property holding and leasing of property
Able Wealth Enterprise Limited	Hong Kong	HK$10	–	–	100	100	Property holding and leasing of property
Absolute Keen Limited	Hong Kong	HK$1	–	–	100	100	Property holding
Capital Strategic Property (Shanghai) Limited *(note)* 資地置業(上海)有限公司	PRC	Registered and paid-up capital RMB300,000,000	–	–	100	100	Property holding and leasing of property
CH Property Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of management service
Clear Luck Group Limited	BVI	US$1	–	–	100	100	Property holding
COO Management Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
Couture Homes Limited	BVI	US$1	100	100	–	–	Investment holding

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2022 %	2021 %	2022 %	2021 %	
CSI Financial Holdings Limited	Hong Kong	HK$100	100	100	–	–	Sales of securities and investment holding
CSI Property Services Limited	Hong Kong	HK$2	100	100	–	–	Provision of management service
Digital Point Limited	BVI	US$1	–	–	100	100	Property development
Divine Garden Limited	BVI	US$1	–	–	100	100	Property development
Earthmark Limited	BVI	US$1	100	100	–	–	Treasury management
Eastern Cosmo Limited	BVI	US$1	–	–	100	100	Property development
Effect Guide Limited	Hong Kong	HK$1	100	100	–	–	Treasury management
Estate Sky Limited	BVI	US$1	100	100	–	–	Bond issuer
Go Clear Investments Limited	Hong Kong	HK$6	–	–	100	100	Property holding and leasing of property
Highland Management Services Limited	Hong Kong	HK$1	–	–	100	100	Provision of property management services
Hoyden Holdings Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Inbest Limited	Hong Kong	HK$2	–	–	100	100	Sales of securities and investment holding

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

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued share capital held by the Company				Principal activities
			Directly		Indirectly		
			2022 %	2021 %	2022 %	2021 %	
Knight Basin Limited	Hong Kong	HK$1	100	100	–	–	Treasury management
Linking Plus Investments Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Mark Well Investment Limited	Hong Kong	HK$100	100	100	–	–	Sale of securities and investment holding
Modern Value Limited	BVI	US$1	–	–	100	100	Property holding and leasing of property
Shanghai Huajian Business Management Company Limited *(note)* 上海華建商業管理有限公司	PRC	Registered and paid-up capital RMB350,195,250	–	–	100	100	Property holding and leasing of property
Spring Wonder Limited	Hong Kong	HK$100	–	–	92	92	Property holding
Venus Fortune Limited	Hong Kong	HK$1	–	–	100	100	Property development
Well Clever International Limited	BVI	US$1	–	–	100	100	Sale of securities and investment holding

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

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

None of the subsidiaries had issued any debt securities or any other securities (other than ordinary/registered share capital) during the year and at the end of the year except for ESL which had issued guaranteed notes as detailed in note 30.

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

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities of business	Principal place of business	Number of subsidiaries	
		2022	2021
Corporate services	Hong Kong	4	4
Investment holding	Hong Kong/Macau/PRC	229	215
Inactive	Hong Kong	21	19
Securities investment	Hong Kong	3	3
		257	241

Financial Summary

Summary of the consolidated results and of the assets and liabilities of the Group for each of the five years ended 31 March 2022 is set out below:

(A) RESULTS

	Year ended 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Revenue	3,969,462	3,439,180	3,709,956	368,712	**420,462**
Profit before taxation	1,109,163	737,784	1,308,997	444,487	**1,335,154**
Income tax expense					
– Current tax and deferred tax	(46,761)	(69,556)	(65,269)	(25,982)	**(97,096)**
Profit for the year	1,062,402	668,228	1,243,728	418,505	**1,238,058**
Attributable to:					
Owners of the Company	1,010,233	529,852	1,155,643	330,809	**1,156,180**
Holders of perpetual capital securities	47,840	89,700	89,700	89,700	**73,422**
Non-controlling interest	4,329	48,676	(1,615)	(2,004)	**8,456**
	1,062,402	668,228	1,243,728	418,505	**1,238,058**

(B) ASSETS AND LIABILITIES

	As at 31 March				
	2018 HK$'000	2019 HK$'000	2020 HK$'000	2021 HK$'000	**2022** **HK$'000**
Total assets	25,860,247	26,328,755	27,112,532	28,643,947	**28,993,194**
Total liabilities	12,549,688	12,714,374	12,652,722	13,772,722	**13,186,376**
	13,310,559	13,614,381	14,459,810	14,871,225	**15,806,818**
Equity attributable to:					
Owners of the Company	11,742,750	12,037,070	12,884,114	13,297,903	**14,507,557**
Holders of perpetual capital securities	1,539,619	1,539,443	1,539,443	1,539,443	**1,257,327**
Non-controlling interest	28,190	37,868	36,253	33,879	**41,934**
	13,310,559	13,614,381	14,459,810	14,871,225	**15,806,818**

Schedule of Major Properties held by the Group

As at 31 March 2022

MAJOR PROPERTIES

Particulars of major properties held by the Group as at 31 March 2022 are as follows:

Location	Usage	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Land lease expiry
PROPERTIES HELD FOR SALE					
(i) Hong Kong					
G/F. and 51 car parks of Capital Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong	Commercial	100%	N/A	16,606	2027
No. 45 Barker Road, The Peak, Hong Kong	Residential	100%	7,766	4,215	2049
Retail portions on G/F., UG/F., 1-3/F., and office floors on 22/F. and 23/F., LL Tower, No. 2 Shelley Street, Central, Hong Kong	Commercial	100%	N/A	9,375	2069
Shop 24, G/F., Duke Wellington House, No. 24 Wellington Street, Central, Hong Kong	Commercial	100%	N/A	432	2843
Cadenza, No. 333 Fan Kam Road, Sheung Shui, New Territories	Residential	92%	68,986	33,109	2065
COO Residence, 18 shops on basement, G/F. and 1/F., 8 signages on G/F., 2/F. and 3/F., No. 8 Kai Fat Path, Tuen Mun, New Territories	Commercial	100%	N/A	12,374	2064

MAJOR PROPERTIES (Continued)

Location	Usage	Group's interest	Approximate site area (sq.ft.)	Approximate gross floor area (sq.ft.)	Land lease expiry
PROPERTIES HELD FOR SALE (Continued)					
(i) Hong Kong (Continued)					
House B, "8-12 Peak Road", No. 10 Peak Road, The Peak, Hong Kong	Residential	100%	N/A	5,082	2084
FOCO, 48 Cochrane Street, Central, Hong Kong	Commercial	100%	2,118	31,767	2843
Nos. 92-96 Wellington Street, Central, Hong Kong	Commercial	100%	2,884	43,239	2864
Nos. 152-164 Wellington Street and Nos. 1-2 Wa On Lane, Central, Hong Kong	Commercial	100%	6,618	99,270	2842
Hong Kong Health Check Tower Nos. 241 and 243 Nathan Road, Jordan, Kowloon	Commercial	100%	4,908	61,800	2070
(ii) Macau					
2 floors of Broadway Centre and various carparking spaces	Commercial	60%	N/A	9,347	Freehold
INVESTMENT PROPERTIES					
The PRC					
In Point Shopping Mall, No. 169 Wujiang Road, and basement level 1 at No. 1, Lane 333, Shimen Road (No.1), Jing'an District, Shanghai, PRC	Commercial	100%	149,017	122,444	2041
Richgate Plaza, level 1, level 2 and basement level 1, Nos. 1-6, Lane 222 Madang Road, Huangpu District, Shanghai, PRC	Commercial	100%	157,703	121,959	2047

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