FEC 遠東發展

遠東發展有限公司

Far East Consortium International Limited

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 035

# Shaping a Brighter Future

ANNUAL REPORT 2023

# Contents

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

David CHIU, Tan Sri Dato', B.Sc.
(Chairman and Chief Executive Officer)
Cheong Thard HOONG, B.ENG., ACA
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B.ENG. (CIVIL)
Wing Kwan Winnie CHIU, B.Sc.

### Independent Non-Executive Directors

Kwong Siu LAM
Wai Hon Ambrose LAM
Lai Him Abraham SHEK

## AUDIT COMMITTEE

Wai Hon Ambrose LAM (Chairman)
Kwong Siu LAM
Lai Him Abraham SHEK

## NOMINATION COMMITTEE

David CHIU (Chairman)
Kwong Siu LAM
Wai Hon Ambrose LAM
Lai Him Abraham SHEK

## REMUNERATION COMMITTEE

Wai Hon Ambrose LAM (Chairman)
David CHIU
Lai Him Abraham SHEK

## EXECUTIVE COMMITTEE

David CHIU
Cheong Thard HOONG
Dennis CHIU
Craig Grenfell WILLIAMS
Wing Kwan Winnie CHIU
Wai Hung Boswell CHEUNG

## ESG STEERING COMMITTEE

Wing Kwan Winnie CHIU (Chairman)
Cheong Thard HOONG
Wai Hung Boswell CHEUNG

## MANAGING DIRECTOR

Cheong Thard HOONG

## CHIEF FINANCIAL OFFICER

Wai Hung Boswell CHEUNG

## COMPANY SECRETARY

Wai Hung Boswell CHEUNG

## AUTHORISED REPRESENTATIVES

David CHIU
Wai Hung Boswell CHEUNG

## LEGAL ADVISORS

Ashurst
Deacons
Kao, Lee & Yip
MinterEllison LLP
Reed Smith Richards Butler
Woo Kwan Lee & Lo

## AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

## PRINCIPAL BANKERS

### Hong Kong

Australia and New Zealand Banking Group Limited
Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
China CITIC Bank International Limited
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
China Minsheng Banking Corp., Ltd., Hong Kong Branch
CMB Wing Lung Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
East West Bank, Hong Kong Branch
First Commercial Bank Limited, Hong Kong Branch
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Nanyang Commercial Bank, Limited
O-Bank Co., Ltd.
OCBC Bank (Hong Kong) Limited
Oversea-Chinese Banking Corporation Limited
Ping An Bank Co., Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
United Overseas Bank Limited

### Malaysia

Public Bank Berhad

### Singapore

DBS Bank Ltd.
Oversea-Chinese Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited

### Australia

Australia and New Zealand Banking Group Limited
China Minsheng Banking Corp., Ltd., Hong Kong Branch
DBS Bank Limited, Australia Branch
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Ping An Bank Co., Ltd., Hong Kong Branch
Taipei Fubon Commercial Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited, Sydney Branch
United Overseas Bank Limited, Sydney Branch

### Mainland China

China Construction Bank Corporation
Dah Sing Bank (China) Limited
Industrial and Commercial Bank of China Limited
Nanyang Commercial Bank (China) Limited
Shanghai Pudong Development Bank Co., Ltd.

### United Kingdom

DBS Bank Ltd., London Branch
Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

## PLACE OF INCORPORATION

Cayman Islands

## REGISTERED OFFICE

JTC (Cayman) Limited
P.O. Box 30745,
94 Solaris Avenue,
2nd Floor, Camana Bay,
Grand Cayman KY1-1203,
Cayman Islands

## PRINCIPAL OFFICE

16th Floor,
Far East Consortium Building,
121 Des Voeux Road Central,
Hong Kong

## SHARE REGISTRAR

Tricor Standard Limited
17/F., Far East Finance Centre,
16 Harcourt Road,
Hong Kong

## LISTING INFORMATION

Ordinary Shares (Code: 035)
7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited (Code: 5781)
5.1% USD Medium Term Notes 2024 issued by FEC Finance Limited (Code: 40556)
The Stock Exchange of Hong Kong Limited

## WEBSITE

http://www.fecil.com.hk

# Major Events of Financial Year 2023

## 2022 APR

- The Group donated HK$1.5 million and a 40,000 sq. ft. farmland to a Chinese Medicinal Research Centre at the Technological and Higher Education Institute of Hong Kong ("THEi"), to promote the modernised use of Chinese Medicine for cultural preservation
- BC Invest, a diversified financial services group successfully issued AUD416 million Australian dollar-denominated Ruby Bond Trust 2022-1, a RMBS bond
- The Group completed the acquisition of Vauxhall Square, a large-scale mixed-use development in the UK from R&F Properties (HK) Company Limited ("R&F") and provided a repurchase option

## 2022 MAY

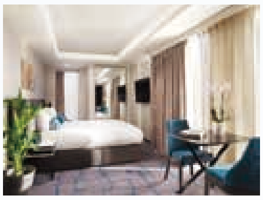
- The Group started the handover process of The Star Residences (Tower 1) in Gold Coast, Australia

## 2022 JUN

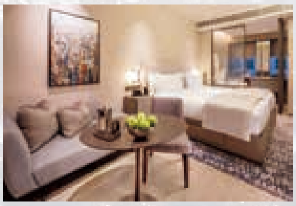
- The Group won two awards at "FinanceAsia's 2022 Asia's Best Companies" Poll including "Best CEO in Hong Kong" and "Best Small-cap Company in Hong Kong"

FinanceAsia ASIA'S BEST COMPANIES 2022

- The Group kicked off the launch of Dao by Dorsett, its new aparthotel brand, with the opening of Dao by Dorsett West London in the UK



## 2022 JUL



- The Group successfully completed the rebranding of its Oakwood Premier AMTD Singapore hotel, in which the Group holds a 49% stake, as Dao by Dorsett AMTD Singapore, marking it the first "Dao by Dorsett" hotel in Asia

## 2022 AUG

- The Group won an URA tender for the acquisition of the development right of a site at Sai Ying Pun, Hong Kong
- BC Invest successfully issued AUD408 million Australian dollar-denominated Crimson Bond Trust 2022-1, a RMBS bond

## 2022 SEP

- The Group won three awards in the "HKIRA 8th Investor Relations Awards 2022"


- The Group issued bonus shares on the basis of one bonus share for every ten existing ordinary shares
- The Group successfully launched a residential project – Victoria Riverside (Tower A) in Manchester, UK

## 2022 OCT

- The Group won Bronze Award in "Traditional Annual Report – Property Development: Various & Multi-Use" at the "2022 International ARC Awards"
- The Group disposed the Vauxhall Square development in the UK upon R&F exercising the repurchase option
- The Group successfully launched a residential project – Collyhurst Village in Manchester, UK

## Major Events of Financial Year 2023

### 2022 NOV

- The Group won three awards at the "12th Asian Excellence Award 2022" including "Asia's Best CEO", "Best CFO" and "Best Investor Relations Company"
- The Group obtained an online gaming license in Malta
- The Group started the handover process of Hornsey Town Hall in London, UK

### 2022 DEC

- BC Invest successfully issued AUD408 million Australian dollar-denominated Crimson Bond Trust 2022-2P, a RMBS bond
- The Group won "Best Use of Multimedia for IR (Small to Mid-cap)" at "IR Magazine Awards - Greater China 2022"

### 2023 JAN

- The Group won Gold ESG Corporate Governance Award at "Pacific Basin Economic Council - Environment Social & Governance Awards 2022-2023"

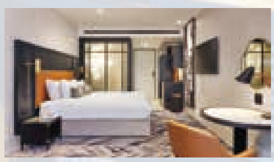
### 2023 MAR

- The Group opened the Ritz-Carlton Melbourne which consists of 257 luxury guest rooms located within the West Side Place mixed-use development in Melbourne, Australia

- The Group completed a USD20 million subscription by a third party for 10% stake in Turbo Century Limited, the intermediate holding company of TWHE
- The Group arranged its first sustainability-linked loan facility for 5 years raising HK$700 million in Hong Kong

### 2023 APR

- The Group opened the Dorsett Melbourne which consists of 316 guest rooms and is also located within the West Side Place development in Melbourne, Australia



- The Group started the handover of West Side Place (Towers 3 and 4) in Melbourne, Australia

### 2023 JUN

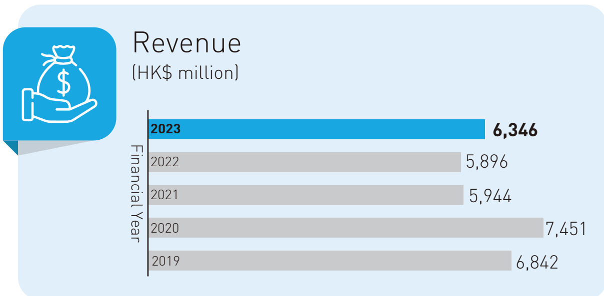
- The Stock Exchange agreed that the Company may proceed with the potential spin-off and separate listing on the Stock Exchange at the Group's Czech gaming business and German and Austria hotel business held by TWHE
- The Group, through its 25% owned JV, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million

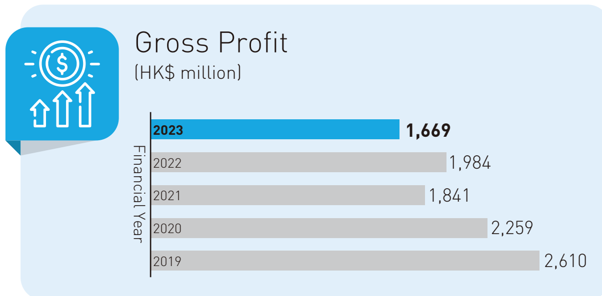
- The Group has collaborated with THEi to cultivate medicinal herbs at the Chinese Medicinal Research farm donated by us – "D20 Roots", educating the community on the principles and practices of Chinese Medicine

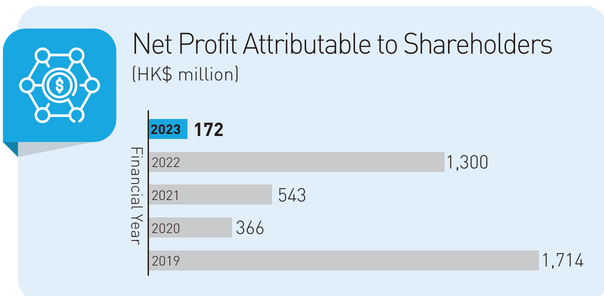
# Statement of Profit or Loss Highlights

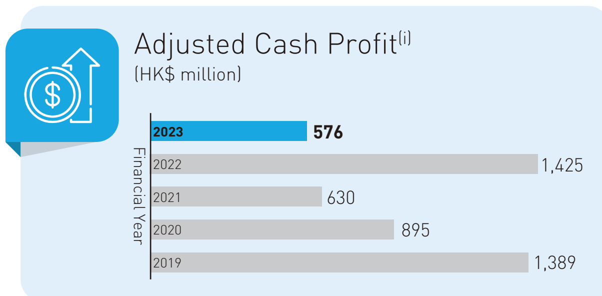
HK$ million, unless otherwise stated

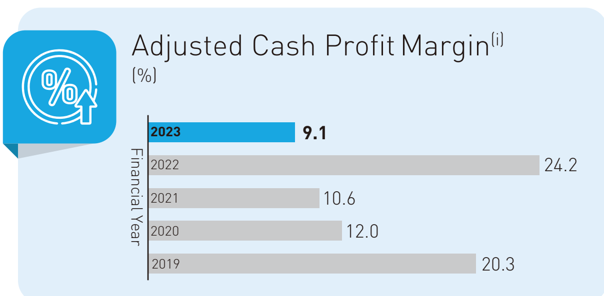
| | For the financial year ended 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | **2023** | CAGR |
| Revenue | 6,842 | 7,451 | 5,944 | 5,896 | **6,346** | -1.9% |
| Gross profit | 2,610 | 2,259 | 1,841 | 1,984 | **1,669** | -10.6% |
| Net profit attributable to Shareholders | 1,714 | 366 | 543 | 1,300 | **172** | -43.7% |
| Adjusted cash profit[i] | 1,389 | 895 | 630 | 1,425 | **576** | -19.8% |
| Adjusted cash profit margin[i] (%) | 20.3 | 12.0 | 10.6 | 24.2 | **9.1** | N/A |
| Total dividend (HK cents) | 22.0 | 19.0 | 19.0 | 20.0 | **14.0** | -10.7% |

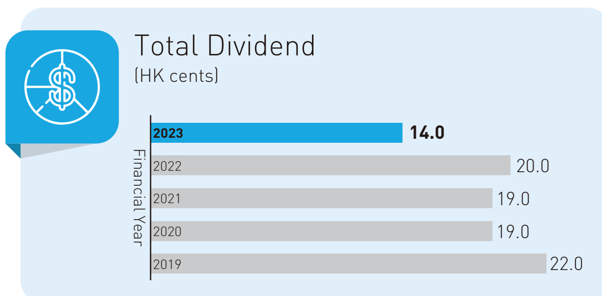



Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measure in the "Non-GAAP Financial Measures" section below.

# Statement of Financial Position Highlights

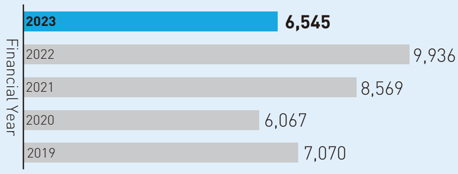
HK$ million, unless otherwise stated

| | As at 31 March | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | **2023** | CAGR |
| Cash balance and investment securities | 7,070 | 6,067 | 8,569 | 9,936 | **6,545** | -1.9% |
| Current ratio | 2.81 | 2.24 | 1.54 | 1.81 | **1.04** | N/A |
| Adjusted net gearing ratio[i] (%) | 45.4 | 56.7 | 54.9 | 57.9 | **73.8%** | N/A |
| Adjusted total assets[i] | 56,916 | 58,128 | 67,451 | 73,600 | **72,659** | 6.3% |
| Adjusted net asset value attributable to Shareholders[i] | 31,251 | 27,467 | 31,347 | 33,428 | **31,591** | 0.3% |
| Adjusted net asset value per share[i] (HK$) | 13.29 | 11.59 | 13.09 | 13.81 | **11.67** | -3.2% |

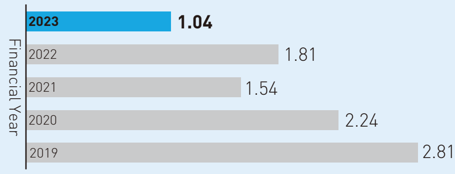
## Cash Balance and Investment Securities

(HK$ million)

-1.9% CAGR

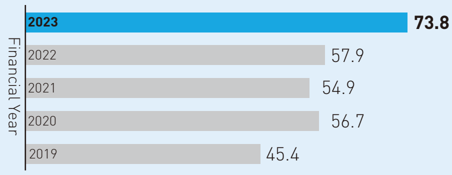



## Current Ratio




## Adjusted Net Gearing Ratio[i]

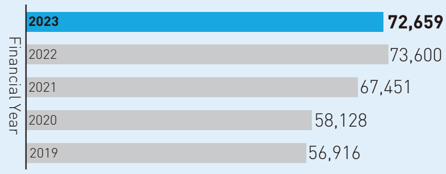
(%)




## Adjusted Total Assets[i]

(HK$ million)

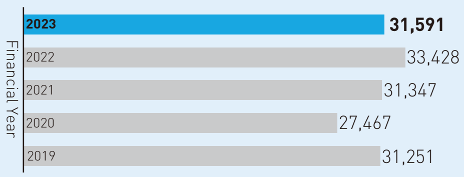
6.3% CAGR




## Adjusted Net Asset Value Attributable to Shareholders[i]

(HK$ million)

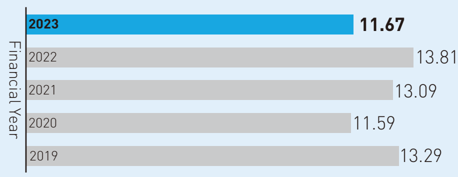
0.3% CAGR




## Adjusted Net Asset Value Per Share[i]

(HK$)

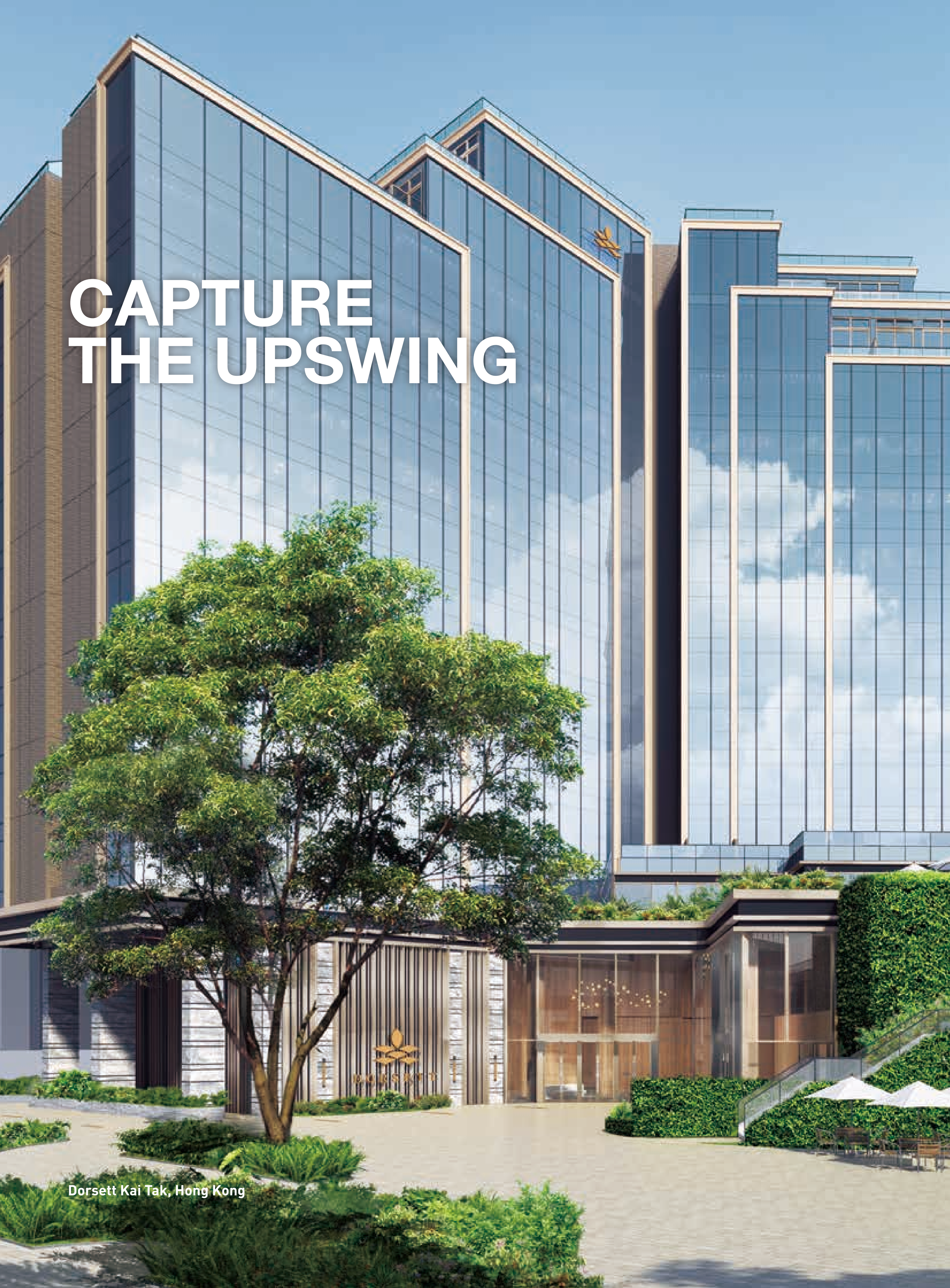
-3.2% CAGR




Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measure in the "Non-GAAP Financial Measures" section of this report.

# CAPTURE THE UPSWING



Dorsett Kai Tak, Hong Kong

Dorsett Melbourne

# Chairman and Chief Executive Officer's Statement

**I am delighted to announce that despite facing several challenges that have impacted our performance and profitability, the Group has achieved good revenue this year. Our team demonstrated resilience, agility, and an unwavering commitment to excellence in meeting these challenges, and we will continue to navigate ongoing global challenges. Although it has been a tough time in the past few years, we are heartened to see the world returning to normalcy and recovering. In light of our forward-looking mindset, we remain optimistic about the future, as we believe that our strategic investments in diversification over the years will position us well for a prosperous future.**

Our primary focus remains on property development. Although the Hong Kong market is expected to face challenges in the future, we remain cautiously optimistic that government policies, coupled with consistent demand for housing, will continue to support our performance and enable the property market to experience organic growth. Nonetheless, our strategy of geographically diversifying our projects has proven to be wise and prudent, and we will continue to focus on this approach. Most of our projects, including Hyll on Holland in Singapore, Queen's Wharf Brisbane (Towers 4 and 5) in Australia, and MeadowSide in the UK, have progressed well and received positive feedback from buyers, who are experiencing an attractive return on their investment. This proves our ability to design, build and maintain quality properties in different regions. We are also pleased to witness a growing level of maturity and productivity among our regional teams.

We currently have several on-going mixed-use development projects consisting of primarily residential and hotel components, with small office portfolios. We have also entered into an agreement to sell an office tower in Kai Tak, Hong Kong, which is expected to be completed in FY2025. Despite the impact of COVID-19 on costs and construction times, we remain enthusiastic about the coming years as several of our projects are in their final stages. West Side Place (Towers 3 and 4) started the handover process in early April 2023, which will provide visible cash flow to the Group. Our cumulative presales and unbooked contract sales as at 31 March 2023 reached HK$18.7 billion, providing us with a solid foundation for future growth and balance sheet.

We have seen a strong recovery in the hotel industry worldwide. We are proud to have launched our first Dao by Dorsett hotel in the UK, as well as the second Ritz-Carlton hotel and Dorsett hotel in Australia, expanding our global footprint and demonstrating our commitment to delivering exceptional experiences to our guests. We are excited that our flagship Dorsett hotel in Kai Tak, Hong Kong, is expected to commence operations in the coming year, which will further enhance our hotel portfolio in Hong Kong.

This year, the Group arranged its first sustainability-linked loan facility, marking a significant milestone in our commitment to sustainability and responsible business practices. This achievement represents a great step forward in our efforts to raise green financing. Sustainability and responsible business practices have always been a core belief of the Group.

We recognise the impact of rising interest rates on the real estate industry as interest rates continue to rise globally. We remain committed to reducing our debt level and gearing and are targeting to sell some of our non-core assets, such as the non-Dorsett brand hotel, Sheraton Grand Mirage Resort in Australia and some matured car park assets. This will enable us to recycle capital and invest in projects with higher returns while reducing our overall debt level.

Overall, while a smooth sailing experience is not guaranteed, we remain confident that we have emerged from the tunnel and into the light of a new era. In line with our commitment to driving value for our shareholders, we will continue to improve the Group's performance and focus on lowering our debt level and gearing. Finally, I would like to express my sincere appreciation to all our employees for their continued commitment and support throughout the year. Our workforce is the cornerstone of our success, and we deeply appreciate all of their contributions.

**David CHIU**
*Chairman and Chief Executive Officer*

28 June 2023

# ALWAYS READY TO AIM HIGH

The Ritz-Carlton, Melbourne

West Side Place, Melbourne

# Managing Director's Report

**The financial year ended 31 March 2023 proved to be another challenging year for the Group. The impact of the COVID-19 pandemic faded as the year passed, but it continued to impact our businesses, in particular in Hong Kong and China. In addition, new headwinds appeared, primarily higher costs and higher inflation leading to higher interest rates. That contributed to an increase in our cost base but also an increase in our cost of financing.**

**Despite these challenges, we demonstrated resilience and achieved several noteworthy accomplishments throughout the year.**

The following is a summary of our key achievements for the financial year ended 31 March 2023 and business progress update:

## Key Achievements and Business Progress Update

### Property Development

- We largely completed the West Side Place (Towers 3 and 4) development in Melbourne, at the very end of March 2023. This part of the development comprises the Ritz-Carlton hotel and the Dorsett hotel, along with more than 1,500 apartment units and some commercial space. As the city of Melbourne re-opened fully, we have seen an increase of activity and queries. There is significant equity in this project which will be released as settlement progresses.

- We launched Victoria Riverside (Tower A) in Manchester in September 2022, with a total expected GDV of HK$1,016 million, and Collyhurst Village in Manchester in October 2022, with a total expected GDV of HK$395 million. Sales were strong in the UK and Singapore, with momentum picking up in Australia. Presales of Dorsett Waterfront Subang, a JV project with a 50% stake, are also progressing well, with a pick-up in sales recorded during the financial year. Hong Kong property sales witnessed some slowdown in the second half, although recent market activity shows signs of picking up again. We expect to launch Kai Tak Residential in Hong Kong, with a total expected attributable GDV of approximately HK$6.6 billion, in FY2024.

- Hyll on Holland in Singapore recorded strong sales, and revenue was recognised on a progressive basis in FY2023. We also began the settlement process for Hornsey Town Hall and New Cross Central in the UK during the financial year. However, West Side Place (Towers 3 and 4) experienced some delays and began the handover process in early April 2023. Additionally, we completed and fully settled The Star Residences (Tower 1) on the Gold Coast, a JV project in Australia, which was accounted for as a share of results of JV. Adjusted revenue[i], a non-GAAP financial measure, was HK$6.9 billion in FY2023. However, profitability of the property development business was impacted by lower-margin projects in Singapore and affordable housing projects in the UK.

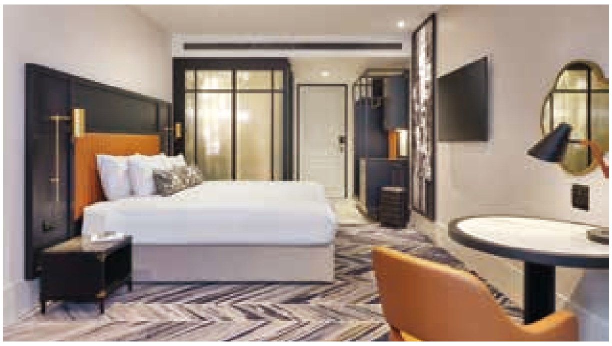

Hyll on Holland, Singapore

- We recorded cumulative presales and unbooked contracted sales of approximately HK$18.7 billion which provides a good visibility of cashflow stream in the coming years despite a revenue recognition of HK$3.6 billion in property development business for FY2023.

- We acquired the development right for a piece of land covering a site area of about 1,377 sq. m. at Sai Ying Pun, Hong Kong, through a tender conducted by the URA in September 2022. This development is currently undergoing building plan approval.

**Hotel Operations and Management**

- Our hotel operations and management business experienced a revenue boost from quarantine stays in the first half of the financial year; however, revenue was affected when quarantine requirements were cancelled in Hong Kong in December 2022. Nonetheless, the hotel business in Hong Kong has picked up significantly since mid-February 2023, after COVID-19 prevention measures were lifted. The hotel business in Malaysia, Singapore, the UK, and Australia saw strong growth, while Mainland China's business remained weak until strict measures were lifted in January 2023.


Dorsett Melbourne, Australia

- Revenue from our hotel operations and management business recorded 7.4% growth compared to FY2022. However, the profitability of the hotel operations and management business experienced a drop due to a ramp-up period in Hong Kong hotels following the border reopening.

- We opened two new hotel properties during the financial year: Dao by Dorsett West London with 74 rooms in June 2022, and the Ritz-Carlton Melbourne with 257 rooms in March 2023. Dorsett Melbourne with 316 rooms was opened in April 2023, and Dao by Dorsett Hornsey and Dorsett Kai Tak are expected to open in FY2024.

## Managing Director's Report

### Car Park Operations

- Our car park operations and facilities management business underwent some senior management changes and is now well-positioned for growth. Throughout FY2023, we continued to achieve organic growth in our car park business, with revenue of HK$754 million. Our focus remains on reducing leverage, improving operational efficiency, and enhancing cash flow.

Care Park

### Gaming Operations

- Our gaming business demonstrated strong growth compared with FY2022, which was partly affected by COVID-19 restrictions. Total gaming revenue (net of gaming tax) increased by 28.0% to approximately HK$296 million, compared with FY2022.

- We are currently exploring opportunities for the spin-off and separate listing of the gaming and hotel businesses owned by TWHE in a capital market deal to unlock its full potential. TWHE owns and operates 3 casinos in the Czech Republic and 5 hotels across Germany, Austria and the Czech Republic. We acquired TWHE in 2018 for US$42 million. The Stock Exchange has agreed with the potential spin-off and separate listing on the Stock Exchange. For details, please refer to our announcement dated 2 June 2023.

PALASINO Furth im Wald, Czech Republic

- We completed the subscription by a third party of a 10% stake in Turbo Century Limited, the holding company of TWHE, at a consideration of US$20 million.

- We obtained an online gaming license in Malta in November 2022 and are currently finalising our launch strategy.

## Mortgage Financing Business

- Our mortgage lending platform, BC Invest, completed the acquisition of the remaining shares of Mortgageport not held by BC Invest. BC Invest also completed three RMBS offerings, which raised over AUD1.2 billion in FY2023.

- As of 31 March 2023, BC Invest had total loans and advances of over AUD4.3 billion, an increase of 65.3% from 31 March 2022. Including third-party assets under management ("AUM"), BC Invest has a total AUM of approximately AUD5.3 billion.

- Post year end, BC Invest completed another AUD507 million RMBS issue, its seventh issuance since its inception a few years ago.


BC Invest's Exhibition

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

## Balance Sheet Management

Given the current interest rate environment, we are taking proactive steps to reduce its debt level and finance costs:

- We started the process of recycling capital by selling some non-core assets and mature car parks assets during the year. Our aim is to reduce our gearing without impacting long-term business performance. We plan to repay borrowings and to recycle some capital and reinvest in projects with higher yields.

- We appointed sales agents to sell some non-Dorsett branded hotels including the Ritz-Carlton hotels in Melbourne and Perth and the Sheraton Grand Mirage Resort on the Gold Coast.

The Ritz-Carlton, Melbourne

- We completed the monetisation of several car park assets in FY2023 and signed an agreement to sell a car park asset in New Zealand, which was completed after year-end.

- We completed the sale of Vauxhall Square in the UK, recording a gain of GBP10.9 million.

- We realised a gain of RMB408 million in FY2023 with regards to the settlement of certain legal proceedings in Mainland China. For details of the settlement, please refer to our announcements dated 27 July 2021 and 16 August 2021.

- We, through our 50% owned JV, have signed an agreement to sell a piece of land in Pyrmont, Sydney, and 90% of the proceeds were received after year-end. The Group is still awaiting the outcome of an appeal that will determine the final valuation of the piece of land in Pyrmont and may receive more proceeds from the disposal.

- Capital expenditure for a number of large projects has now largely ended with the completion of the West Side Place development and the advance development of Queen's Wharf Brisbane. With the settlement of the West Side Place (Towers 3 and 4) commencing after year-end, the construction facility of the project are being repaid, and our gearing level is expected to reduce. As at 26 June 2023, we completed approximately HK$1,936 million settlement for West Side Place (Towers 3 and 4).

- We are evaluating options for BC Invest as it continues to grow and requires new capital. An adviser is being appointed, and discussions are ongoing to determine the best course of action.

## Results Highlights

In FY2023, we recorded revenues of HK$6.3 billion (FY2022: HK$5.9 billion), an increase of 7.6% due to the uplift of COVID-19 restrictions and return to normal operations. Adjusting for the sales of apartment units from a JV on the Gold Coast, the adjusted revenue(i), a non-GAAP financial measures, was approximately HK$6.9 billion. All our business divisions reported positive growth in FY2023. Adjusted gross profit(i), a non-GAAP financial measure, and net profit attributable to the Shareholder were HK$2.0 billion and HK$172 million, respectively.

Our profitability for the year has been impacted by various factors. One of the primary causes has been revenue recognition for lower-margin property development projects and construction delay due to the COVID-19. In addition, the Hong Kong hotel business has been impacted by the removal of quarantine stay requirements for visitors, further affecting revenue generation. We have also faced higher finance costs due to interest rate rises, further putting pressure on our profitability. Moreover, the drop in the share price of the company's investment in The Star, along with unfavourable exchange rate movements, has also contributed to the decrease of the net asset value of the Group.

During FY2023, our profitability was also impacted by several one-off expenses, including a withholding tax primarily due to the remittance of profits from other regional operations, mostly in Mainland China. Additionally, pre-opening expenses were incurred for three hotels across Australia and the UK. However, it is worth noting that these expenses are one-off, and pre-opening expenses are expected to decrease next year based on the hotel pipeline.

Our adjusted cash profit(i), a non-GAAP financial measure, was HK$576 million. The Board recommended a final dividend of HK10 cents per share. Together with an interim dividend of HK4.0 cents per share, the total dividend for the year will amount to HK14 cents per share.

Adjusted net asset value per share(i), a non-GAAP financial measure, decreased by 15.5% to HK$11.67 as a result of unfavourable currency movements and the drop in the share price of The Star.

For more details on our financial results, please refer to the section entitled "Management Discussion and Analysis".

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

## Capital Structure

During the year, we were active in capital structure management. We repurchased an aggregate principal amount of USD16.4 million of 4.5% notes due 2023 and 5.1% notes due 2024. The Group has also completed a number of major loan financings including (i) a number of secured and unsecured loan financings including a HK$496 million facility for the acquisition of development right, via an URA tender, of a piece of land in Sai Ying Pun, Hong Kong; and (ii) fully settled the bank loan facilities of West Side Place (Towers 1 and 2) and MeadowSide development in the amounts of AUD110 million and GBP58 million, respectively, upon the completion of the developments.

As at 31 March 2023, our cash and liquidity position amounted to approximately HK$6.5 billion (as at 31 March 2022: HK$9.9 million). In addition, our undrawn banking facilities stood at approximately HK$7 billion and we continue to hold 5 hotels with an unencumbered valued at approximately HK$1.2 billion and approximately HK$5.5 billion of various unsold inventory. These could be monetised or used as collateral to raise more funds. Furthermore, we will continue to review our portfolio of non-core assets and may monetise some assets if the consideration is attractive. Our adjusted net gearing ratio[i] for FY2023, a non-GAAP financial measure, measured on the basis of net debts to adjusted total equity, was 73.8%.

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

## Post Year-End

In April 2023, BC Invest issued its seventh RMBS offering, raising AUD507 million which was backed by first mortgage loans to Australian resident borrowers, including self-managed super fund prime borrowers.

In May 2023, we repaid US$131.8 million of our 4.5% USD Medium Term Notes 2023.

As part of our initiative to monetise certain mature and non-core assets, we have (i) completed the sale of a car park in New Zealand for a consideration of NZD9.0 million; (ii) signed an agreement to sell the remaining inventory of Dorsett Bukit Bintang for a consideration of approximately MYR121 million; and (iii) announced the potential spin-off of the gaming and hotel businesses owned by TWHE, for details, please refer to our announcement dated 2 June 2023.

In April 2023, we completed the development of West Side Place (Towers 3 and 4) and started the handover and settlement process. As at 26 June 2023, settlements have reached approximately AUD368 million (equivalent to approximately HK$1,936 million). We expect settlements to continue strongly which will significantly reduce our debt level and gearing.

In June 2023, the Group, through its 25% owned JV, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million.

In June 2023, we executed settlement deeds with, amongst others, Mr. Robert Belteky and his associates ("Belteky Parties") in connection with a dispute. Pursuant to the settlement deeds, amongst others, approximately 14% of the shares in issue in Care Park Group Pty. Ltd. ("CPG") held by one of the Belteky Parties will be transferred to the other shareholders of CPG, which will result in our effective interest in CPG increasing from 77.75% to 90.41%. For details, please refer to our announcement dated 26 June 2023.

## Managing Director's Report

The Star Residences, Gold Coast

### Corporate Governance and Environmental, Social and Governance

We have established a ESG Steering Committee, acting as a facilitator of ESG initiatives execution, and responsible for implementing ESG policies, evaluating and disclosing ESG performance and stakeholder engagement.

In addition, we believe that a high standard of corporate governance is key to facilitating sustainable development. We adopt an active approach to investors' communication and provide a high level of transparency to our investors. In recognition of our efforts in investor relations functions, corporate governance and corporate social responsibility, we received a number of international awards during the year.

Examples of awards include:

- Two awards at "FinanceAsia's Best Companies Poll 2022", including "Best CEO in Hong Kong" and "Best Small Cap Company in Hong Kong";
- Three awards at "HKIRA 2022 8th Investor Relations Awards", including "Best IR Company", "Best Investor Meeting" and "Best Annual Report";
- Five awards at "Questar Awards 2022", including "Gold award on Interactive Annual Report: Overall Presentation – Asia Pacific" and "Bronze award on Corporations: Sustainability/Corporate Responsibility";
- Bronze Award in the category of "Property Development: Various & Multi Use – Traditional Annual Report" at "The 2022 International ARC Awards";
- "Best Use of Multimedia for IR (Small to Mid-cap)" at "IR Magazine Awards – Greater China 2022";
- Three awards at "iNOVA Awards 2022", including "Gold award on Corporate Websites: Corporate Image", "Silver award on Online Annual Reports: Real Estate" and "Bronze award on Investor/Shareholder Relations";
- Gold ESG Corporate Governance Award at "Pacific Basin Economic Council" – Environment Social & Governance Awards 2022-2023; and
- Three awards at "12th Asian Excellence Award 2022", including "Asia's Best CEO: Mr. David Chiu, Chairman and Chief Executive Officer"; "Asia's Best CFO: Mr. Boswell Cheung, Chief Financial Officer and Company Secretary"; and "Best Investor Relations Company".

## Prospects

The year 2023/2024 is expected to be dominated by a number of macro challenges although the world is moving on from the shadows of the COVID-19 era. Several regions have lifted quarantine requirements, and the borders between Mainland China and Hong Kong have fully reopened. These are key catalysts for business growth across different segments.

Over the past few years, we have made strategic investments in our businesses, which we anticipate will yield significant benefits over the next two years. We expect to reap benefits as we complete ongoing projects and launch new ones as we increase our focus on residential projects. Furthermore, we are set to open 8 upcoming hotel properties in the near future. Ritz-Carlton Melbourne and Dorsett Melbourne will have full-year contributions in FY2024. The Star's gaming operations at Queen's Wharf in Brisbane is scheduled to commence in 2024. In addition, we are working very hard to assist BC Invest in doubling its AUM over the next few years.

A number of significant projects are reaching the completion and settlement stage. These include West Side Place (Towers 3 and 4) in Melbourne, Hyll on Holland in Singapore, The Star Residences (Tower 2) – Epsilon on the Gold Coast and Queen's Wharf Brisbane (Tower 4) in Brisbane. This provides a clear visibility of cash flow.

The hotel industry continues to recover and 8 upcoming hotels are expected to open in the next 24 to 36 months offering 1,985 rooms. Dao by Dorsett West London opened in June 2022 and Ritz-Carlton Melbourne opened in March 2023 followed by Dorsett Melbourne which was launched in April 2023. These newly operating hotels are expected to generate a full-year contribution in FY2024.

Our car park and facilities management and gaming businesses have shown remarkable resilience through the challenges of the past year and have continued to recover and grow steadily.

The completion of the first phase of Queen's Wharf Brisbane, including the gaming portion of the development, represents a significant milestone for the Group. This ambitious development project is expected to be a game-changer, with world-class amenities that appeal to a wide range of customers. Upon opening and being in operation, it is expected to contribute to our performance.

With the new initiative to spin-off and separately list the gaming and hotel businesses owned by TWHE, we expect to enhance our liquidity and financial performance. By doing a separate listing, TWHE can embark on a new growth path and we will be able to realise profits from our earlier investment in TWHE and unlock the potential value of the business to Shareholders.

Although there are macro challenges, we are optimistic about the potential for a good harvesting year in FY2024. This positive outlook is due to a number of factors, including our continued investment in strategic initiatives and the gradual recovery of the global economy.

In conclusion, we are emerging from a period of challenging conditions primarily due to COVID-19. We have a number of significant projects coming to fruition now and are expected to progressively generate additional revenues. With the combination of upcoming large projects settlements and new hotels opening, the future is exciting. The focus remains on driving growth in our core segments whilst continually assessing our existing assets to identify capital recycling opportunities. We intend to stay cautious and disciplined, yet always stay on the look-out for attractive investment opportunities.

# Profile of Directors and Senior Management

## TAN SRI DATO' DAVID CHIU, B.Sc.

### (Executive Director, Chairman and Chief Executive Officer)

Tan Sri Dato' David CHIU, aged 69, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 40 years' experience in property development and extensive experience in hotel development. In his business career, he established a number of highly successful business operations through organic growth and acquisitions, covering Mainland China, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Company). He was appointed as Deputy Chairman and Chief Executive Officer of the Company on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Company. He is also a director of various Subsidiaries. Tan Sri Dato' David CHIU was the vice-chairman and a non-executive director of i-CABLE Communications Limited (stock code: 1097) until May 2023.

In regard to Tan Sri Dato' David CHIU's devotion to community services in China and Hong Kong, he was appointed as the member of the 12th and 13th, and standing committee member of the 14th Chinese People's Political Consultative Conferences and the vice chairman of All-China Federation of Industry and Commerce (from 2017 to 2022). Currently, he is a trustee member of The Better Hong Kong Foundation, an honorary chairman of Mid-Autumn Festival Celebration-People and Forces' Committee, a director and a member of Concerted Efforts Resource Centre, a patron of China-United States Exchange Foundation, an honorary chairman of Guangdong Chamber of Foreign Investors, an honorary chairman of the Association of Chinese Culture of Hong Kong, the 8th board member of Friends of Hong Kong Association, a member of Hong Kong General Chamber of Commerce, a member of the Constitutional Reform Synergy, a member of The Real Estate Developers Association of Hong Kong, a member of Pacific Basin Economic Council, a director of three Ju Ching Chu Schools in Hong Kong and the vice chairman of Guangdong-Hong Kong-Macao Greater Bay Area Radio and Television Union. In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in 2013. He is the father of Ms. Wing Kwan Winnie CHIU (Executive Director of the Company) and the brother of Mr. Dennis CHIU (Executive Director of the Company).

## MR. CHEONG THARD HOONG, B.ENG., ACA

### (Executive Director and Managing Director)

Mr. HOONG, aged 54, was appointed as an Executive Director of the Company in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited, a listed company in Hong Kong. He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he has retired as a non-executive director of the company with effect from 1 June 2017. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. Mr. HOONG is also a director of various Subsidiaries. Besides, he is a non-independent and non-executive director of Land & General Berhad, a company listed on the Bursa Malaysia. Mr. HOONG was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, until March 2017 and a non-executive director of i-CABLE Communications Limited (stock code: 1097) until May 2023.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

## MR. DENNIS CHIU, B.A.

(Executive Director)

Mr. CHIU, aged 64, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Company) in 1978. He has been actively involved in the business development in the Mainland China, Singapore and Malaysia. He is also a director of various Subsidiaries.

Mr. CHIU is the immediate past chairman (chairman from 2018 to 2021) of The Federation of Hong Kong Business Associations Worldwide of 47 Hong Kong Business Associations in 36 countries and regions with over 11,000 individual associates; and the chairman of Hong Kong Singapore Business Association ("HSBA") in 2018. He was the president of HSBA from 2014 to 2018. In addition, he is a patron and adviser of Ayer Rajah Single Member Constituency, West Coast Group Representation Constituency Singapore; and governor of Harrow International School Bangkok since 2004. He was also involved in other charitable organisations, including Yan Chai Hospital and Ju Ching Chu English College Limited, previously. In 2022, he has been awarded The Public Service Medal (PBM) for his contribution to the community.

Mr. CHIU was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange, until March 2017. He is the brother of Tan Sri Dato' David CHIU (Executive Director, Chairman and Chief Executive Officer of the Company) and the uncle of Ms. Wing Kwan Winnie CHIU (Executive Director of the Company).

## MR. CRAIG GRENFELL WILLIAMS, B.ENG. (CIVIL)

(Executive Director)

Mr. WILLIAMS, aged 71, was appointed as an Executive Director of the Company in 2000. He is responsible for all property developments in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Company, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the past president of the St. Kilda Road Campaign Inc.. He is also a director of various Subsidiaries.

## MS. WING KWAN WINNIE CHIU, B.Sc.

(Executive Director)

Ms. CHIU, aged 43, was appointed as an Executive Director of the Company in June 2019. She obtained a degree of Bachelor of Science in Business Management in King's College London, University of London in 2003. She became honorary fellowships of the Hong Kong Academy for Performing Arts and Vocational Training Council in 2017. She was appointed as Justice of the Peace of the HKSAR in July 2016. She has also served as a committee member in some government committees including Betting and Lotteries Commission from 2017 to 2019 and Business Facilitation Advisory Committee from 2018 to 2020. She is a member of Mega Arts and Cultural Events Committee since February 2023; a member of the Advisory Committee on Built Heritage Conservation since January 2023; the vice chairman and vice convener of Advisory and Public Relations Committee of Greater Bay Area Homeland Youth Community Foundation; a council member of the University of Hong Kong since January 2022; a council member of The Better Hong Kong Foundation since 2012; a member of the committee of overseers of Wu Yee Sun College of the Chinese University of Hong Kong since August 2016; an advisor of Our Hong Kong Foundation since January 2018; a board member of the Community Chest since June 2018; a primary company representative of Dorsett at Hong Kong General Chamber of Commerce since June 2018; an honorary vice president of GHM (Guangdong Hong Kong Macao) Hotel General Managers Society since February 2019; a board member of YPO Hong Kong Chapter, and a member of Hong Kong-Japan Business Co-operation Committee.

Ms. CHIU is a director of Asian Youth Orchestra Limited since December 2011; the vice chairperson of THE FRIENDS of the Hong Kong Arts Centre since July 2015; a development committee member of Hong Kong Arts Festival Society Limited since April 2016; the chairman of Hong Kong Art School Council since September 2016; a member of Hong Kong Arts Development Council since January 2017; the joint president of The Society of the Academy for Performing Arts since 2018; a member of discipline advisory board of Vocational Training Council; a director of The Hong Kong Philharmonic Society Limited; a member of the Hong Kong Art School Council from November 2013 to October 2016, and a member of the Hong Kong Arts Centre from December 2013 to November 2016.

Ms. CHIU joined the Group in 2005 as a director of property development. She was appointed as the president and an executive director of Dorsett in June 2010 and November 2011, respectively, to oversee its overall strategic growth and development. She currently is the chairman of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange and an independent director of Prenetics Global Limited, a company listed on Nasdaq. She is also a director of various Subsidiaries.

Previously, Ms. CHIU worked in Credit Suisse. She has been a director of Mayland since 2002. She has been involved in the different aspects of property development which include development of shopping centre, retail management and service apartment of Mayland.

Ms. CHIU is the daughter of Tan Sri Dato' David CHIU (Executive Director, Chairman and Chief Executive Officer of the Company) and the niece of Mr. Dennis CHIU (Executive Director of the Company).

## MR. KWONG SIU LAM

### (Independent Non-executive Director)

Mr. LAM, aged 89, was appointed as an Independent Non-executive Director of the Company in September 2011. He was the delegate of the 10th National People's Congress. Mr. LAM currently serves as the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Association, the life honorary chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the life honorary chairman of the Chinese General Chamber of Commerce, an adviser of the Hong Kong Chinese Enterprises Association, the honorary president of the Chinese Bankers Club of Hong Kong, and appointed as the director and chairman of the board of governors of Chu Hai College of Higher Education Limited in November and December 2021 respectively. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002. Currently, he is an independent non-executive director of Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Group Holdings Company Limited (formerly known as "Yuzhou Properties Company Limited, stock code: 1628). Mr. LAM was an independent non-executive director of China Overseas Land & Investment Limited (stock code: 688) until June 2020 and Skymission Group Holdings Limited (stock code: 1429) until September 2021. Mr. LAM was awarded the HKSAR Gold Bauhinia Star in 2016 and Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

## MR. WAI HON AMBROSE LAM

### (Independent Non-executive Director)

Mr. LAM, aged 69, was appointed as an Independent Non-executive Director of the Company in August 2022. He is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts (Honours) degree in Economics & Accounting from University of Newcastle Upon Tyne in England.

Mr. LAM has over 40 years of experience in professional accounting, merchant banking and financial services and has served in senior management roles in a number of major international banking and financial institutions.

Mr. LAM is currently an executive director of China Tonghai International Financial Limited (stock code: 952); and an independent non-executive director of Pacific Online Limited (stock code: 543) and Playmates Toys Limited (stock code: 869). During the previous three years, Mr. LAM served as an independent non-executive director of China Agri-Industries Holdings Limited (the then stock code: 606) and resigned on 2 June 2020. Prior to his resignation on 18 January 2022, Mr. LAM also served as an independent non-executive director of Genting Hong Kong Limited (stock code: 678).

## MR. LAI HIM ABRAHAM SHEK (ALIAS: ABRAHAM RAZACK)

(Independent Non-executive Director)

Mr. SHEK, aged 78, was appointed as an Independent Non-executive Director of the Company in June 2019. He obtained a bachelor degree of arts and a diploma in education in the University of Sydney in May 1969 and March 1970, respectively. He obtained a Juris Doctor degree in the City University of Hong Kong in June 2022. 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 HKSAR 2007 and 2013 Honors Lists, respectively. He has also been a member of the advisory committee board of the Independent Commission Against Corruption from January 2017 to December 2022. He has been a non-executive director of Mandatory Provident Fund Schemes Authority of Hong Kong until March 2021. He has also been the chairman and an independent member of the board of governors of English Schools Foundation until May 2021 and a member of the Legislative Council for the HKSAR from 2000 to 2021. Mr. SHEK is currently a member of the Honorary Member of The Hong Kong University of Science and Technology, the Court and the Council Member of The University of Hong Kong, the Court Member of City University of Hong Kong, a member of the executive committee of Hong Kong Sheng Kung Hui Welfare Council Limited, the first director (non-remunerated) of Construction Charity Fund Integrated Service Centre Limited and non-executive director (non-remunerated) of Chinese-Italian Cultural Society Limited.

In addition, Mr. SHEK is an independent non-executive director of the following listed companies and collective investment schemes, all of which are listed on the Stock Exchange: (a) Paliburg Holdings Limited (stock code: 617); (b) Chuang's Consortium International Limited (stock code: 367); (c) NWS Holdings Limited (stock code: 659); (d) Country Garden Holdings Company Limited (stock code: 2007); (e) Chuang's China Investments Limited (stock code: 298); (f) ITC Properties Group Limited (stock code: 199); (g) China Resources Cement Holdings Limited (stock code: 1313); (h) Lai Fung Holdings Limited (stock code: 1125); (i) Cosmopolitan International Holdings Limited (stock code: 120); (j) Everbright Grand China Assets Limited (stock code: 3699); (k) CSI Properties Limited (stock code: 497); (l) Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust (stock code: 1881); (m) Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (stock code: 2778); (n) Shin Hwa World Limited (formerly known as "Landing International Development Limited", stock code: 582); (o) Hao Tian International Construction Investment Group Limited (stock code: 1341); and (p) Alliance International Education Leasing Holdings Limited (formerly known as "International Alliance Financial Leasing Co., Ltd.", stock code: 1563). He has been the independent non-executive director of Goldin Financial Holdings Limited (stock code: 530), and was appointed as vice chairman and re-designated to executive director in March 2021. Mr. SHEK has been re-designated from vice chairman to chairman of the board of Goldin Financial Holdings Limited since June 2022.

Mr. SHEK also served as an independent non-executive director of Dorsett from September 2010 to October 2015. Mr. SHEK was also an independent non-executive director of the following companies, all of which are/were listed on the Stock Exchange: Hop Hing Group Holdings Limited (stock code: 47) until June 2020 and SJM Holdings Limited (stock code: 880) until May 2021. Mr. SHEK also served as an independent non-executive director of Lifestyle International Holdings Limited (stock code: 1212) which the company has been privatised with its listing status voluntary withdrawn in December 2022.

## MR. WAI HUNG BOSWELL CHEUNG

(Chief Financial Officer and Company Secretary)

Mr. CHEUNG served the Group as Chief Financial Officer and Company Secretary of the Company for over 10 years. He was responsible for financial management, investor and banking relations, and company secretarial matters of the Group. He is also a director of various Subsidiaries. Mr. CHEUNG is an independent non-executive director of Capinfo Company Limited, a company listed on the Stock Exchange (stock code: 1075) and an audit committee member of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange.

Mr. CHEUNG graduated in Scotland with a Bachelor of Arts in Accounting in 1992. He obtained a Master degree of Business Administration from University of Leicester in England in 1995 and a Master degree of Professional Accounting in 2007. Mr. CHEUNG is a non-practicing member of the Hong Kong Institute of Certified Public Accountants and a qualified accountant of CPA Australia.

# EMBRACE THE UNKNOWN CHANGE FOR CHANCES

Dorsett Gold Coast, Australia

Victoria Riverside, Manchester

# Five-Year Financial Summary

| | For the year ended 31 March | | | | |
|---|---|---|---|---|---|
| | 2019<br>HK$'000 | 2020<br>HK$'000 | 2021<br>HK$'000 | 2022<br>HK$'000 | **2023**<br>**HK$'000** |
| RESULTS | | | | | |
| Revenue | 6,842,319 | 7,450,604 | 5,943,694 | 5,895,636 | **6,345,861** |
| Profit before taxation | 2,312,486 | 837,321 | 1,265,827 | 1,853,727 | **729,748** |
| Income tax expense | (543,761) | (286,340) | (460,087) | (343,191) | **(349,536)** |
| Profit for the year | 1,768,725 | 550,981 | 805,740 | 1,510,536 | **380,212** |
| Basic earnings per share (HK cents) | 67.2[i] | 14.1[i] | 20.8[i] | 49.2[i] | **6.4** |

| | As at 31 March | | | | |
|---|---|---|---|---|---|
| | 2019<br>HK$'000 | 2020<br>HK$'000 | 2021<br>HK$'000 | 2022<br>HK$'000 | **2023**<br>**HK$'000** |
| ASSETS AND LIABILITIES | | | | | |
| Total assets | 39,077,863 | 41,779,991 | 49,900,788 | 54,804,316 | **53,422,780** |
| Total liabilities | (25,445,601) | (27,466,257) | (32,846,525) | (36,894,384) | **(37,774,568)** |
| | 13,632,262 | 14,313,734 | 17,054,263 | 17,909,932 | **15,648,212** |
| Non-controlling interests | (219,186) | (290,667) | (373,330) | (376,611) | **(389,484)** |
| Owners' funds | 13,413,076 | 14,023,067 | 16,680,933 | 17,533,321 | **15,258,728** |

Note:

(i) The historical basic earnings per share of the Group was adjusted and restated for the bonus issue in September 2022.

Hornsey Town Hall, London

# Management Discussion and Analysis

MeadowSide, Manchester

## FINANCIAL REVIEW

### 1. Profit and loss analysis

The Company's consolidated revenue for FY2023 was approximately HK$6.3 billion, an increase of 7.6% as compared with FY2022, with improvement in both property development business and recurring income businesses. Adjusted gross profit[i], a non-GAAP financial measure, came in at HK$2.0 billion as compared with HK$2.3 billion for FY2022. A breakdown of the Group's revenue and gross profit is set out below:

| | Property development HK$'000 | Hotel operations and management HK$'000 | Car park operations and facilities management HK$'000 | Gaming operations HK$'000 | Others HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| **FY2023** | | | | | | |
| Revenue | **3,566,135** | **1,509,043** | **754,298** | **296,229[ii]** | **220,156** | **6,345,861** |
| Gross profit | **677,475** | **518,624** | **144,137** | **154,871** | **173,396** | **1,668,503** |
| Depreciation | **–** | **260,675[iii]** | **1,303[iii]** | **22,283** | **–** | **284,261** |
| Adjusted gross profit[i] | **677,475** | **779,299** | **145,440** | **177,154** | **173,396** | **1,952,764** |
| Adjusted gross profit margin[i] | **19.0%** | **51.6%** | **19.3%** | **59.8%** | **78.8%** | **30.8%** |
| **FY2022** | | | | | | |
| Revenue | 3,378,357 | 1,405,408 | 664,277 | 231,478[ii] | 216,116 | 5,895,636 |
| Gross profit | 1,102,036 | 500,441 | 81,524 | 113,688 | 186,348 | 1,984,037 |
| Depreciation | – | 267,149[iii] | 33,784[iii] | 11,640 | – | 312,573 |
| Adjusted gross profit[i] | 1,102,036 | 767,590 | 115,308 | 125,328 | 186,348 | 2,296,610 |
| Adjusted gross profit margin[i] | 32.6% | 54.6% | 17.4% | 54.1% | 86.2% | 39.0% |

Notes:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

(ii) After deduction of gaming tax amounting to HK$133 million (FY2022: HK$95 million).

(iii) Excludes depreciation of leased properties under HKFRS 16.

## Management Discussion and Analysis

Revenue from sales of properties amounted to approximately HK$3.6 billion in FY2023, a slight increase as compared with FY2022. Major contributors to the revenues were Hyll on Holland in Singapore, Mount Arcadia in Hong Kong, Hornsey Town Hall in London and New Cross Central and MeadowSide (Plots 2, 3 and 5) in Manchester, and sale of other inventories in Mainland China, Hong Kong and Australia as well as revenue recognition over time of Dorsett Place Waterfront Subang in Malaysia. A portion of revenue from the sale of Consort Place social/affordable housing and Collyhurst social/affordable housing with low margin was also recognised during the year.

Gross profit from sales of properties of approximately HK$677 million was recorded during FY2023, representing a 19.0% gross profit margin, a decrease compared to FY2022 due to lower gross profit margin recorded from properties sales in Singapore and sales of social/affordable housing in the UK.

Revenue from hotel operations and management continued to grow in FY2023, increased by 7.4% as compared with last year to approximately HK$1,509 million. Adjusted gross profit margin[i], a non-GAAP financial measure, for the Group's hotel operations decreased to 51.6% in FY2023 from 54.6% in FY2022 as a result of the ramp-up of new hotels in London and Australia and the removal of quarantine stay requirements in Hong Kong by the government. Since the border re-opened with Mainland China, the Hong Kong hotel business has gradually recovered.

Car park operations and facilities management revenues increased by approximately 13.6% year-on-year to approximately HK$754 million in FY2023, primarily due to loosened COVID-19 related restrictions in the Group's key operating areas, in particular in Victoria, Australia and strong recovery from Manchester, UK. Adjusted gross profit[i], a non-GAAP financial measure, of approximately HK$145 million was achieved for FY2023, representing a 26.1% increase year-on-year and the adjusted gross profit margin[i], a non-GAAP financial measure, rose from 17.4% in FY2022 to 19.3% in FY2023.

Revenue from gaming operations increased year-on-year by 28.0% to approximately HK$296 million (net of gaming tax) in FY2023. The higher revenue was primarily driven by the solid rebound in attendance and the fact that the casinos remained in operation for the entire year throughout FY2023 compared to 2 months of temporary closure in FY2022.

Car Park Operations

The Group's performance in FY2023 was impacted by a number of factors, including the decline in foreign exchange rates and higher interest expenses. Despite this, all of our businesses have reported a recovery following the gradual re-opening of borders and lifting of COVID-19 related restrictions. The Group remained profitable, with profit attributable to shareholders standing at approximately HK$172 million for FY2023.

Adjusted cash profit[i], a non-GAAP financial measure, was approximately HK$576 million for FY2023.

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

## 2. Liquidity, financial resources and net gearing

The following table sets out the Group's bank and cash balances, investment securities (which are considered as cash equivalent items due to their easily monetisable nature), bank loans and borrowings and obligations under finance leases and equity as at 31 March 2023.

| Consolidated statement of financial position | As at 31 March 2023 HK$ million | As at 31 March 2022 HK$ million |
|---|---|---|
| Bank loans, notes and bonds | | |
| Due within 1 year[i] | **21,389** | 11,450 |
| Due 1–2 years | **3,728** | 10,643 |
| Due 2–5 years | **6,177** | 8,106 |
| Due more than 5 years | **980** | 996 |
| **Total bank loans, notes and bonds** | **32,274** | 31,195 |
| Investment securities | **2,114** | 3,033 |
| Bank and cash balances[ii] | **4,431** | 6,903 |
| **Liquidity position** | **6,545** | 9,936 |
| **Net debts[iii]** | **25,729** | 21,259 |
| Carrying amount of the total equity[iv] | **15,648** | 17,910 |
| Add: hotel revaluation surplus[v] | **19,236** | 18,796 |
| **Adjusted total equity[vi]** | **34,884** | 36,706 |
| **Adjusted net gearing ratio[vi] (net debts to adjusted total equity[vi])** | **73.8%** | 57.9% |
| **Net debt to adjusted total assets[vi]** | **35.4%** | 28.9% |

Notes:

(i) Includes an amount of approximately HK$2,538 million which is reflected as liabilities due within one year even though such a sum is not repayable within one year, as the relevant banks and/or financial institutions have discretionary rights to demand immediate repayment.

(ii) Represents total restricted bank deposits, deposits in financial institutions, and bank balances and cash.

(iii) Represents total bank loans, notes and bonds less investment securities, bank and cash balances.

(iv) Includes 2019 Perpetual Capital Notes.

(v) Based on the independent valuations carried out as at 31 March 2023 and 31 March 2022, respectively and including the Dorsett Melbourne which was completed before 31 March 2023 and opened in April 2023.

(vi) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

To better manage the Group's liquidity position, the Group allocates a portion of its cash position in marketable and liquid investment securities. Investment securities shown on the consolidated statement of financial position represent primarily fixed-income securities and investments in fixed-income funds; investments in the listed shares of The Star, which the Group intends to hold for the long term; and investment in notes issued by the trusts which hold the mortgage portfolio managed by BC Invest, an entity in which the Group has a stake of over 50%.

## Management Discussion and Analysis

The liquidity position of the Group as at 31 March 2023 was approximately HK$6.5 billion. The Group's adjusted total equity[i], a non-GAAP financial measure, as at 31 March 2023 was approximately HK$34,884 million, adjusting for the unrecognised hotel revaluation surplus of approximately HK$19,236 million, which is based on independent valuations assessed as at 31 March 2023 and includes the 2019 Perpetual Capital Notes. The adjusted net gearing ratio of the Group stood at 73.8% as at 31 March 2023 compared with 57.9% as at 31 March 2022, reflecting some of the projects reaching a more advanced stage of development, namely West Side Place (Towers 3 and 4) and Aspen at Consort Place and acquisition of new development opportunities.

West Side Place (Towers 3 and 4) was completed and started the handover process in early April 2023. As at 26 June 2023, settlements have reached approximately AUD368 million (equivalent to approximately HK$1,936 million) which the proceeds have been used to settle its development loan. By adjusting this post year end settlement, the Group's adjusted net gearing ratio is 68.2% and the net debt to adjusted total assets is 32.7%.

In an effort to strengthen the Group's financial position, the Group has implemented a series of debt reduction initiatives to reduce its interest costs:

- Focusing on monetising existing completed inventory, particularly at its West Side Place (Towers 3 and 4) development, which has been completed and began the handover and settlement process in early April 2023. As at 26 June 2023, it has already achieved completion of approximately AUD368 million of sales. In addition, the Group is actively selling down other completed inventory and executing its existing sale campaign across Australia, the UK and Hong Kong. Post year end, the Group signed a contract to dispose of the remaining inventory at the Dorsett Bukit Bintang development via a block deal for MYR121 million.

- Recognition of other contracted presales. Completion of the Hyll on Holland in Singapore and Kai Tak office project in Hong Kong is anticipated by FY2024 and FY2025, respectively.

- Actively selling its non-core assets. The Group has appointed sales agents to sell the two Ritz-Carlton hotels in Australia and through its 25% owned JV, signed an agreement in June 2023 to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million. Other non-core hotels where the Group holds a minority stake, smaller hotels operated by the Group and some mature car park assets are also earmarked to be disposed of.

- Potential spin-off and separate listing of the casino and hotel businesses owned by TWHE. This will unlock value and enable it to raise funds. The Group has submitted a proposal to the Stock Exchange pursuant to Practice Note 15 of the Listing Rules, and the Stock Exchange has agreed that the Company may proceed with the potential spin-off, for details please refer to the Company's announcement dated 2 June 2023. In addition, a pre-IPO investor had invested USD20 million for a 10% stake of Turbo Century Limited which is indirectly holding a 100% stake in TWHE.

- Capital raising for BC Invest. The Group is currently evaluating options for this business given that BC Invest continues to grow and will need new capital to execute on its plan. An adviser is being appointed and discussions are ongoing.

Sheraton Grand Mirage Resort, Gold Coast


PALASINO Furth im Wald, Czech Republic

| | As at 31 March 2023 HK$ million | As at 31 March 2022 HK$ million |
|---|---|---|
| The Company's notes | **4,463** | 4,604 |
| Unsecured bank loans | **5,849** | 6,094 |
| Secured bank loans | | |
| – Property development and investment | **10,894** | 10,804 |
| – Hotel operations and management | **10,189** | 8,320 |
| – Car park operations and facilities management | **417** | 496 |
| – Gaming operations | **70** | 81 |
| – Others | **392** | 796 |
| **Total bank loans, notes and bonds** | **32,274** | 31,195 |


West Side Place, Melbourne

As at 31 March 2023, total bank loans, notes and bonds amounting to approximately HK$32.3 billion, recorded a HK$1,079 million or 3.5% increase as compared with 31 March 2022.

The Group continued with its prudent approach to financial management. During FY2023, the Group (i) completed a number of secured and unsecured loan financings including a HK$496 million facility for an acquisition of development right (via an URA tender) at Sai Ying Pun, Hong Kong; (ii) fully settled the bank loan facility of West Side Place (Towers 1 and 2) and MeadowSide development, for AUD110 million and approximately GBP58 million, respectively, upon the completion of the developments; and (iii) repurchased an aggregate principal amount of USD16.4 million of 4.5% notes due 2023 and 5.1% notes due 2024.

| **Bank loans, notes and bonds, denominated in:** | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| HKD | **60.8%** | 49.7% |
| AUD | **13.7%** | 17.3% |
| SGD | **5.7%** | 7.5% |
| GBP | **3.2%** | 6.7% |
| USD | **13.8%** | 15.8% |
| Others | **2.8%** | 3.0% |
| | **100%** | 100% |

Most of the countries or cities the Group has operations in have entered into their interest rate hike period. For the bank loans, notes and bonds of the Group as at 31 March 2023, Hong Kong dollar was the major currency of the indebtedness representing about 60.8%. The other major currencies of indebtedness were Australian dollar, Singapore dollar and Great British pound which were approximately 13.7%, 5.7% and 3.2%, respectively. Indebtedness in US dollar was mainly notes and bonds. During FY2023, the average interest rate for bank loans increased to 3.87% from 2.22% as compared with FY2022.

## Management Discussion and Analysis

During FY2023, the average interest rate for notes and bonds increased to 5.36% from 4.92% as compared with FY2022, primarily due to the lower rate of 3.75% notes being fully redeemed in September 2021. As at 31 March 2023, the Group had 85.9% bank loans, notes and bonds with floating rates (as at 31 March 2022: 85.0%) while the remaining had fixed rates.

As at 31 March 2023, the Group's bank loans, notes and bonds which were due within 1 year was approximately HK$21,389 million. Of this amount, approximately (i) HK$2,954 million represents the 5.1% USD Medium Term Notes 2024 to be repaid in January 2024; (ii) HK$1,033 million was the 4.5% USD Medium Term Notes 2023 that have been repaid in May 2023; (iii) HK$4,149 million were secured corporate, hospitality and car park loans which are expected to be rolled over or refinanced to a longer maturity; (iv) HK$6,566 million were secured development loans, of which approximately HK$6,071 million will be repaid from the presales proceed upon settlement and approximately HK$495 million has been or is expected to be refinanced to a longer maturity; (v) HK$3,264 million were unsecured corporate loans which are being rolled over; (vi) HK$885 million will be repaid in accordance with the repayment schedule; and (vii) HK$2,538 million were in relation to long-term bank loans with a repayable on demand clause and therefore being classified as current liabilities.

Post year end, West Side Place (Towers 3 and 4) with its presale value of HK$4.6 billion started the handover process in early April 2023. Using sales proceeds from the handover, the property development and investment loan balance is expected to be reduced. As at 26 June 2023, the outstanding loan balance was reduced by approximately AUD368 million to approximately AUD222 million, while the entire facility is expected to be repaid in FY2024 as the handover process progresses.

West Side Place, Melbourne

The Group has signed an agreement with CLP Properties Limited ("CLP") to sell the office building at the site (New Kowloon Inland Lot No. 6607) in Kai Tak, Hong Kong via the disposal of Sanon Limited, a wholly-owned subsidiary, for a HK$3.38 billion consideration. The building is expected to be completed delivered in the third quarter of calendar year 2024. This will further improve the Group's gearing and provide capital for other business development initiatives.

As at 31 March 2023, the Group's undrawn banking facilities stood at approximately HK$7 billion. Of this amount, approximately HK$3 billion is allotted to development/construction facilities while the balance of approximately HK$4 billion is for the Group's general corporate use. When combined with presales to be recognised from the Group's ongoing property development projects, the unutilised banking facilities place the Group in a good financial position to fund not only its existing business and operations but also its sustainable growth going forward.

In addition, a total of 5 hotel assets were unencumbered as at 31 March 2023, the capital value of which amounted to approximately HK$1.2 billion based on independent valuation assessed as at 31 March 2023. The Group has other assets unencumbered such as unsold completed residential inventory amounting to HK$5.5 billion. This can be used as collateral for further bank borrowings which could provide additional liquidity for the Group, should this be necessary.

As a matter of policy, with the exception of certain construction financings, the Group tends to not hedge the interest rate on its outstanding debt. Notes and bonds tend to have fixed rates whilst bank loans tend to have fixed margins over and above the relevant banking benchmark rates. The Group is focused on actively recycling capital and monetising assets to ensure that the indebtedness ratios remain relatively stable and interest expenses do not become an excessive drag on the operating results.

## 3. Foreign exchange management

In FY2023, the contribution from the Group's non-Hong Kong operations was influenced by the movement of foreign currencies against the Hong Kong dollar. The table below sets forth the exchange rates of the Hong Kong dollar against the local currency of countries where the Group has significant operations:

| Rate | **As at 31 March 2023** | As at 31 March 2022 | Change |
|---|---|---|---|
| HK$/AUD | **5.26** | 5.86 | (10.2)% |
| HK$/RMB | **1.14** | 1.23 | (7.3)% |
| HK$/MYR | **1.77** | 1.86 | (4.8)% |
| HK$/GBP | **9.70** | 10.26 | (5.5)% |
| HK$/CZK | **0.36** | 0.36 | – |
| HK$/SGD | **5.91** | 5.78 | 2.2% |

| Average rate for | **FY2023** | FY2022 | Change |
|---|---|---|---|
| HK$/AUD | **5.56** | 5.88 | (5.4)% |
| HK$/RMB | **1.19** | 1.21 | (1.7)% |
| HK$/MYR | **1.82** | 1.87 | (2.7)% |
| HK$/GBP | **9.98** | 10.46 | (4.6)% |
| HK$/CZK | **0.36** | 0.36 | – |
| HK$/SGD | **5.85** | 5.79 | 1.0% |

The Group adopts a practice whereby investments in its non-Hong Kong operations are hedged by borrowings in the local currency of the countries where such investments are made. The impact of movements in the above currencies to the Group's profit attributable to Shareholders for FY2023 is analysed below:

Increase to the Group's profit attributable to Shareholders for FY2023 assuming exchange rates of the following currencies against the Hong Kong dollar remained constant during the year:

| | **HK$ million** |
|---|---|
| AUD | **8.9** |
| RMB | **7.6** |
| MYR | **0.4** |
| GBP | **11.9** |
| CZK | **(0.6)** |
| SGD | **(0.4)** |
| **Total impact** | **27.8** |

The movement in foreign currencies also had an impact on the balance sheet position of the Group. As net assets of the Group's non-Hong Kong operations are translated into Hong Kong dollars for consolidation purposes, the movement in foreign currencies has affected the value in Hong Kong dollar-equivalent of such net assets and therefore the Group's net asset position. The Group's net asset value (less 2019 Perpetual Capital Notes) would have been approximately HK$1,701 million higher as at 31 March 2023 assuming exchange rates remained constant during FY2023.

## Management Discussion and Analysis

### 4. Net asset value per share

| | As at 31 March 2023 HK$ million | As at 31 March 2022 HK$ million |
|---|---|---|
| Equity attributable to shareholders of the Company | **12,355** | 14,632 |
| Add: hotel revaluation surplus | **19,236** | 18,796 |
| **Adjusted net asset value attributable to shareholders[i]** | **31,591** | 33,428 |
| Number of shares issued (million) | **2,706** | 2,420 |
| **Adjusted net asset value per share[i]** | **HK$11.67** | HK$13.81 |

After adjusting for the revaluation surplus on hotel assets of approximately HK$19,236 million based on independent valuation assessed as at 31 March 2023, adjusted net asset value attributable to shareholders[i], a non-GAAP financial measure, was approximately HK$31,591 million. Adjusted net asset value per share[i], a non-GAAP financial measure, for the Company as at 31 March 2023 was approximately HK$11.67.

To celebrate the 50th anniversary of the Company's listing on the Stock Exchange, the Group issued bonus shares in the ratio of one bonus share for every ten existing ordinary shares. Taking into account the issuance of 1:10 bonus shares in September 2022, the historical total number of shares per year has been adjusted by adding 10% shares for comparison purposes. The adjusted number of shares outstanding as at 31 March 2022 was 2,662 million and the adjusted net asset value per share as at 31 March 2022 was HK$12.56.

Note:

(i) Represents a non-GAAP financial measure which is defined and reconciled to the nearest comparable GAAP measures in the "Non-GAAP financial measures" section below.

The view from Queen's Wharf Brisbane

## 5. Capital expenditures

The Group's capital expenditures consisted of expenditures for acquisitions, development and refurbishment of hotel properties, plant and equipment and investment properties.

During FY2023, the Group's capital expenditures amounted to approximately HK$1,123 million, primarily attributable to (i) The Ritz-Carlton, Melbourne and Dorsett Melbourne in Australia; and (ii) Dorsett Canary Wharf, London and Dao by Dorsett Hornsey in the UK. The capital expenditures were funded through a combination of borrowings and internal resources.

## 6. Capital commitments

The Group continued to carefully monitor its capital commitments in order to optimise its investments and outgoings. The table below provides a summary of the Group's capital commitments:

| | **As at 31 March 2023 HK$ million** | As at 31 March 2022 HK$ million |
|---|---|---|
| Capital expenditures contracted but not provided in the consolidated financial statements in respect of: | | |
| Acquisition, development and refurbishment of hotel properties | | |
| – hotel properties | **1,224** | 1,390 |
| – investment properties | **320** | 719 |
| Commitment to provide credit facility to BC Invest | **75** | 81 |
| Others | **99** | 144 |
| | **1,718** | 2,334 |

As at 31 March 2023, the Group's capital commitments amounted to approximately HK$1,718 million, primarily attributable to the following hotel developments: (i) Dorsett Kai Tak in Hong Kong; (ii) Hotels at Queen's Wharf Brisbane and The Star Residences – Epsilon in Australia; and (iii) Dorsett Canary Wharf, London and Dao by Dorsett Hornsey in the UK. The capital commitment will be financed through a combination of borrowings and internal resources.

The sunrise view from the 80th floor, The Ritz-Carlton, Melbourne

## BUSINESS REVIEW

### 1. Property division

The Group's property division includes property development and property investment.

#### Property development

The Group has a diversified portfolio of residential property developments in Australia, Mainland China, Hong Kong, Singapore, Malaysia and the UK, which are largely focused on the mass residential market. The Group's strong regional diversification reinforces its resilience and allows it to take advantage of different property cycles. The Group has established strong local teams to carry out property development in each of these markets, as their presence allows the Group to identify trends and source the most attractive opportunities. The Group also actively looks to work with property owners for redevelopment opportunities, such as the partnership with The Star and the partnership with MCC. Indeed, in August 2022, the Group won a tender conducted by the URA to acquire the development right of a site at Sai Ying Pun, Hong Kong. These land acquisition strategies have resulted in a land banking strategy comprising of a relatively low land cost base for the Group's development projects and little capital being kept idle.

Total attributable cumulative presales value of the Group's residential properties under development and unbooked contracted sales amounted to approximately HK$18.7 billion as at 31 March 2023. Most presales proceeds are not reflected in the Group's consolidated income statement until the relevant projects are completed. The following table sets out a breakdown of the Group's total cumulative attributable presales value of residential properties under development and unbooked contracted sales as at 31 March 2023.

| Developments | Location | Attributable presales HK$ million | Actual/ Expected financial year of completion |
|---|---|---|---|
| **Projects under presales** | | | |
| West Side Place (Tower 3) | Melbourne | 2,261 | FY2024 |
| West Side Place (Tower 4) | Melbourne | 2,372 | FY2024 |
| Queen's Wharf Residences (Tower 4)(ii) | Brisbane | 1,547 | FY2025 |
| Queen's Wharf Residences (Tower 5)(ii) | Brisbane | 2,112 | FY2026 |
| Perth Hub | Perth | 539 | FY2025 |
| The Star Residences – Epsilon (Tower 2)(iii) | Gold Coast | 556 | FY2025 |
| Hornsey Town Hall | London | 167 | FY2024 |
| Aspen at Consort Place | London | 1,336 | FY2025 |
| Consort Place – Social/Affordable Housing(i) | London | 92 | FY2025 |
| Victoria Riverside (Tower A) | Manchester | 381 | FY2025 |
| Victoria Riverside (Tower B) Social/Affordable Housing | Manchester | 254 | FY2025 |
| Victoria Riverside (Tower C) | Manchester | 452 | FY2025 |
| Collyhurst Village | Manchester | 50 | FY2025 – FY2027 |
| Hyll on Holland(i)(iv) | Singapore | 1,556 | FY2024 |
| Cuscaden Reserve(i)(v) | Singapore | 1 | FY2025 |
| Dorsett Place Waterfront Subang(i)(ii) | Subang Jaya | 245 | FY2025 |
| Kai Tak Development – Office | Hong Kong | 3,380 | FY2025 |
| **Sub-total** | | **17,301** | |

| Developments | Location | Attributable presales HK$ million |
|---|---|---|
| **Contracted sales of completed projects** | | |
| West Side Place (Towers 1 and 2) | Melbourne | 65 |
| MeadowSide (Plots 2 and 3) | Manchester | 62 |
| New Cross Central | Manchester | 110 |
| District 17A | Shanghai | 7 |
| Royal Riverside | Guangzhou | 7 |
| Marin Point | Hong Kong | 4 |
| Manor Parc[vi] | Hong Kong | 499 |
| Mount Arcadia[vi] | Hong Kong | 594 |
| Dorsett Bukit Bintang | Malaysia | 4 |
| **Sub-total** | | **1,352** |
| **Total** | | **18,653** |

Notes:

(i) Excludes contracted presales already recognised as revenue up to 31 March 2023.

(ii) The Group has 50% interest in the development.

(iii) The Group has 33.3% interest in the development.

(iv) The Group has 80% interest in the development.

(v) The Group has 10% interest in the development.

(vi) The settlement of the contracted sales is expected in FY2025.

As at 31 March 2023, the expected attributable gross development value ("GDV") of the Group's active residential property development projects under various stages of completion across the regions was approximately HK$61.5 billion.

Details of the Group's current pipeline are shown below:

| Developments | Attributable saleable floor area[i] Sq. ft. | Expected attributable GDV[ii] HK$ million | Status/ Expected launch | Expected financial year of completion |
|---|---|---|---|---|
| **Pipeline developments** | | | | |
| **Melbourne** | | | | |
| West Side Place | | | | |
| – Tower 3 | 518,000 | 2,379 | Launched | FY2024 |
| – Tower 4 | 621,000 | 2,829 | Launched | FY2024 |
| Monument | 595,000 | 2,463 | Planning | Planning |
| **Perth** | | | | |
| Perth Hub | 230,000 | 832 | Launched | FY2025 |

## Management Discussion and Analysis

| Developments | Attributable saleable floor area[i] Sq. ft. | Expected attributable GDV[ii] HK$ million | Status/ Expected launch | Expected financial year of completion |
|---|---|---|---|---|
| **Brisbane** | | | | |
| Queen's Wharf Brisbane[iii] | | | | |
| – Tower 4 | 253,000 | 1,547 | Launched | FY2025 |
| – Tower 5 | 328,000 | 2,284 | Launched | FY2026 |
| – Tower 6 | 145,000 | 684 | Planning | Planning |
| **Gold Coast** | | | | |
| The Star Residences[iv] | | | | |
| – Tower 2 – Epsilon | 109,000 | 556 | Launched | FY2025 |
| – Towers 3 to 5 | 374,000 | 1,905 | Planning | Planning |
| **Hong Kong** | | | | |
| Kai Tak Development – Office | 174,000 | 3,380 | Launched | FY2025 |
| Kai Tak Residential[v] | 254,000 | 6,606 | FY2024 | FY2026/FY2027 |
| Lam Tei, Tuen Mun | 180,000 | 2,966 | Planning | Planning |
| Ho Chung, Sai Kung[vi] | 19,000 | 567 | Planning | Planning |
| Sai Ying Pun[vii] | 75,000 | 2,108 | FY2026 | FY2028 |
| **London** | | | | |
| Hornsey Town Hall | 51,000 | 447 | Launched | FY2024 |
| Aspen at Consort Place | 377,000 | 4,128 | Launched | FY2025 |
| Consort Place – Social/Affordable Housing | 101,000 | 92 | Launched | FY2025 |
| Ensign House | 323,000 | 2,575 | Planning | Planning |
| **Manchester** | | | | |
| MeadowSide – Plot 4 | 244,000 | 970 | Planning | Planning |
| Victoria North[viii] | | | | |
| – Victoria Riverside (Tower A) | 227,000 | 1,016 | Launched | FY2025 |
| – Victoria Riverside (Tower B) Social/ Affordable Housing | 85,000 | 254 | Launched | FY2025 |
| – Victoria Riverside (Tower C) | 149,000 | 633 | Launched | FY2025 |
| – Collyhurst Village | 153,000 | 395 | Launched | FY2025 – FY2027 |
| – Collyhurst Village Social/Affordable Housing | 104,000 | 338 | Launched | FY2025 – FY2027 |
| – Network Rail | 1,532,000 | 6,093 | Planning | Planning |
| – Others | 1,202,000 | 4,780 | Planning | Planning |
| **Singapore** | | | | |
| Hyll on Holland[ix] | 194,000 | 1,934 | Launched | FY2024 |
| Cuscaden Reserve[x] | 16,000 | 364 | Launched | FY2025 |
| **Malaysia** | | | | |
| Dorsett Place Waterfront Subang[xi] | 391,000 | 869 | Launched | FY2025 |
| **Total developments pipeline as at 31 March 2023** | **9,024,000** | **55,994** | | |

| Developments | Attributable saleable floor area[i] Sq. ft. | Expected attributable GDV[ii] HK$ million | Status/ Expected launch | Expected financial year of completion |
|---|---|---|---|---|
| **Completed developments available for sale** | | | | |
| **Melbourne** | | | | |
| West Side Place – Towers 1 and 2 | 332,000 | 1,432 | | |
| **Perth** | | | | |
| The Towers at Elizabeth Quay | 87,000 | 639 | | |
| **Hong Kong** | | | | |
| Marin Point | 46,000 | 540 | | |
| Manor Parc | 46,000 | 647 | | |
| Mount Arcadia | 73,000 | 1,613 | | |
| **Manchester** | | | | |
| MeadowSide – Plots 2 and 3 | 39,000 | 157 | | |
| New Cross Central | 38,000 | 151 | | |
| **Shanghai** | | | | |
| King's Manor | 12,000 | 86 | | |
| The Royal Crest II | 2,000 | 15 | | |
| District 17A | 9,000 | 49 | | |
| **Guangzhou** | | | | |
| Royal Riverside | 20,000 | 84 | | |
| **Malaysia** | | | | |
| Dorsett Bukit Bintang | 27,000 | 124 | | |
| **Total completed developments available for sale as at 31 March 2023** | **731,000** | **5,537** | | |
| **Total pipeline and completed developments available for sale as at 31 March 2023** | **9,755,000** | **61,531** | | |

Notes:

(i) The figures represent approximate saleable floor area which may vary subject to finalisation of development plans.

(ii) The amounts represent expected GDV attributable to the Group, which may change subject to market conditions.

(iii) Total saleable floor area of this development is approximately 1,500,000 sq. ft.. The Group has 50% interest in the development.

(iv) The Group has 33.3% interest in these developments.

(v) Total saleable floor area of this development is approximately 506,000 sq. ft.. The Group has 50% interest in the development.

(vi) Total saleable floor area of this development is approximately 58,000 sq. ft.. The Group has 33.3% interest in the development.

(vii) The total saleable floor area and GDV figures are estimated figures and subject to approval from URA.

(viii) The total saleable floor area and GDV figure is estimated based on land already acquired and expected number of units to be built. As the master developer of Victoria North, the Group is expecting further land acquisitions, which will increase both saleable floor area and GDV for this development.

(ix) Total saleable floor area of this development is approximately 242,000 sq. ft.. The Group has 80% interest in the development.

(x) Total saleable floor area of this development is approximately 170,000 sq. ft.. The Group has 10% interest in the development.

(xi) Total saleable floor area of this development is approximately 1,050,000 sq. ft.. The Group has 50% interest in the development.

Management Discussion and Analysis

## Australia

### *Melbourne*

West Side Place is a mixed-use residential development located in the Central Business District ("CBD") of Melbourne. The project comprises approximately 3,000 apartments spreading over 4 towers with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK$10.2 billion.

West Side Place, Melbourne

The development consists of two hotels, including a luxury Ritz-Carlton hotel of 257 rooms in Tower 1 which opened on 23 March 2023 and a Dorsett brand hotel of 316 rooms in Tower 3 which opened on 18 April 2023. Towers 1 and 2 comprise a total of 1,377 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK$5.0 billion. The handover process started in FY2021 and is expected to continue by phases until FY2024.

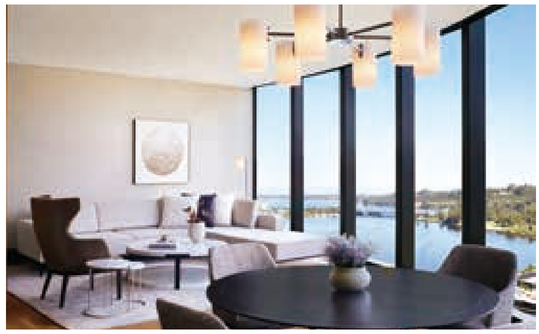
Tower 3 is comprised of 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK$2.4 billion. Approximately HK$2.3 billion worth of units were presold as at 31 March 2023. Tower 4 is comprised of 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of HK$2.8 billion. Approximately HK$2.4 billion worth of units were presold as at 31 March 2023. Both towers have been completed and commenced handover process in early April 2023. With the strong presales recorded, significant cash flow from this development can be expected in the coming year.

Lobby, The Ritz-Carlton, Melbourne

Monument is a residential development at 640 Bourke Street comprising of 1-, 2- and 3-bedroom units in Melbourne's CBD, near the West Side Place development. The property has obtained approval to be redeveloped into a residential project; it has a total saleable floor area of approximately 595,000 sq. ft., a total expected GDV of HK$2.5 billion and is expected to provide approximately 876 residential units. The Group is still reviewing the opportunity to convert the project into a build-to-rent option and discussions are ongoing.

***Perth***

The Towers at Elizabeth Quay is a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in total saleable floor area of residential apartments and a luxury Ritz-Carlton hotel of 205 rooms. As at 31 March 2023, the expected GDV of the remaining apartments available for sale was HK$639 million.



Elizabeth Quay, Perth

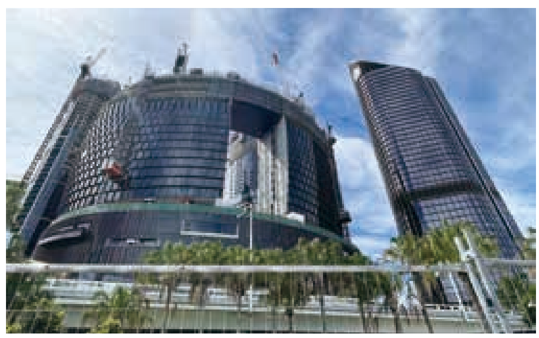
Perth City Link, one of Australia's most exciting regeneration projects, was initiated by the Western Australian Government with the goal of reconnecting Perth's CBD and the entertainment district. Perth Hub, the first phase of the Perth City Link project, is a mixed-use development adjacent to the Perth Arena. It consists of Lots 2 and 3 of the Perth City Link and features 314 residential apartments, with total expected GDV of HK$832 million and approximately 260 hotel rooms to be operated by Dorsett. As at 31 March 2023, the Group has presold HK$539 million worth of units. The project is expected to be completed in FY2025.

Construction at Perth City Link

After being selected as the preferred proponent of the Perth City Link projects, the Group secured Lots 4, 9 and 10 of the Perth City Link projects. These three lots will host a wide range of boutique apartments and an integrated retail, entertainment, commercial and hospitality complex. This project is still currently in the planning stage.

***Brisbane***

The Destination Brisbane Consortium, a JV between the Group, The Star and CTF, entered into development agreements with the Queensland State, Australia for the delivery of the Queen's Wharf Project ("QWB Project") located in Brisbane. The QWB Project comprises:



Construction at Queen's Wharf Brisbane

(i) an integrated resort component in which the Group's ownership is 25% (CTF owns 25% and The Star owns 50%) with an equity investment amount of approximately AUD300 million. Payments are made progressively, commencing from signing of the QWB Project documents and up to completion of the QWB Project which is expected to be completed by the end of FY2024; and

(ii) the residential component owned as to 50% by the Group and 50% by CTF.

Together with the Group's portion of the land premium for the residential component of the QWB Project, the Group's total capital commitment for the QWB Project is approximately AUD360 million, which the Group has mostly already funded from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane and envisages two residential towers, a commercial tower, three world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development gross floor area of the QWB Project is expected to be approximately 387,000 sq. m., of which approximately 108,000 sq. m. relates to the residential component.

Tower 4 is the only residential tower directly connected to the integrated resort development and features 667 residential apartments, with a total saleable floor area of approximately 506,000 sq. ft. and a total expected GDV of HK$3.1 billion. As at 31 March 2023, the Group has presold all the HK$3.1 billion (attributable GDV of HK$1.5 billion) worth of units. Completion of the development is expected to be in FY2025. The Group launched the Queen's Wharf Residences (Tower 5) in FY2022. Tower 5 is across the street from Tower 4 and will house 819 residential apartments with a total GDV of HK$4.6 billion. After its launch in March 2022, the project received a strong response. As at 31 March 2023, the Group has presold HK$4.2 billion (attributable GDV of HK$2.1 billion) worth of units. Completion of the development is expected to be in FY2026. The Group is currently evaluating the option for Tower 6 which can be either a residential or office tower.

***Gold Coast***

The Star Residences is a mixed-use development featuring 5 towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. The project is an extension of the partnership between the Group, The Star and CTF in Gold Coast, in which the Group has a 33.3% interest.

The view from The Star Residences, Gold Coast

The first tower of the development features a 313-room Dorsett hotel which opened in December 2021 and 422 residential apartments with a total saleable floor area of approximately 300,000 sq. ft. and a total expected GDV of HK$1.4 billion. The project was completed with all units presold and delivered as at 31 March 2023.

Epsilon, which is the second tower of the development, will feature a 201-room five-star hotel and approximately 440 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a total expected GDV of HK$1.7 billion. All units of HK$1.7 billion (attributable GDV of HK$556 million) were presold as at 31 March 2023 and completion of the development is expected in FY2025.

Work is ongoing for the design and the marketing strategy of the third to fifth tower of the development.

## Mainland China

The Group has been developing California Garden, a premier township development in Shanghai, over a number of years. The development is comprised of a diversified portfolio of residences, including low-rise and high-rise apartments as well as townhouses. The two phases of the development, namely King's Manor and Royal Crest II. As at 31 March 2023, the expected GDV of remaining apartments was HK$150 million. These units are expected to continue to make a contribution to the Group's revenue and profit.

California Garden, Shanghai

Situated on the riverside, Royal Riverside in Guangzhou is a 5-tower residential development. The entire development has been completed. As at 31 March 2023, the expected GDV of remaining apartments was HK$84 million. These units are expected to continue to make a contribution to the Group's revenue and profit.

### Hong Kong

The Group built its development pipeline in Hong Kong over the years through the acquisition of re-development sites, participating in government tenders and participating in URA tenders.

Marin Point is a residential development at Sha Tau Kok. This development is made up of 261 low-rise apartments with approximately 103,000 sq. ft. in total saleable floor area. The development has been completed. As at 31 March 2023, the expected GDV of remaining apartments was HK$540 million. The remaining units will be sold on a completed basis.

Manor Parc is a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in total saleable floor area and a total expected GDV of HK$715 million. The development has been completed. As at 31 March 2023, the expected GDV of remaining apartments was HK$647 million. Of this amount, approximately HK$499 million has been recorded as contracted sales and is expected to be settled in FY2025. The remaining units will be sold on a completed basis.

Mount Arcadia is a residential development site at Tai Po Road. The project comprises 62 apartments and 4 houses and has a total saleable floor area of approximately 84,000 sq. ft. and a total expected GDV of HK$1.8 billion. The project was completed and launched in late March 2022. As at 31 March 2023, the expected GDV of remaining apartments was approximately HK$1.6 billion. Of this amount, approximately HK$594 million has been recorded as contracted sales and is expected to be settled in FY2025. The remaining units will be sold on a completed basis.

Construction at Dorsett Kai Tak, Hong Kong

Mount Arcadia, Hong Kong

The Group acquired a piece of land in Kai Tak for mixed-used development through a government tender in August 2019, adjacent to the Kai Tak Sports Park. It comprises an office portion, a hotel portion that will house a flagship 373-room Dorsett hotel as well as some retail space. The office portion of the development was presold for HK$3.38 billion in FY2022 and expected to complete in FY2025.

In November 2021, the Group formed a JV which is held as to 50% by the Group to acquire another Kai Tak site for residential development. The residential development will feature approximately 1,300 residential apartments, with a total saleable floor area of approximately 508,000 sq. ft. and a total expected GDV of HK$13.2 billion (attributable GDV of HK$6.6 billion). Subject to the market conditions, the development is expected to launch for presales in FY2024 and expected to complete in FY2026.

The Group acquired a site at Lam Tei, Tuen Mun in June 2021 with an expected gross floor area of approximately 180,000 sq. ft. and a total expected GDV estimated at HK$3.0 billion. The project is currently under planning, with overall plans and timetable under review.

The Group formed a JV which is held as to 33.3% by the Group to acquire another residential site located in Ho Chung, Sai Kung in September 2021. The residential development will feature 26 high-end houses with total saleable floor area of approximately 58,000 sq. ft. and a total expected GDV of HK$1.7 billion (attributable GDV of HK$567 million).

In September 2022, the Group acquired the development right, through a tender conducted by URA, for a land that covers a site area of about 1,077.3 sq. m. at Sai Ying Pun, Hong Kong. The Group intends to develop the land into a mixed residential and commercial development. The development is currently going through building plan approval process.

### Malaysia

Dorsett Bukit Bintang is a residential development adjacent to the Dorsett Kuala Lumpur. The development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in total saleable floor area. The development was completed with 100 of the remaining units converted into serviced apartments managed by Dorsett and 30 remaining units were made available for sale. Post year end, the Group has signed a contract to dispose of all the remaining 130 units via a block deal for MYR121 million.

Dorsett Bukit Bintang, Kuala Lumpur

Dorsett Place Waterfront Subang is a joint development between the Group and Malaysia Land Properties Sdn. Bhd.; the Group has a 50% interest in this development. The project is located next to Dorsett Grand Subang, the Group's renowned 5-star hotel. The development consists of three blocks and will offer 1,989 fully-serviced suites. The sales of this project have been recognised according to the progress of development. As at 31 March 2023, total presold value of HK$460 million (attributable GDV of HK$230 million) was recorded and the completion of the development is expected in FY2025.

Dorsett Place Waterfront Subang, Subang Jaya

### United Kingdom

#### *London*

Aspen at Consort Place is a mixed-use development site at Marsh Wall, Canary Wharf in London, which was granted planning approval for a complex featuring private residences of approximately 478,000 sq. ft. in total saleable floor area consisting of approximately 495 residential units, 139 affordable housing units and a hotel of approximately 230 rooms, as well as commercial spaces. Total presold value of HK$1.3 billion was recorded for the residential units as at 31 March 2023 and the affordable housing units were presold for approximately GBP43 million in FY2022. The development is expected to be completed in FY2025.


Aspen at Consort Place, London

Located in North London, Hornsey Town Hall is a mixed-use redevelopment project which involves the conversion of an existing town hall into a hotel/serviced apartment tower with communal areas, as well as a residential component. It consists of 135 residential units with a total saleable floor area of approximately 108,000 sq. ft. and 11 social/affordable units. This development also has a commercial and office component covering approximately 45,500 sq. ft.. Total presold value of HK$167 million was recorded as at 31 March 2023. As the development is completed and has commenced the handover process in FY2023, part of the sales has been recognised as revenue during the financial year. The handover process is expected to continue by phases in FY2024.


Hornsey Town Hall, London

The Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to Aspen at Consort Place. Ensign House is planned to be a 56-storey residential tower consisting of 385 residential units. It will have a total saleable floor area of approximately 323,000 sq. ft. and a total expected GDV of HK$2.6 billion. The project has received planning approval.

***Manchester***

Victoria North is a mega-scale regeneration development project in Manchester which spans an area of more than 390 acres (equivalent to 17 million sq. ft.), sweeping north from Victoria Station and covering the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver an additional 15,000 new homes over the next decade, providing an optimal mix of high-quality housing, while allowing the city centre to expand. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

The strategic regeneration framework of the Victoria North development was approved by the MCC in February 2019 to provide an illustrative masterplan in order to guide development proposals within Victoria North. It will be used to guide and coordinate developments brought forward by the JV formed between the Group and MCC and subsequently deliver a series of vibrant, sustainable and integrated residential neighborhoods within the extended city centre of Manchester.


Construction at Victoria Riverside, Manchester

Since the Group entered into a development agreement with MCC in April 2017, the Group has acquired various land plots within the Victoria North area, which will be developed into individual projects as the overall masterplan evolves. In July 2019, the Group further acquired 20 acres of land from Network Rail in central Manchester to progress its delivery of the Victoria North. The site is expected to offer over 1,500 new homes, including the first elements of the River City Park at St. Catherine's Wood, which will connect Angel Meadow to the North of Manchester.

## Management Discussion and Analysis

The Victoria North project is expected to provide the Group with a significant, long-term pipeline within the UK. As at 31 March 2023, the Group has already secured several land plots within the Victoria North district, providing a pipeline with a saleable floor area of more than 3 million sq. ft., which is expected to deliver approximately 4,500 new homes over the next 5 to 8 years.

MeadowSide is a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city and is sitting on the doorstep of the Group's Victoria North development. The development will feature 4 Plots (Plots 2, 3, 4 and 5) comprising approximately 756 apartments with approximately 560,000 sq. ft. of total saleable floor area around the historic Angel Meadow Park near Victoria Station, one of the major transportation hubs of the city.

MeadowSide, Manchester

Plots 2 and 3 have a total saleable floor area of approximately 220,000 sq. ft. and a total expected GDV of HK$897 million. Handover commenced in March 2022 smoothly. As at 31 March 2023, the expected GDV of remaining apartments was HK$157 million. Of this amount, HK$62 million has been recorded as contracted sales. The development is expected to continue the handover by phases until FY2024. Plot 5 has a total saleable area of 99,000 sq. ft. and a total expected GDV of HK$397 million. The development is completed with all units presold and delivered as at 31 March 2023. Plot 4 has been granted a permit to build a 40-storey residential building. The Group is currently assessing and exploring opportunities to increase gross floor area and enhance GDV accordingly.

New Cross Central, Manchester

New Cross Central is one of the initial sites acquired from MCC as part of the development agreement for the Victoria North project. Located within New Cross at the northern edge of the Manchester City Centre, the development comprises of 80 residential units with a total saleable floor area of approximately 62,000 sq. ft. and a total expected GDV of HK$248 million. The development is completed and has commenced handover process in FY2023. As at 31 March 2023, the expected GDV of remaining apartments was HK$151 million. Of this amount, HK$110 million has been recorded as contracted sales. The development is expected to continue the handover by phases until FY2024.

Victoria Riverside, Manchester

Victoria Riverside is located within the Victoria North masterplan area in close proximity to major transport links including Victoria Station and Manchester City Centre. It is a key gateway into the Victoria North masterplan area and expands the city centre northwards from MeadowSide. It will be a predominantly residential development, incorporating a high-quality public realm with commercial and leisure use and a landmark building. The development features three towers comprising approximately 600 units, with total saleable floor area of approximately 460,000 sq. ft. and a total expected GDV of HK$1.9 billion.

Tower A features 293 residential units with a total saleable floor area of approximately 227,000 sq. ft. and a total expected GDV of HK$1.0 billion. It launched in late September 2022 and total presold value of HK$381 million was recorded as at 31 March 2023. Tower B comprises 128 affordable housing units and has been presold to Trafford Housing Trust, which is part of L&Q, one of the largest housing associations in England for a consideration of approximately GBP26 million. Tower C features 213 residential units with a total saleable floor area of approximately 149,000 sq. ft. and a total expected GDV of HK$633 million. Total presold value of HK$452 million was recorded as at 31 March 2023. The project is expected to be completed in FY2025.

Collyhurst Village is one of the first phases of the Victoria North masterplan. This development consists of 144 private residential units with approximately 153,000 sq. ft. in total saleable floor area and a total expected GDV of HK$395 million. It also includes 130 affordable housing units with approximately 104,000 sq. ft. in total saleable floor area and a total expected GDV of HK$338 million. The development was launched in FY2023 and is expected to be completed by phases between FY2024 to FY2026.

**Singapore**

Hyll on Holland is a premium development of 319 residential units at Holland Road, a highly attractive and reputable neighbourhood in Singapore. The Group has an 80% interest in the development and the development has an attributable saleable floor area of approximately 194,000 sq. ft.. The sales of this project have been recognised according to the progress of development. As at 31 March 2023, attributable unbooked presales of the development amounted to HK$1.6 billion and completion of the development is expected in FY2024.

Hyll on Holland, Singapore

The project located at Cuscaden Reserve is a residential development site in the prime area of District 9 in Singapore; it is expected to provide approximately 16,000 sq. ft. in attributable saleable floor area and completion of the development is expected in FY2025. The Group has a 10% interest in the project.

***Property investment***

The Group's property investments comprise investments in retail and office buildings located mainly in Hong Kong, Mainland China, Singapore, the UK and Australia. In FY2023, a fair value gain on investment properties of approximately HK$39.9 million was recorded. This was attributable primarily to the revaluation gain from the office portion of the Kai Tak Development that amounted to approximately HK$18.5 million. As at 31 March 2023, the valuation of investment properties was approximately HK$8.1 billion (31 March 2022: approximately HK$7.9 billion).

Previously, the Group acquired two sites in Shanghai's Baoshan District and both sites will be developed into residential blocks for leasing purpose. Construction commenced on one of the sites in December 2021 with a lettable floor area of approximately 573,000 sq. ft. which is expected to offer approximately 1,700 units of accommodation. The completion of the development is expected to be in FY2027. The other site has yet to commence construction and is expected to offer approximately 2,300 units of accommodation.

## Management Discussion and Analysis


Newly launched upper upscale "Dao by Dorsett"

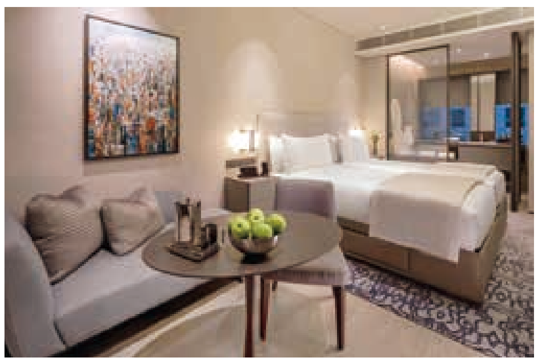
Dao by Dorsett West London

### 2. Hotel operations and management

The Group owns and operates its hotel portfolio through four distinct lines of business, which focusing on the three- to four-star hotel segment. These include Dorsett Hotels and Resorts, which features the upscale "Dorsett", the newly launched upper upscale "Dao by Dorsett", the upscale "d.Collection" which features boutique hotels with unique identities, as well as the mid-scale "Silka" brand for streamlined, cost-efficient stays.

As at 31 March 2023, the Group owned a total of 33 hotels, including the wholly-owned Dorsett Group, TWHE Hotel Group and the Ritz-Carlton hotels in Perth and Melbourne, as well as the partially-owned Dorsett Gold Coast, Sheraton Grand Mirage Resort on Gold Coast and Dao by Dorsett AMTD in Singapore, making for a total of approximately 8,500 rooms. These hotels are located in Mainland China, Hong Kong, Malaysia, Singapore, Australia, the UK and Continental Europe. As at 31 March 2023, the Group also managed 2 other hotels in Malaysia with a combined total of approximately 500 rooms.

As at 31 March 2023, the Group had 9 hotels under its development pipeline, which offer an estimated 2,300 upcoming rooms. Within this pipeline, the Group launched "Dao by Dorsett", an aparthotel brand offering creative and harmonious aparthotels for long-stay guests in July 2022 and rebranded Oakwood Premier AMTD Singapore, a hotel that the Group has a 49% stake, as Dao by Dorsett AMTD Singapore. As a result of the effort and work of the Group's hotel team, we are reporting improved operating results for FY2023, with revenue increasing by 7.4%. With Dao by Dorsett, the Group is excited to build up our asset-light strategy for developing hotel management services in the Middle East and other regions.



Dao by Dorsett AMTD Singapore

On 23 March 2023, the Group opened The Ritz-Carlton, Melbourne, a 257-room luxury hotel, representing the second Ritz-Carlton developed and opened by the Group in Australia. Soon after, the Group opened the Dorsett Melbourne with 316 rooms on 18 April 2023, marking the second Dorsett branded hotel in Australia. The hotels are both located within the West Side Place development, a mixed-use development in the CBD of Melbourne.

The performance of the Group's owned hotel operations for FY2023 is summarised as follows. The results of hotels by region are expressed in their respective local currencies ("LC").

| | Occupancy rate ("OCC") | | Average room rate ("ARR") | | | Revenue per available room ("RevPAR") | | | Revenue | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **FY2023** | FY2022 | **FY2023 (LC)** | FY2022 (LC) | % Change | **FY2023 (LC)** | FY2022 (LC) | % Change | **FY2023 (LC million)** | FY2022 (LC million) |
| Hong Kong (HK$) | **64.7%** | 77.1% | **916** | 892 | 2.7% | **593** | 687 | (13.7%) | **654** | 773 |
| Malaysia (MYR) | **50.3%** | 44.1% | **231** | 183 | 26.2% | **116** | 81 | 43.2% | **74** | 49 |
| Mainland China (RMB) | **44.7%** | 44.3% | **265** | 307 | (13.7%) | **118** | 136 | (13.2%) | **122** | 136 |
| Singapore (SGD)[i] | **78.9%** | 90.8% | **200** | 125 | 60.0% | **158** | 114 | 38.6% | **19** | 13 |
| United Kingdom (GBP) | **71.8%** | 45.7% | **122** | 85 | 43.5% | **87** | 39 | 123.1% | **15** | 9 |
| Australia (AUD)[ii] | **73.7%** | 49.6% | **399** | 425 | (6.1%) | **294** | 211 | 39.3% | **39** | 28 |
| | | | **(HK$)** | (HK$) | | **(HK$)** | (HK$) | | **(HK$ million)** | (HK$ million) |
| Dorsett Group Total[iii] | **58.8%** | 61.6% | **820** | 764 | 7.3% | **483** | 471 | 2.5% | **1,411** | 1,357 |
| TWHE Hotel Group Total | **48.0%** | 28.3% | **675** | 638 | 5.8% | **324** | 181 | 79.0% | **98** | 49 |

Notes:

(i) Excludes Oakwood Premier AMTD Singapore which is equity accounted.

(ii) Excludes The Ritz-Carlton, Melbourne which was opened on 23 March 2023 and excludes Sheraton Grand Mirage Resort and Dorsett Gold Coast which are equity accounted.

(iii) Excludes TWHE Hotel Group but includes Ritz-Carlton in Perth.

FY2023 has been a year of transition, marked by intermittent spikes in COVID-19 infection rates across the countries in which we operate. Despite these challenges, we have seen strong market recoveries in our hotel business following the relaxation of travel restrictions in Europe, Australia, Singapore and Malaysia during the first quarter. Furthermore, we have seen positive momentum in our Hong Kong hotel business as social distancing regulations and quarantine regimes were gradually lifted in the second half of FY2023. Similarly, our hotel business in other Asian markets has shown varying degrees of recovery since the Mainland China border re-opened on 8 January 2023.

In FY2023, Dorsett Group's total revenue from hotel operations and management during the transition period was approximately HK$1,411 million, representing an increase of 4.0% compared to HK$1,357 million in FY2022. The overall OCC remained stable at approximately 58.8% and the overall ARR rose 7.3% to HK$820 per night. As a result, RevPAR increased slightly to HK$483 per night for FY2023.

While the Group is confident of its recovery from the pandemic, it acknowledges that other risks and challenges remain, which require continued vigilance to ensure sustained success. These include the global labour shortage in the hospitality industry, inflation and rising interest rates, as well as ongoing geopolitical uncertainties and economic weakness.

Despite these challenges, the Group remains committed to being agile and vigilant in its approach and strive to enhance shareholder value through the development of new hotel projects and the continual improvement of its existing assets. The Group is excited to announce that it is targeting the opening of its third Dao by Dorsett hotel in the UK, Dao by Dorsett Hornsey, in late 2023. This will be followed by the opening of our flagship hotel in Hong Kong, Dorsett Kai Tak, as well as Dorsett Canary Wharf in London, and Dorsett Brisbane in Australia in the coming years.

### Hong Kong

The Group continued to execute its COVID-19 strategy in the first half of FY2023 by providing safe and clean hotel rooms for quarantine guests, close contact customers and medical workers. In the second quarter of 2022, the pandemic was brought under control. Subsequently, restrictive measures were gradually relaxed from 3+4 (3 days of hotel quarantine followed by 4 days of medical surveillance at home) in August 2022 to 0+3 in September 2022. Additionally, quarantine requirements for overseas visitors were cancelled in December 2022. We are pleased to note that the China-Hong Kong border was re-opened on 8 January 2023, and the 48-hour PCR requirement has been cancelled since 6 February 2023.


Dorsett Wanchai, Hong Kong

During FY2023, the Group's hotel segment shifted its focus from accommodating guests in accordance with government pandemic prevention measures to intensifying its promotions targeting inbound tourists from Mainland China and overseas countries. Nevertheless, the travel restrictions remained in place for most of FY2023 and the inbound tourist demand was suppressed and had an adverse effect on our Hong Kong hotels' performance. This resulted in a 15.4% decrease in total revenue for Hong Kong hotel operations. OCC in Hong Kong decreased by 12.4 percentage points to 64.7%, while ARR increased by 2.7% to HK$916 compared to FY2022, resulting in a decrease of 13.7% in RevPAR to HK$593. Throughout the year, Hong Kong contributed HK$654 million, accounting for approximately 43.3% of the Group's hotel revenue.

Hotel bookings in Hong Kong have increased significantly since March 2023. The Group's hotels in Hong Kong have achieved improved rates. The Group is optimistic about Hong Kong's hotel business performance in FY2024 and expects strong performance.

Dorsett Kai Tak, consisting of approximately 373 rooms, is expected to open and operate by Dorsett Group in the first half of 2024. This hotel will be the Group's flagship hotel in Hong Kong as part of our operating hotel assets in long term. The land title of Dorsett Kai Tak is expected to be separated from the Kai Tak Commercial development and is currently under internal organisational restructuring.

Construction at Dorsett Kai Tak, Hong Kong

### Malaysia

The hotel business in Malaysia has returned to normalcy quickly since the removal of travel restrictions and the re-opening of the Malaysian border to fully vaccinated foreign travellers on 1 April 2022.

As a result, total revenue from the Group's Malaysia hotels increased 51.0% to approximately MYR74 million as compared with FY2022. ARR increased by 26.2% to MYR231 and OCC increased to 50.3%, resulting in a 43.2% increase in RevPAR to MYR116.

### Mainland China

In June 2022, the Chinese government announced a reduction in quarantine requirements from 14 to 7+3 days (7 days hotel quarantine followed by 3 days home medical surveillance), and finally announced the re-opening of the border on 8 January 2023, which has benefited to our hotels in Mainland China, as we are already seeing some returns of international business along with strong domestic clientele.

For the majority of FY2023, hotels in Mainland China faced rigid travel restrictions, resulting in a limited recovery of our hotel business compared with other regions. As a result, OCC in our hotels remained stable at approximately 44.7% and ARR fell 13.7% to RMB265, resulting in our RevPAR recording a drop of 13.2% year-on-year to RMB118. Total revenue also recorded a decrease of 10.3% to RMB122 million.

Mainland China's hotel business has demonstrated a good recovery since the re-opening of the border, and it is expected that the Group's Mainland China hotels will perform better in FY2024 than FY2023.

### Singapore

Dorsett Singapore

In April 2022, Dorsett Singapore, our 285-room hotel in downtown Singapore, transitioned from accommodating quarantine guests and healthcare staff to normal operations as the borders re-opened.

As a result of the tourism boom in Singapore, Dorsett Singapore has recorded a significant increase in ARR from SGD125 to SGD200, as well as an increase in RevPAR by 38.6% to SGD158. In turn, Dorsett Singapore's revenues increased significantly from SGD13 million to SGD19 million as a result of this growth.

## Management Discussion and Analysis

### UK

The Group's UK hotels experienced significant improvement in their business performance during FY2023. The OCC steadily increased from the beginning of FY2023, as tourists and business travellers returned to London. Additionally, the opening of Dao by Dorsett West London in July 2022 significantly boosted our operations in the UK. The management contract of Dorsett City London, which was sold by the Group in June 2021, expired on 13 March 2023.


Dao by Dorsett West London

Total revenue for the Group's UK hotels increased by 66.7% year-on-year to GBP15 million, with a 26.1 percentage points increase in OCC year-on-year to 71.8% and a 43.5% increase in ARR year-on-year to GBP122. The outlook for the Group's hotels in the UK is bright as travel returns to normal and the current value of the Pound Sterling provides an added incentive to visit the UK.

### Australia

Since the border re-opened in February 2022, The Ritz-Carlton, Perth has continued its progression and experienced strong leisure demand, as well as increased corporate demand.


Dorsett Gold Coast, Australia

The Dorsett Gold Coast opened with very strong demand, but its performance has not been consolidated due to the Group's one-third ownership in the hotel. It is anticipated that our hotel business in Australia will perform strongly in FY2024 with the contributions from the wholly-owned Ritz-Carlton Melbourne and Dorsett Melbourne.

As a result, the Group's hotels in Australia recorded a total revenue of approximately AUD39 million with 73.7% OCC and AUD399 ARR for FY2023, which represented a growth of 39.3% in revenue and 39.3% growth in RevPAR over FY2022.

### Continental Europe – TWHE Hotel Group

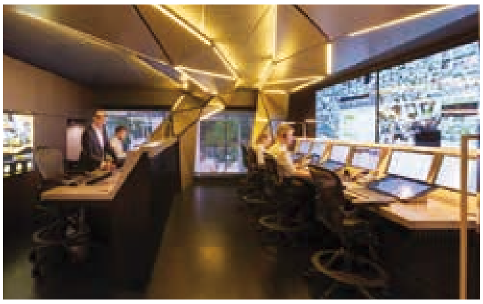
TWHE hotels in Continental Europe have benefited from the lifting of government travel restrictions and have been able to welcome international guests starting in FY2023. While at the same time, we are seeking to mitigate the impact of inflation, rising energy costs, and a shortage of labour in the hospitality industry, all of which are becoming increasingly important.

Hotel Donauwelle, Austria

As a result, overall OCC increased 19.7 percentage points to 48.0% and ARR increased 5.8% to HK$675, resulting in a 79.0% growth in RevPAR to HK$324. Total revenue for TWHE hotels increased significantly to HK$98 million in FY2023 compared to HK$49 million in FY2022.

## 3. Car park operations and facilities management

The Group's car park operations and facilities management business, including car park operations that operate under the "Care Park" brand, has a portfolio of car park bays amounting to 119,245 bays which were owned or managed by the Group as at 31 March 2023. Among the Group's 403 car parks, 24 were self-owned car parks with 8,616 car park bays. The remaining car park bays in Australia, New Zealand, the UK, Hungary and Malaysia remain under management contracts with third-party car park owners.



Central monitoring system, Care Assist

In FY2023, the Group's car park operations and facilities management business underwent some senior management changes and is now well-positioned for growth. The Group's revenue from car park operations and facilities management experienced steady growth, reporting a 13.6% increase compared to FY2022 to approximately HK$754 million. This growth is attributed to the gradual relaxation of travel restrictions and residents' movements. As with our other operations, we anticipate a gradual return to normalcy in the near future.

We will continue to execute our strategy of monetising mature car parks and recycling capital to reinvest in projects with higher internal rates of return. In FY2023, the Group successfully monetised several car parks. The proceeds from these disposals have been used to reduce debt or invest in operations.

## 4. Gaming operations and management

**Europe**

The Group operates its portfolio of 3 casinos in the Czech Republic through TWHE which features gaming tables and slot machines. All the casinos were rebranded as "PALASINO" during FY2022.


All casinos under TWHE were rebranded as "PALASINO"

In FY2023, the Group's 3 casinos were fully operational, as opposed to the two-month temporary closure in FY2022 due to the COVID-19 pandemic. With the gradual relaxation of pandemic-related restrictions and the recovery of economic environment, gaming operations quickly resumed and generated favourable returns.

As a result, revenue from TWHE's gaming operations in FY2023 increased significantly by 28.0% to approximately HK$296 million (net of gaming tax) as compared to FY2022. The Group's gaming revenues have proven to be very resilient as the casinos have built a loyal customer base.

TWHE has obtained an online gaming licence in Malta in November 2022. Looking ahead, the Group remains optimistic about its gaming business and ability to capitalise on growth opportunities in the region. In March 2023, the Group completed a USD20 million placement for 10% stake in Turbo Century Limited, the intermediate holding company of TWHE. The Group is currently exploring the opportunity for a capital market deal to unlock the full potential of TWHE to create additional value for shareholders.

## Management Discussion and Analysis

The following tables set forth certain operating data of TWHE's casinos for the period ended 31 March 2023:

| | **As at 31 March 2023** | As at 31 March 2022 |
|---|---|---|
| Number of slot machines | **560** | 446 |
| Number of tables | **59** | 65 |
| | **FY2023** | FY2022 |
| Table game revenue[i] (HK$ million) | **75** | 55 |
| Slots revenue[i] (HK$ million) | **204** | 145 |
| Average table game win rate[ii] | **21.6%** | 20.9% |
| Average slot win per machine per day (HK$) | **1,533** | 1,644 |

Notes:

(i) Net of gaming tax.

(ii) Table game win rate is defined as total win on the gaming table (being total bets received less payouts made) divided by total amount of cash and non-negotiable chips deposited on the gaming table.

### Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and currently has a 4.98% equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, the Gold Coast and Brisbane. In February 2023, the Star raised AUD800 million in a rights issue to replenish its balance sheet. The Group and CTF both subscribed to their pro-rata entitlement of approximately AUD40 million.

Strategic benefits to the Group from this investment and the strategic alliance agreement are:

(i) strengthening the Group's relationship with The Star;

(ii) forging a partnership with The Star for potential mixed-use property projects, and adding to the Group's development pipeline in Australia; and

(iii) allowing the Group to increase its exposure to the QWB Project and benefit from The Star's future growth.


Construction at Queen's Wharf Brisbane

The Group owns 25% of the integrated resort in Brisbane. Together with The Star and CTF, the Group is building three world-class hotels, high-end gaming facilities with VIP rooms, food and beverage outlets and more than 6,000 sq. m. of retail and eatery space that will be operated by DFS Group, a global leader in retail operations.

The QWB Project is currently under construction, with its first stage expected to be completed and opened in FY2024.

## 5. BC Invest – Provision of mortgage services

As an extension of its property development business, the Group established a mortgage lending platform under BC Invest that specialises in providing residential mortgages to non-resident international property buyers. BC Invest is highly synergistic with the Group's property development business and offers significant growth potential beyond it.

After carefully reviewing potential markets in which it could grow its business, BC Invest expanded to the UK in late FY2021 and the response has been positive. BC Invest is building an asset management business (retail and institutional) to diversify its business model and financing sources. It is also extending its mortgage business to the domestic resident market.

Loans and advances reached approximately AUD4.3 billion as at 31 March 2023, an increase of about 65.3% from 31 March 2022. BC Invest has strict lending rules, a highly diversified portfolio and a prudent weighted average loan-to-value ratio for Australia and the UK. Net interest margin was maintained at 1.39% in FY2023 as BC Invest aimed to capture more market share. Though most of the capital is provided by third parties, the Group has committed approximately AUD14.3 million as at 31 March 2023, which was classified as investment securities. Including interest income from funding, BC Invest contributed approximately HK$13.9 million to the Group's profit in FY2023.

On 31 March 2023, BC Invest acquired the remaining portion of Mortgageport it did not already own, resulting in full ownership of Mortgageport. Mortgageport is a leading non-bank lender, catering mostly to domestic borrowers. Including third party assets under management, BC Invest managed a total AUM of approximately AUD5.3 billion as at 31 March 2023.

BC Invest's Exhibition

On the funding side, it continued to diversify its funding sources by tapping into the RMBS market. In April 2022, it issued an RMBS that raised AUD416 million, featuring a proportion of domestic borrowers and green tranches. This was followed by two more RMBS transactions in August 2022 and December 2022, each for AUD408 million. These transactions featured a proportion of Australian domestic and SMSF prime borrowers.

Post year end in April 2023, BC Invest successfully issued its seventh RMBS and raised AUD507 million. This transaction is backed by first mortgage loans to Australian resident borrowers, including SMSF prime borrowers. The issuance signals a shift towards a largely resident borrower RMBS program mix.

## OUTLOOK

Despite the recent rise in interest rates and inflation, which may lead to higher interest and operating expenses that could impact our operations and financial performance in the foreseeable future, the Group still remains cautiously optimistic. Our underlying businesses are on the upswing and are expected to each deliver a good revenue over the next 12 months. We are confident that our diverse portfolio and our dedication to sustainable growth strategies will enable us to navigate these headwinds effectively. We will strive to emerge stronger in the long run.

The property development operations should see significant settlements across Singapore, Australia and the United Kingdom, in particular, as a number of our projects are coming to fruition. Hyll on Holland in Singapore, West Side Place (Towers 3 and 4) in Melbourne should continue to see significant settlements over the next 12 months and likewise in the UK, the Group will continue to settle Hornsey Town Hall in London as well as New Cross Central in Manchester. This should provide strong cash flows for the Group and result in further deleveraging for the Group. In addition, the Group is actively finalising the preparatory work to launch a number of exciting projects in Hong Kong, including the JV residential project in Kai Tak and the residential project in Sai Ying Pun comprising approximately 1,300 units and 200 units with some retail space, respectively. These projects will launch in either FY2024 or early FY2025. The Group is also working actively to launch the next phase of its Victoria North masterplan and Collyhurst Village in Manchester.

The Group's presales and unbooked contracted sales remain at a healthy level of HK$18.7 billion, representing future settlements for the Group and providing strong visibility of future cash flows in the years to come. As we settle our existing projects and launch new projects, we do expect that number to vary but not to change significantly as the Group always aims to replenish its landbank and continues to come up with exciting and attractive new residential projects.

Our recurring income businesses are expected to continue to perform well. In particular, our hotel operations should see a solid rebound in Hong Kong as the border with Mainland China has re-opened. With the return of tourists and business travellers, along with resumption of conferences and entertainment events, our hotels are well-positioned to benefit. As the world continues to emerge from the pandemic and travelling becomes more common, we anticipate that our Group's properties will benefit. We are pleased to have added two new hotel properties, namely The Ritz-Carlton, Melbourne and the Dorsett Melbourne, which are situated in prime locations and are expected to contribute significantly to the performance of our hotel operations. In addition, we have several new hotels in the pipeline and should come on stream in the next 24 to 36 months, including new Dorsett hotels in Hong Kong, Perth and London; as well as hotels held through JVs with The Star and CTF, including a new hotel on the Gold Coast and three new hotels at Queen's Wharf in Brisbane. With these new landmark additions, we expect our hotel business to see incredible growth over the years to come.

The car park operations are experiencing a gradual recovery as commuters are adopting a park-and-ride approach by returning to city centres and showing a slight preference for private transportation which result in an increase in occupancy and rates. Following a meticulous review of the Group's overall assets' portfolio, the Group have decided to sell a number of matured car parks; primarily those that have already undergone significant repositioning and revaluation. Whilst some car parks have been sold, the third party management business has continued to grow. This has helped to limit the impact of any revenue loss.

At TWHE, the Group's European gaming and hospitality operations continue to strengthen as patrons continue to enjoy returning to brick-and-mortar gaming establishments. The Group has introduced a third-party investor and is currently undergoing a potential spin-off and separate listing of its operations on the Stock Exchange. The upcoming opening of the integrated resort at Queen's Wharf in Brisbane – a JV project with The Star and CTF in the calendar year 2024, will contribute to the Group's recurring income businesses. Overall, all of the Group's recurring income businesses are well positioned to enjoy another solid year ahead.

The Group has been focused on monetising non-core mature assets. Over the course of the last 12 months, a number of mature car park assets and existing completed of residential inventory were sold. In addition, construction of the Kai Tak office building which was sold to CLP for HK$3.38 billion, is progressing well and is expected to be completed in FY2025 as planned. However, the Group continues to work on more disposals, including the sale of a few car parks and potentially some non-core hotels. The intention of the Group is to sell mature or low yielding assets to reduce debt and/or to recycle the capital into projects that generate more attractive returns. Generally, as the interest rate backdrop has changed, the Group is taking steps to adjust the nature and the return profiles of its asset portfolio.

The Group's balance sheet and access to capital continues to be good. Whilst the bond market does not offer now as attractive terms as in the past, primarily due to headwinds in the real estate sector in China, the core banking relationships of the Group continue to provide ample support at competitive rates. Our current gearing and leverage ratios are expected to come down as residential property settlements continue to occur and as our recurring income businesses continue to provide steady and growing cash flows. In addition, a number of the Group's assets are denominated in currencies other than our reporting currency of the Hong Kong dollar. If and when the Hong Kong dollar depreciates against those currencies, the gearing and leverage ratios are expected to improve marginally providing a further tailwind to the strength of the balance sheet.

BC Invest continues to grow steadily despite a rising interest rate environment. The business is expected to continue to grow as more products are launched in the market and more end customers are targeted. The Australian borders are opened again and residential real estate continues to be sought after by non-residents and residents alike. As a result, prices are well underpinned and may continue to stabilise and increase, especially if interest rates do not rise anymore and actually start to fall. BC Invest has been a frequent issuer of RMBS and has built a strong following of institutional investors. That allowed BC Invest to tap into the bond market and obtain attractive financing terms, even in very volatile market conditions. BC Invest also works closely with large local and international financial institutions that offer warehousing facilities at competitive rates, enabling BC Invest to continue to grow its AUM and service its customers. The next 12 months will be pivotal as the business has reached an inflection point in regard to profitability and more strategic discussions are underway to explore the next growth phase of BC Invest.

The Group is expected to reap the benefits of many years of hard work over the next 12 to 24 months. Several landmark projects are set to complete and drive significant cash flows. Furthermore, the addition of many new hotels will create recurrent revenues to the Group. Meanwhile, the Group will continue to review its asset portfolio and seek opportunities to recycle capital. Despite prevailing economic uncertainty, the Group aims to remain cautious and defensive. However, we are well positioned to benefit from the re-opening of the global economy and will continue to stay focused on executing strategy across all business segments.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group had approximately 3,900 employees. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions.


Annual Dinner 2023

# Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with HKFRS, non-GAAP financial measures of adjusted cash profit, adjusted cash profit margin, adjusted gross profit, adjusted gross profit margin, adjusted net asset value attributable to shareholders, adjusted net asset value per share, adjusted total assets, adjusted net gearing ratio, adjusted revenue and adjusted total equity have been presented in this report. The Company's management believes that the non-GAAP financial measures provide investors with a clearer view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding certain non-cash items and certain impact from non-recurring activities and minority interests. Nevertheless, the use of these non-GAAP financial measures has limitations as an analytical tool. These unaudited non-GAAP financial measures should be considered in addition to, and not as a substitute for, analysis of the Group's financial performance prepared in accordance with HKFRS. In addition, these non-GAAP financial measures may be defined differently from similar terms used by other companies.

**Adjusted cash profit** represents the profit attributable to shareholders of the Company before (i) change in fair value of investment properties (after tax); (ii) change in fair value of financial assets at fair value through profit or loss ("FVTPL"); (iii) (loss) gain on disposal of debt instruments at FVTOCI; (iv) change in fair value of derivative financial instruments; (v) (reversal of) impairment loss under expected credit loss ("ECL") model recognised on trade debtors; (vi) impairment loss under ECL model recognised on debt instruments at FVTOCI; and (vii) depreciation and impairment; and adjusted for minority interests. We do not believe said items are reflective of our core cash profit from our operating performance during the periods presented.

**Adjusted cash profit margin** represents the adjusted cash profit (as defined above) which represents the profit attributable to shareholders of the Company before (i) change in fair value of investment properties (after tax); (ii) change in fair value of financial assets at FVTPL; (iii) (loss) gain on disposal of debt instruments at FVTOCI; (iv) change in fair value of derivative financial instruments; (v) (reversal of) impairment loss under ECL model recognised on trade debtors; (vi) impairment loss under ECL model recognised on debt instruments at FVTOCI; and (vii) depreciation and impairment; and adjusted for minority interests divided by the revenue. We do not believe said items are reflective of our core cash profit margin from our operating performance during the periods presented.

**Adjusted gross profit** represents gross profit before depreciation and excludes depreciation of leased properties under HKFRS 16. We do not believe said items are reflective of our core gross profit from our operating performance during the periods presented.

**Adjusted gross profit margin** represents the adjusted gross profit which represents the gross profit before depreciation and excludes depreciation of leased properties under HKFRS 16 divided by the revenue. We do not believe said items are reflective of our core gross profit margin from our operating performance during the periods presented.

**Adjusted net asset value attributable to shareholders** represents the equity attributable to shareholders of the Company after accounting the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and 2022 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023 and was not recognised in the Group's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

## Non-GAAP Financial Measures

**Adjusted net asset value per share** represents the adjusted net asset value attributable to shareholders after adjusting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and 2022 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023 and was not recognised in the Group's consolidated financial statements divided by the number of shares issued as at 31 March 2023 and 2022. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

**Adjusted total assets** represents the total assets after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and 2022 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023 and was not recognised in the Company's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

**Adjusted total equity** represents the total equity includes the 2019 Perpetual Capital Notes and after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and 2022 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023 and was not recognised in the Group's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

**Adjusted net gearing ratio** represents the net debts to adjusted total equity which includes the 2019 Perpetual Capital Notes and after accounting for the hotel revaluation surplus which was based on independent valuation carried out as at 31 March 2023 and 2022 and included the valuation of Dorsett Melbourne which was completed before 31 March 2023 but opened in April 2023 and was not recognised in the Group's consolidated financial statements. We believe the adjustment of hotel revaluation surplus brings a more meaningful and useful information of the asset value of the Group.

**Adjusted revenue** represents the consolidated revenue after adjusting for the sales generated from a residential property project, The Star Residences (Tower 1), which is not presented as the consolidated revenue in the financial statements and accounted in the share of JVs by equity accounting and proceeds generated from the disposal of a subsidiary holding a residential property project, which is not presented as the consolidated revenue in the financial statements. It enhances the overall understanding of our core operating performance during the periods presented.

## Non-GAAP Financial Measures

The following tables set forth the reconciliations of the Group's non-GAAP financial measures for the years ended 31 March 2023 and 2022 to the nearest measures prepared in accordance with HKFRS:

| | FY2023 HK$'000 | FY2022 HK$'000 |
|---|---|---|
| Profit for the year attributable to shareholders of the Company | **172,185** | 1,300,381 |
| Less: Change in fair value of investment properties (after tax) excluding that relating to 21 Anderson Road[i] | **(37,025)** | (538,526) |
| Add: Change in fair value of financial assets at fair value through profit or loss | **(20,493)** | 27,723 |
| Loss/gain on disposal of debt instruments at FVTOCI | **84,753** | 129,785 |
| Change in fair value of derivative financial instruments | **(34,078)** | (54,196) |
| Impairment loss under ECL model recognised on trade debtors | **5,718** | 19,784 |
| Impairment loss under ECL model recognised on debt instruments at FVTOCI | **–** | 78,258 |
| Depreciation and impairment[ii] | **404,595** | 461,774 |
| **Adjusted cash profit (Non-GAAP)** | **575,655** | 1,424,983 |
| **Adjusted cash profit margin (Non-GAAP)** | **9.1%** | 24.2% |

| | FY2023 HK$'000 | FY2022 HK$'000 |
|---|---|---|
| Gross profit | **1,668,503** | 1,984,037 |
| Depreciation[iii] | **284,261** | 312,573 |
| **Adjusted gross profit (Non-GAAP)** | **1,952,764** | 2,296,610 |
| **Adjusted gross profit margin (Non-GAAP)** | **30.8%** | 39.0% |

| | FY2023 HK$ million | FY2022 HK$ million |
|---|---|---|
| Equity attributable to shareholders of the Company | **12,355** | 14,632 |
| Hotel revaluation surplus[iv] | **19,236** | 18,796 |
| **Adjusted net asset value attributable to shareholders (Non-GAAP)** | **31,591** | 33,428 |
| Number of shares issued (million) | **2,706** | 2,420 |
| **Adjusted net asset value per share (Non-GAAP)** | **HK$11.67** | HK$13.81 |

| | FY2023 HK$ million | FY2022 HK$ million |
|---|---|---|
| Total assets | **53,423** | 54,804 |
| Hotel revaluation surplus[iii] | **19,236** | 18,796 |
| **Adjusted total assets (Non-GAAP)** | **72,659** | 73,600 |

| | FY2023 HK$ million | FY2022 HK$ million |
|---|---|---|
| Total equity | **15,648** | 17,910 |
| Hotel revaluation surplus[iii] | **19,236** | 18,796 |
| **Adjusted total equity (Non-GAAP)** | **34,884** | 36,706 |
| **Net debts** | **25,729** | 21,259 |
| **Adjusted net gearing ratio (net debts to adjusted total equity) (Non-GAAP)** | **73.8%** | 57.9% |

| | FY2023 HK$'000 | FY2022 HK$'000 |
|---|---|---|
| Revenue | **6,345,861** | 5,895,636 |
| Proceed from the disposal of 21 Anderson Road | **–** | 1,242,959 |
| Attributable sales from The Star Residences (Tower 1) | **526,679** | – |
| **Adjusted revenue (Non-GAAP)** | **6,872,540** | 7,138,595 |

Notes:

(i) Excludes the fair value gain on 21 Anderson Road of approximately HK$100 million which was recorded as a disposal of a subsidiary in FY2022.

(ii) Represents the aggregate amount of depreciation expense recognised in cost of sales and administrative expenses for the year but excludes any minority interests.

(iii) Represents the depreciation expense recognised in cost of sales but excludes the depreciation expenses of leased properties under HKFRS 16.

(iv) Based on the independent valuations carried out as at 31 March 2023 and 31 March 2022 respectively.

# Awards and Accolades

- **Two Awards at "FinanceAsia's 2022 Asia's Best Companies" Poll**
  - Best CEO in Hong Kong
  - Best Small-Cap Company in Hong Kong

- **Three Awards at "12th Asian Excellence Award 2022"**
  - Asia's Best CEO: Tan Sri Dato' David Chiu, Chairman and Chief Executive Officer
  - Asia's Best CFO: Mr. Boswell Cheung, Chief Financial Officer and Company Secretary
  - Best Investor Relations Company

- **Gold ESG Corporate Governance Award at "Pacific Basin Economic Council - Environment Social & Governance Awards 2022-2023"**

- **Best Use of Multimedia for IR (small to mid-cap) at "IR Magazine Awards 2022"**

- **Three Honours at "HKIRA 8th Investor Relations Awards 2022"**
  - Best IR Company
  - Best Investor Meeting
  - Best Annual Report

- **Bronze Award in "Traditional Annual Report – Property Development: Various & Multi-Use" at the 2022 International ARC Awards**

- **Five Awards at "Questar Awards 2022"**
  - Interactive Annual Report: Overall Presentation in Asia/Pacific – Gold
  - Corporations: Video Story Telling – Silver
  - Corporations: Video Campaign – Bronze
  - Corporations: Sustainability/Corporate Responsibility – Bronze
  - Interactive Annual Report: Corporate Social Responsibility Report – Bronze

- **Three Awards at "iNOVA Awards 2022"**
  - Corporate Websites: Corporate Image – Gold
  - Online Annual Reports: Real Estate – Silver
  - Investor / Shareholder Relations – Bronze

- **Titanium Award at "The Asset ESG Corporate Awards 2022"**


- **Caring Company Logo 2022/23 by Hong Kong Council of Social Service**

- **Two awards at "Mercury Excellence Awards 2022-2023"**
  - Bronze Awards: Annual Reports Interior Design Category (Traditional Format/Asia Pacific)
  - Bronze Awards: Special Events Deeply Rooted, Far Ahead – 50th Anniversary of FEC's Listing (Anniversary)

- **Bespoke and Urban Developer of the year at the Insider North West England Residential Property Awards**

- **"Green Management Award – Project Management (Large Corporation) – Silver" organised by Green Council – Composite Development at NKIL 6607, Shing Kai Road, Kai Tak**

# Awards and Accolades

## HONG KONG
### Dorsett Hospitality International

- 10 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service

- Manpower Developer 2020-2025 by Employees Retraining Board

- Best Corporate Social Responsibility Award – GRAND by CTgoodjobs Best HR Awards 2022

- Best Corporate Wellbeing Programme Award – GOLD by CTgoodjobs Best HR Awards 2022

- Best Employee Engagement Strategy Award – GOLD by CTgoodjobs Best HR Awards 2022

### Dorsett Kwun Tong, Hong Kong

- Certificate of "Charter on External Lighting" by Environment Bureau

- 10 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service

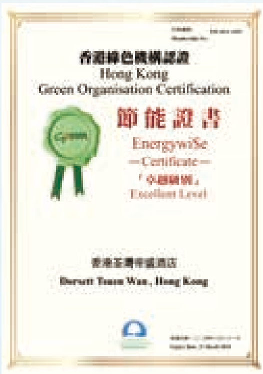
### Dorsett Mongkok, Hong Kong

- 10 years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service

- Hotels and Recreational Clubs – Certificate of Merit under the 2021 Hong Kong Awards for Environmental Excellence (HKAEE), by Environmental Campaign Committee (ECC)

## Dorsett Tsuen Wan, Hong Kong

- Energywi$e Certificate by The Environmental Campaign Committee


香港綠色機構認證
Hong Kong
Green Organisation Certification
節能證書
EnergywiSe
—Certificate—
Excellent Level
Dorsett Tsuen Wan, Hong Kong

- Wastewi$e Certificate by The Environmental Campaign Committee


香港綠色機構認證
Hong Kong
Green Organisation Certification
減廢證書
WastewiSe
—Certificate—
Basic Level
Dorsett Tsuen Wan, Hong Kong

- 5 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service

- Certificate of Appreciation under #SayYesToBreastfeeding by unicef


unicef
Certificate of Appreciation
Breastfeeding Friendly Premises

- Certificate of Appreciation under Breastfeeding Friendly Workplace by unicef


unicef
Certificate of Appreciation
Breastfeeding Friendly Workplace

- Travellers' Choice 2022 by TripAdvisor

## Dorsett Wanchai, Hong Kong

- 10 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service

- Travellers' Choice 2022 by TripAdvisor

## Awards and Accolades

- **Hong Kong Sustainability Award 2022 by The Hong Kong Management Association**
  - Grand Award & Distinction Award (Medium-sized Organisations Category)

  - Excellence in Economic Sustainability Initiative
  - Excellence in Social Sustainability Initiative
  - Excellence in Pandemic Resilience
  - Excellence in Innovation

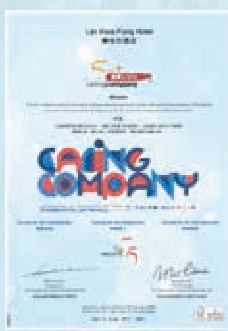
### Cosmo Hotel Hong Kong

- **10 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service**

- **Travellers' Choice 2022 by TripAdvisor**

### Lan Kwai Fong Hotel @ Kau U Fong

- **5 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service**



- **2023 Peach Blossom Trees Recycling Programme Certificate of Appreciation by Environment and Ecology Bureau**

- **Travellers' Choice 2022 by TripAdvisor**

### Silka Far East, Hong Kong

- **5 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service**

## Silka Seaview, Hong Kong

- 5 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service

## Silka Tsuen Wan, Hong Kong

- Energywi$e Certificate by The Environmental Campaign Committee


香港綠色機構認證
Hong Kong
Green Organisation Certification
節能證書
EnergywiSe
—Certificate—
「良好級別」
Good Level
香港荃灣絲麗酒店
Silka Tsuen Wan, Hong Kong

- Wastewi$e Certificate by The Environmental Campaign Committee


香港綠色機構認證
Hong Kong
Green Organisation Certification
減廢證書
WastewiSe
—Certificate—
「基礎級別」
Basic Level
香港荃灣絲麗酒店
Silka Tsuen Wan, Hong Kong

- Hong Kong Green Organization Certification by The Environmental Campaign Committee


Silka Tsuen Wan, Hong Kong

- Platinum Award of Charter on External Lighting by The Environment and Ecology Bureau

- 5 Years+ Caring Company Logo under "Caring Company Scheme" by the Hong Kong Council of Social Service (2017-2022)


- Travellers' Choice 2022 by TripAdvisor

# Awards and Accolades

## MAINLAND CHINA

### Dorsett Chengdu

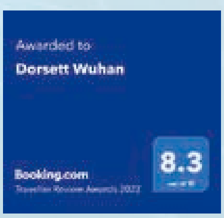
- 2022 The Most Popular Hotel of China by Trip.com Group

- Fire Fighting Advanced Unit by Xiyuhe Street Luomashi Community


### Dorsett Wuhan

- 2022 Influential Hotel of the year by Meituan

- Traveller Review Awards 2022 (8.3/10) by Booking.com




## SINGAPORE

### Dorsett Singapore

- Traveller Review Awards 2022 (8.1/10) by Booking.com


- Certificate of Appreciation by Safety & Security Watch Group


- Excellent Service Award (EXSA) 2022 by Singapore Hotel Association

### Dao by Dorsett AMTD Singapore

- Customer Review Awards 2022 (9.0) by Agoda


- Gold Circle Award 2022 by Agoda


- Serviced Residence Apartment of The Year 2022 by Savour BlackBookAsia

## Awards and Accolades

- National Kindness Award - Service Gold 2022 by the Singapore Kindness Movement and Singapore Hotel Association

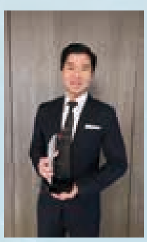
- 2022 Excellent Service Award – STAR by Singapore Hotel Association

- Employee of the Year Award 2022 by National Trades Union Congress & Singapore Hotel Association

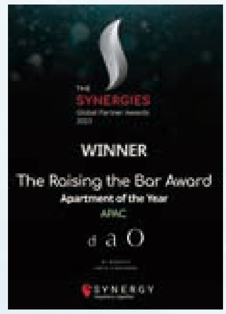
- Best Serviced Residence (Property Level) by TTG Travel Awards 2022

- NS Mark Gold Award 2022 by The Advisory Council on Community Relations in Defence

- Total Defence Awards 2022 by The Advisory Council on Community Relations in Defence



- The Raising the Bar Award – Apartment of the Year APAC by The Synergies Global Partner Awards 2023




### AUSTRALIA
### Dorsett Gold Coast

- Traveller Review Award 2023 (8.4/10) by Booking.com


- 2022 Queensland Tourism Award – New Tourism Business Category – Silver Place

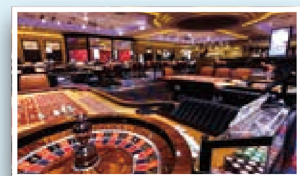
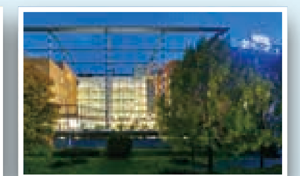


## UNITED KINGDOM

- Property development
- Property investment
- Hotel operations
- Car park operations and facilities management


## CONTINENTAL EUROPE

- Hotel operations
- Car park operations and facilities management
- Gaming and entertainment

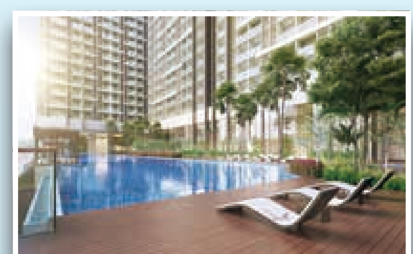
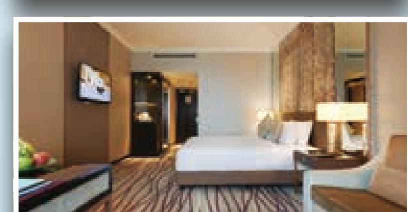



## SINGAPORE

- Property development
- Property investment
- Hotel operations


## MALAYSIA

- Property development
- Hotel operations
- Car park operations and facilities management

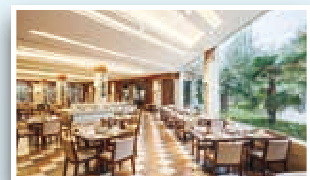



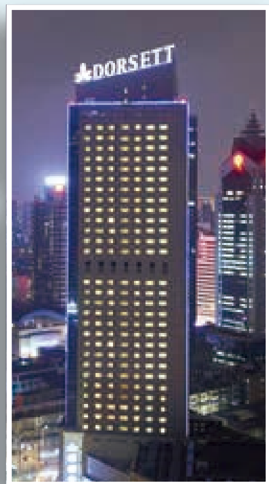
# Diversified and Balanced Portfolio of Businesses

**The Group has a geographically diverse footprint across the Asia Pacific and Europe**

## MAINLAND CHINA

- Property development
- Property investment
- Hotel operations



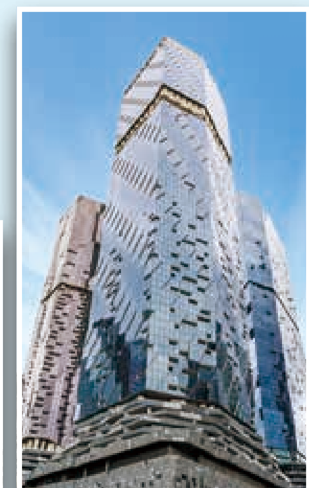


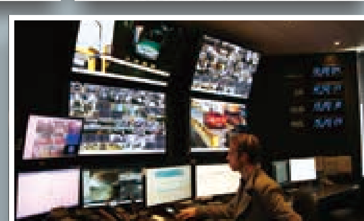

## HONG KONG

- Property development
- Property investment
- Hotel operations

## AUSTRALIA & NEW ZEALAND

- Property development
- Property investment
- Hotel operations
- Car park operations and facilities management
- Gaming and entertainment





# Major Projects

## Hong Kong, China


**Project Name: Mount Arcadia**

**Development Address:** 8388 Tai Po Road, Shatin Heights

**District:** Shatin, Hong Kong

**Property Website:** www.mountarcadia.com.hk

**Approximate Saleable Floor Area (sq. ft.):** 84,000

**Number of Residential Units:** 66

**Completion:** FY2022

**Building floors:** 12

**Geographical Environment:**

- Located in Shatin, Hong Kong, a quiet area with development potential. Residents will enjoy a world-class project surrounded by lush greenery. Mount Arcadia is located near many major roads, making transportation very convenient.

**Project Highlights:**

- Residents can choose from 66 medium to large-sized residential developments;
- The development is an 8-minute drive to Kowloon Tong, 16 minutes to Central, 24 minutes to Lok Ma Chau Control Point and Lo Wu district, and 26 minutes to Hong Kong International Airport. Residents will enjoy the simplicity of living within a 30-minute drive to numerous key destinations;
- The property has a total of 68 car bays for residents' convenience; and
- Nearby the site is an excellent network of prestigious elementary schools, historically-renowned schools, private schools, and international schools, a number of which are known for sending their students to top universities.

## Hong Kong, China

**Project Name: Kai Tak Development**

**Development Address:**
Shing Kai Road, Kai Tak, New Kowloon Inland Lot No. 6607

**District:** Kai Tak, Hong Kong

**Approximate Saleable Floor Area (sq. ft.):** 174,000

**Number of Hotel Rooms:** 373

**Expected Completion:** FY2024/FY2025

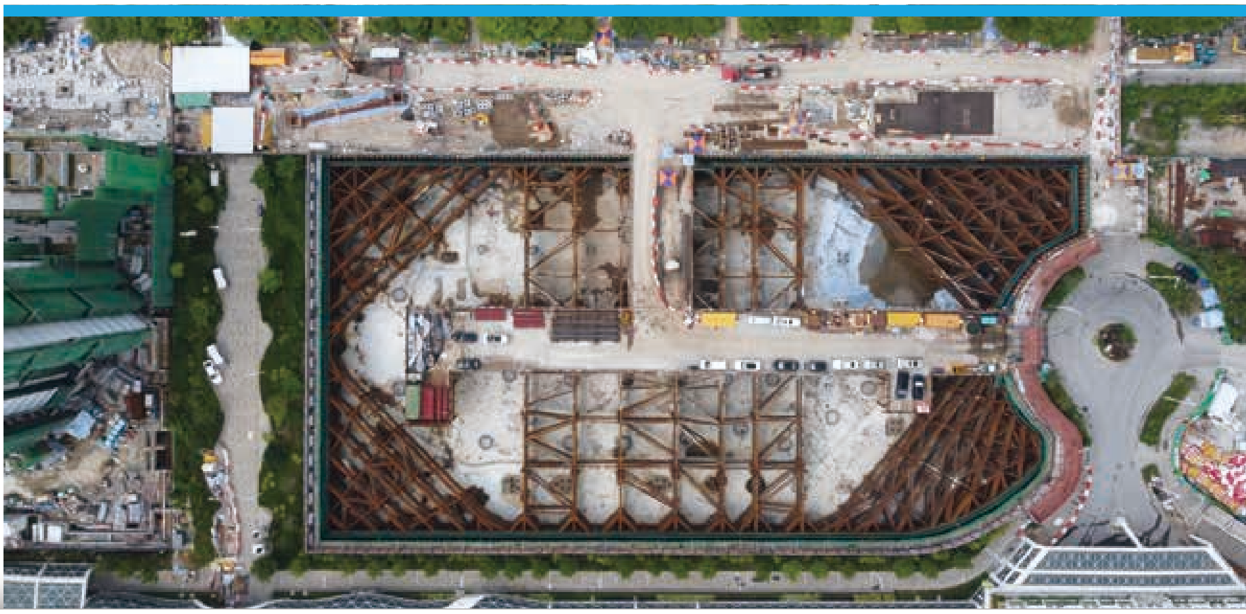
**Building Floors (including retail area):** 14

**Geographical Environment:**
- This prime piece of land is currently benefitting from significant ongoing infrastructural investments, with more to come. It will be adjacent to sports facilities, retail space and significant residential developments.

**Project Highlights:**
- The development will have convenient access to transportation hubs, with the Sung Wong Toi and Kai Tak stations both a 10-minute walk away;
- There will be some retail space;
- Nearby the site will be Kai Tak Sports Park, which will begin to welcome its first spectators in 2024; and
- The development will house a 373-room flagship Dorsett hotel.

## Major Projects

# Hong Kong, China



**Project Name: Kai Tak Residential**

**Development Address:**
Kai Tak Area 4B Site, New Kowloon Inland Lot No. 6591

**District:** Kai Tak, Hong Kong

**Approximate Saleable Floor Area (sq. ft.):** 508,000

**Number of Residential Units:** approximately 1,300

**Expected Launch Time:** FY2024

**Expected Completion:** FY2026/FY2027

**Building Floors:** 25

**Geographical Environment:**
- Located in Kai Tak, the site's surrounding area is undergoing significant redevelopment by the Hong Kong government and will offer residents access to upgraded infrastructure.

**Project Highlight:**
- The project lies along the waterfront, providing residents with a tranquil sea view.

**Remark:**
- The Group has a 50% stake in this project.

## Gold Coast, Australia

EPSILON
THE STAR RESIDENCES
GOLD COAST

**Project Name: The Star Residences**

**Development Address:**
1 Casino Dr, Broadbeach, QLD 4218

**District:** Broadbeach Island, Broadbeach Gold Coast

**Property Website:** www.thestarresidences.com.au

**Approximate Saleable Floor Area (sq. ft.):** 327,000

**Number of Residential Units:** 437

**Number of Hotel Rooms:** 201 (The Star Residences)

**Expected Completion:** Tower 2 – Epsilon: FY2024

**Building Floors (Include Retail Area):** Tower 2 – Epsilon: 65

**Geographical Environment**

- Located at The Star Gold Coast on Broadbeach Island and adjacent to Pacific Fair Shopping Centre and Gold Coast Convention and Exhibition Centre. Within easy walking distance to G-Link Light Rail Stations connecting the various precincts on the Gold Coast.

**Planning and Design:**

- Architects – Cottee Parker and DBI Design

**Project Highlight:**

- Stage 1 of a masterplan and integrated resort inclusive of restaurants, bars, casino, hotels, theatre, gym, pools, spa etc.
- Stage 2 of a masterplan and integrated resort inclusive of restaurants, bars, hotels, theatre, gym, pools, spa etc.
- Residential Amenities:
  - 23.5m lap pool and poolside lounge areas/spa
  - Outdoor BBQ, dining areas and kids' club play areas
  - Steam room, sauna and gymnasium
  - Casual and private dining area
  - Yoga and stretch-down areas
  - Private bar and lounge
  - Dining and theatre

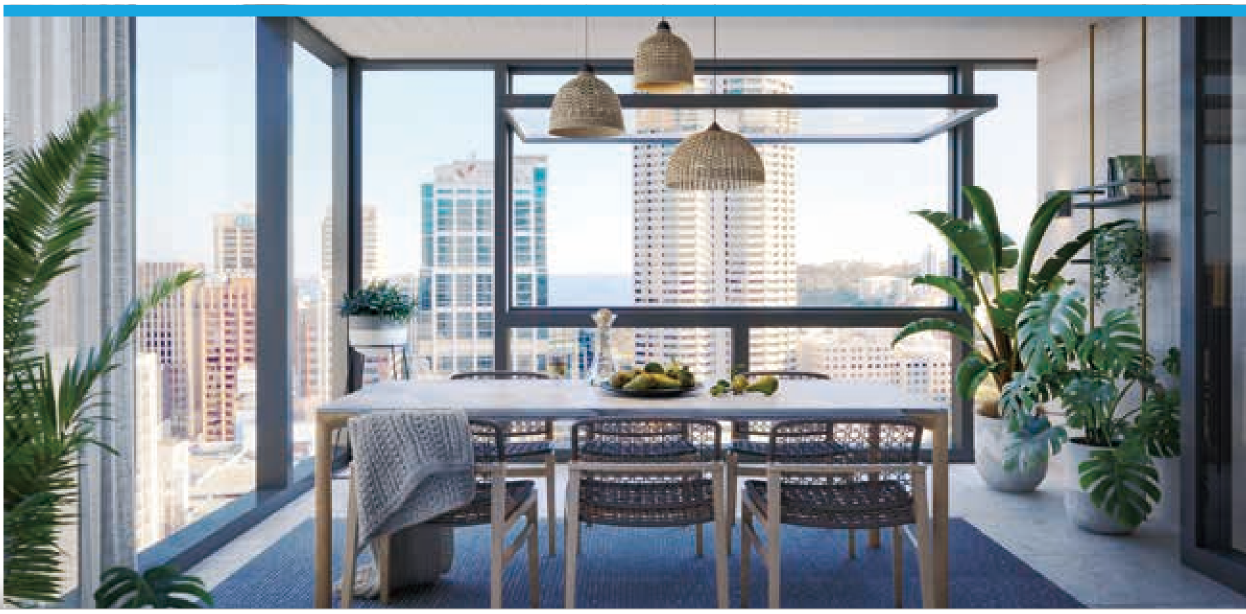
**Remark:**

- The Group has a 33.3% stake in this project.

## Major Projects

## Perth, Australia

Perth hub



**Project Name: Perth Hub**

**Development Address:**
600 Wellington Street, Perth WA 6000

**District:** Central Business District, Perth

**Property Website:** www.perth-hub.com.au

**Approximate Saleable Floor Area (sq. ft.):** 230,000

**Approximate Net Lettable Floor Area (sq. ft.):** 7,300

**Number of Residential Units:** 314

**Number of Hotel Rooms:** 264

**Expected Completion:** FY2025

**Building Floors (Include Retail Area):** 30

**Geographical Environment:**

- Perth Hub is one of Australia's most exciting regeneration projects made possible by approximately AUD1.1 billion of government funding. The project will reconnect the CBD with Northbridge and Chinatown for the first time in more than 100 years. The area, once just a network of bus and train connections, will become an exciting new destination with housing, shops, restaurants, offices and more; and
- Perth Hub is bookended by two new important public assets, Perth Arena and Yagan Square. Sinking the rail line and Wellington Street Bus Station will create a 13.5 hectare precinct with a wealth of exciting new development possibilities. When Perth Hub is complete, there will be a mix of apartments, offices, shops, restaurants, services and entertainment. The project will create a new inner city neighbourhood, showcasing Perth's unique lifestyle and character.

**Project Highlight:**

- Perth Hub will consist of an apartment tower and a Dorsett hotel. The ground floor will consist of active hospitality venues such as bars, restaurants and cafes.

## Melbourne, Australia

**Project Name: West Side Place**

**Development Address:** 250 Spencer Street

**District:** Central Business District, Melbourne

**Property Website:** www.westsideplace.com.au

**Approximate Saleable Floor Area (sq. ft.):** 2,217,000

**Approximate Net Lettable Floor Area (sq. ft.):** 107,000

**Number of Residential Units:** 2,896

**Number of Hotel Rooms:** 257 (Ritz–Carlton hotel)
316 (Dorsett hotel)

**Expected Completion:** FY2023/FY2024

**Building Floors (including retail area and roof)**
Tower 1: 82
Tower 2: 64
Tower 3: 69
Tower 4: 72

**Geographical Environment:**

- The property represents a two-stage development known as "West Side Place", a major mixed-use development that will comprise four towers across the overall site;
- The site has main frontages with Spencer Street and Lonsdale Street and Little Londsale Street and Merriman Lane;
- The site is in immediate proximity to Southern Cross Train Station and Spencer Street Shopping Town; and
- The property is located within the Melbourne CBD Grid.

**Planning and Design:**

- Featuring four high-rise towers with approximately 3,000 apartments as well as a Ritz-Carlton hotel at the top levels of Tower 1, West Side Place embodies a new height of luxury inner city living. Proudly positioned at the corner of Lonsdale and Spencer Streets, the highest tower at West Side Place will soar an impressive 81 storeys with the prestigious Ritz-Carlton hotel occupying the top levels, becoming Australia's tallest hotel.

**Project Highlights:**

- West Side Place is a mixed-use residential development located next to the Upper West Side development. It consists of saleable floor area for residential apartments of approximately 2.2 million sq. ft., a Ritz-Carlton hotel with 257 rooms, a Dorsett Hotel with 316 rooms, retail components and other facility components;
- Towers 1 and 2 with approximately 1,400 apartments were launched in June 2016;
- Tower 3 with 684 apartments was launched in May 2018; and
- Tower 4 with 835 apartments was launched in June 2017.

## Major Projects

## Brisbane, Australia

**Project Name: Queen's Wharf Brisbane**

**Development Address:** Queen's Wharf

**District:** Central Business District, Brisbane

**Property Website:** www.destinationbrisbaneconsortium.com.au

**Approximate Saleable Floor Area (sq. ft.):** 1,450,000

**Number of Residential Units:** Towers 4 and 5: 1,486

**Number of Hotel Rooms:** 3 hotels with 849 rooms

**Launch/Expected Launch Time:** Tower 4: FY2020
Tower 5: FY2022
Tower 6: Planning

**Expected Completion:** Tower 4: FY2024
Tower 5: FY2025
Tower 6: Planning

**Building Floors (including retail area):**
Tower 4: 64
Tower 5: 71
Tower 6: Planning

**Planning and Design:**
The project comprises both the integrated resort component and the residential component and encompasses approximately 2,940,000 sq. ft., with approximately 1,290,000 sq. ft. being over land and approximately 1,650,000 sq. ft. being over river, consisting of two residential towers and a commercial tower comprising approximately 1,500 apartments, 3 world class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district.

**Geographical Environment:**

- Given the CBD location of the project, the surrounding uses include a broad range of tourism, and education activities, in addition to the commercial and retail activities of the CBD itself. These include:
  - Cultural Precinct (opposite the site, adjoining the Victoria Bridge) – which includes the Queensland Performing Arts Centre (QPAC), Queensland Conservatorium, Queensland Museum and Science Centre, the State Library, the QAGOMA and the Brisbane Entertainment and Convention Centre (BECC);
  - South Bank (directly opposite the site on the southern bank of the Brisbane River) – the parklands, retail and dining throughout the precinct (focused on Little Stanley Street and the waterfront) and the entertainment facilities within and surrounding the parklands;
  - QUT (adjoining the site to the south-east) – QUT is located to the south-east of the site, and will be connected to the QWBIRD by the proposed boardwalk and upgraded Bicentennial Bikeway;
  - Queen Street Mall – the retail heart of the CBD; and
  - CBD – the core of the city, providing for principal business and administration functions, complemented by a wider range of uses including retail, entertainment, education and residential.

**Project Highlight:**

- The renewal of Queen's Wharf, Brisbane represents a once-in-a-generation opportunity to shape the future vibrancy and success of almost 20% of the city centre, to deliver integrated mixed-use development on a scale rarely seen in Australia, to unlock the river front of the 'river city', and, significantly, an opportunity to breathe life into what is arguably the greatest collection of heritage buildings and places in Australia.

**Remark:**

- The Group has a 50% stake of the residential component and a 25% stake of the integrated resort component (excluding the Ritz-Carlton hotel) of the project.

## Singapore

**Project Name: Hyll on Holland**

**Development Address:** Holland Road

**District:** District 10, Singapore

**Property Website:** hyllonholland.sg

**Approximate Saleable Floor Area (sq. ft.):** 242,000

**Number of Residential Units:** 319

**Expected Completion:** FY2024

**Building Floors:** 12

**Geographical Environment:**

- Close to lifestyle destinations and recreational enclaves known to locals and expats, such as Orchard Road, Holland Village and Dempsey Hill.

**Project Highlights:**

- The project is poised to be the new residential landmark of luxury. This is made even more alluring by the fact that it is one of the rare residences with freehold status in the highly coveted locale of District 10;
- Enjoy the privilege of wide vantage views of the city and tranquil surroundings;
- Minutes away from Orchard Road, the world-renowned shopping destination;
- Close proximity to one-north, a 200-hectare vibrant research and business park; and
- In the vicinity of numerous reputable schools.

**Remark:**

- The Group has a 80% stake in this project.

## Major Projects

# London, the United Kingdom

HORNSEY
TOWN HALL

**Project Name: Hornsey Town Hall**

**Development Address:**
Hornsey Town Hall, The Broadway, Crouch End

**District:** Haringey, London

**Property Website:** www.hornsey-townhall.co.uk

**Approximate Saleable Floor Area (sq. ft.):** 114,000

**Number of Residential Units:** 146

**Number of Hotel Rooms:** 67

**Expected Completion:** FY2023/FY2024

**Building Floors:** 7

**Geographical Environment:**
- Located in the heart of Crouch End, this iconic art deco building with its landscaped town hall square is positioned around the Town Hall Square. It is adjacent to shops and restaurants on a busy high street with good transport links to Central London.

**Project Highlights:**
- Grade II* listed historic Town Hall and Broadway Annex;
- 67-room hotel;
- Three new residential buildings encompassing a range of studio, 1, 2 & 3 bedroom homes;
- Landscaped public square with new courtyards and gardens;
- Arts centre and event space for world class performances;
- Co-working, office and flexible workspaces;
- Restaurants, cafes and a rooftop bar; and
- 24-hour concierge and security.

## London, the United Kingdom


**Project Name: Aspen at Consort Place**

**Development Address:** 50 Marsh Wall

**District:** Canary Wharf, London

**Property website:** www.aspen-canarywharf.com

**Approximate Saleable Floor Area (sq. ft.):** 377,000

**Approximate Net Lettable Floor Area (sq. ft.):** 3,600

**Number of Residential Units:** 495

**Number of Hotel Rooms:** 231

**Expected Completion:** FY2025

**Building Floors (including retail area):** 65

**Geographical Environment:**

- Located in the Canary Wharf area in London, Consort Place is a mixed-use development. The availability of local transport, underground, buses and Crossrail (starting 2020), make Consort Place easily accessible from various London prime locations.

**Project Highlights:**

- Anticipated to be the 3rd tallest residential development in Canary Wharf once completed;
- Stunning views across London city and beyond;
- Close proximity to London's financial centre;
- Dorsett hotel with 231 rooms;
- State-of-the-art facilities to include gym, vitality pool, multi-use media room and sky lounge;
- 24-hour concierge and security;
- Health centre, cafe and restaurants;
- Children's play space and new public realm;
- Historic public house; and
- Easy access to South Quay DLR, London Underground, Crossrail and River Bus.

## Major Projects

## Manchester, the United Kingdom

Meadow Side

**Project Name: MeadowSide**

**Development Address:** Aspin Lane

**District:** Central Business District, Manchester

**Property Website:** www.meadowside-manchester.com

**Approximate Saleable Floor Area (sq. ft.):** 465,000

**Number of Residential Units:** 620

**Launch/Expected Launch Time:** Plots 2 and 3: FY2018
Plot 4: Planning

**Expected Completion:** Plots 2 and 3: FY2022
Plot 4: Planning

**Building Floors (including retail area):**
Plot 2: 22
Plot 3: 17
Plot 4: 40

**Geographical Environment:**

- Development sits around one of the only green spaces within the city centre, is within walking distance of the central business district and major transport hubs. A range of 1, 2 and 3 bedroom apartments are available along with penthouses and residents communal areas, including a gym and private lounge.

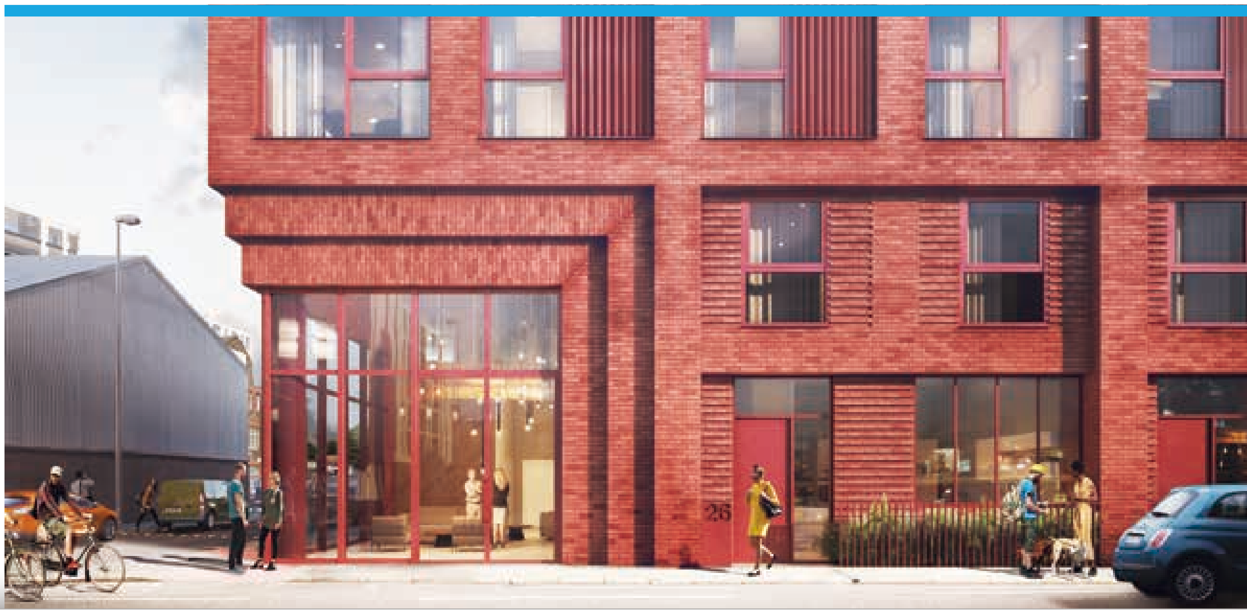
**Project Highlights:**

- Four distinctive buildings embracing a central park, providing quality park-side living with a mix of 1-3 bedroom apartments, townhouses and penthouses;
- Slick glass facades up to 40 storeys high;
- High specification interiors and hotel style amenities, 24-hour concierge, beautifully designed boutique lobby, private gym and private dining;
- 5-minute walk to Manchester Victoria Station;
- Around one of the biggest green spaces in Manchester City Centre; and
- Neighbouring the most inspiring, eclectic and creative areas of the city, NOMA and the Northern Quarter.

**Major Projects**

NEW CROSS
-CENTRAL-
MANCHESTER

## Manchester, the United Kingdom




**Project Name: New Cross Central**

**Development Address:** 56 Marshall Street

**District:** New Cross, Manchester

**Property Website:** www.newcrosscentral.com

**Approximate Saleable Floor Area (sq. ft.):** 62,000

**Number of Residential Units:** 80

**Completion:** FY2023

**Building Floors:** 8

**Geographical Environment:**
- At the centre of an up-and-coming exciting neighbourhood in Manchester, NOMA & Northern Quarter and within close proximity to Victoria Railway Station and Piccadilly Gardens Skytrain Station.

**Project Highlights:**
- New Cross Central is inspired by the history and character of Manchester. Homes are housed in a robust red brick exterior paying homage to the iconic buildings around the city. Inside, there are exposed concrete walls that are influenced by the ray beauty of industrial Manchester;
- 5-minute walk to the heart of the Northern Quarter of Manchester; and
- Surrounded by independent shops, restaurants and bars.

Major Projects

## Manchester, the United Kingdom

Victoria Riverside

**Project Name: Victoria Riverside**

**Development Address:** Gould Street and Dantzic Street

**District:** Red Bank, Manchester

**Property Website:** www.victoriariverside.co.uk

**Approximate Saleable Floor Area (sq. ft.):** 460,000

**Number of Residential Units:** 634

**Expected Completion:** FY2025

**Building floors:**
Tower A: 36
Tower B: 17
Tower C: 25

**Geographical Environment:**
- Set in Manchester's emerging Red Bank neighbourhood, amidst the greenery of the City River Park and a lively city centre. Nearby public spaces have been newly redeveloped to include dedicated space for a multitude of cafes, restaurants, and bars. It is primed to host street food and exciting pop-up events.

**Project Highlights:**
- A landmark 36-storey building and 2 sister towers with 17 and 25 floors, respectively. There will also be two podium buildings. The property will include 1-bedroom, 2-bedroom, and 3-bedroom apartments, as well as townhouses and maisonettes;
- Each apartment incorporates the local area's distinct style with floor-to-ceiling, picture-frame windows that allow for a stunning view of the river, neighbouring parks, and sweeping Manchester cityscape. Apartments are bright and spacious with open-plan dining, kitchen, and lounge areas;
- Residents can enjoy communal gardens, an outdoor workspace, a lobby lounge, a fully equipped gym, and a lounge and private dining area;
- 10-minute walk to Manchester's bustling city centre, one of the country's biggest retail destinations; and
- A crucial start to the North of England's biggest urban renewal project.

# Directors' Report

The Directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2023.

## PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. Its Subsidiaries are engaged in property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations, securities and financial product investments, and provision of mortgage services. These divisions are the basis on which the Group reports its primary segment information.

## PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Details of the Company's principal subsidiaries, associates and joint ventures at 31 March 2023 are set out in notes 50, 18 and 19 to the consolidated financial statements, respectively.

## BUSINESS REVIEW

The Group's revenue is derived primarily from business activities conducted in Hong Kong, the PRC, Australia, Malaysia, Singapore, the UK and Continental Europe. An analysis of the Group's performance for the Year by operating segment is set out in note 6 to the consolidated financial statements.

A fair review of the Group's business, including the important events affecting the Group that have occurred since the end of the financial year and the likely future developments and an analysis of the Group's performance using financial key performance indicators, is set out in the "Management Discussion and Analysis", "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report" of this annual report. Principal risks and uncertainties facing the Group are set out in the "Chairman and Chief Executive Officer's Statement" and "Managing Director's Report". Details about the Group's financial risk management are set out in note 5 to the consolidated financial statements.

The Group is committed to support sustainability of the environment and endeavours to comply with laws and regulations regarding environmental protection and to adopt measurement to achieve efficient use of resources, energy saving and waste reduction. A discussion of the Group's environmental policies and performance is set out in the independent "Environmental, Social and Governance Report", which is available on the websites of the Stock Exchange and the Company for inspection and download.

The Group has complied with the relevant laws and regulations that have significant impact on the operations of the Group.

The Group is committed to establishing a close and caring relationship with our employees, customers and suppliers and enhancing cooperation with our business partners. Details are set out in the independent "Environmental, Social and Governance Report", which is available on the websites of the Stock Exchange and the Company for inspection and download.

## RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of profit or loss on page 114.

The Board has recommended the payment of a final dividend for the year ended 31 March 2023 of HK10 cents (2022: HK16 cents) per ordinary share (the "Proposed Final Dividend"). The Proposed Final Dividend will be paid to the Shareholders whose names appear on the Company's Register of Members on 11 September 2023. The Proposed Final Dividend will be paid in the form of a scrip dividend with Shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) Shareholders' approval of the Proposed Final Dividend at the 2023 AGM; and (ii) the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company on the Stock Exchange for the 5 trading days prior to and including 11 September 2023. Full details of the Scrip Dividend Scheme will be set out in a circular which is expected to be sent to the Shareholders together with a form of election on or around 18 September 2023. Dividend warrants and/or new share certificates will be posted on or around 24 October 2023.

## CLOSURE OF REGISTER OF MEMBERS

Details of the periods of closure of the Company's Register of Members are as follows:

### (a) For determining the entitlement to attend and vote at the 2023 AGM

The 2023 AGM is scheduled to be held on Wednesday, 30 August 2023. For determining the entitlement to attend and vote at the 2023 AGM, the Register of Members of the Company will be closed from Friday, 25 August 2023 to Wednesday, 30 August 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 24 August 2023.

### (b) For determining the entitlement to the Proposed Final Dividend

The Proposed Final Dividend is subject to the approval of Shareholders at the 2023 AGM. For determining the entitlement of the Proposed Final Dividend, the Register of Members of the Company will also be closed from Thursday, 7 September 2023 to Monday, 11 September 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for entitlement to the Proposed Final Dividend, unregistered holders of Shares should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Standard Limited, at the above address for registration not later than 4:30 p.m. on Wednesday, 6 September 2023.

## FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 28.

## DISTRIBUTABLE RESERVES

In the opinion of the Directors, the reserves of the Company which are available for distribution to Shareholders at 31 March 2023 amounted to approximately HK$309,610,000 (2022: HK$65,040,000).

## INVESTMENT PROPERTIES

The Group revalued all of its investment properties at 31 March 2023. The increase in fair value of investment properties, which has been credited directly to consolidated statement of profit or loss, amounted to HK$39,942,000.

Details of these and other movements during the Year in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group spent approximately HK$1,273,516,000 on development and refurbishment.

Details of these and other movements during the Year in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

## PRINCIPAL PROPERTIES

Details of the principal properties of the Group at 31 March 2023 are set out on pages 250 to 277.

## SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 36 to the consolidated financial statements.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company, through its wholly-owned subsidiary, repurchased on the Stock Exchange and subsequently cancelled (i) 4.5% USD Medium Term Notes 2023 in the aggregate principal amount of USD7,330,000; and (ii) 5.1% USD Medium Term Notes 2024 in the aggregate principal amount of USD9,050,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

The purchases were made for the benefit of the Shareholders with a view to enhancing the net asset value and earnings per share of the Group.

## NOTES AND PERPETUAL CAPITAL NOTES

Details of the Notes and Perpetual Capital Notes are set out in notes 34 and 37 to the consolidated financial statements. The proceeds of the Notes and Perpetual Capital Notes help the Group in maintaining a robust financial position and a good liquidity position.

## PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company and its Subsidiaries shall be entitled to be indemnified by the relevant company against all costs, fees, losses, expenses and liabilities incurred by him or her in the course of his or her duties or in relation thereto pursuant to their respective articles of associations. Such provisions were in force during the course of the Year and remained in force as at the date of this report.

## DIRECTORS

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

### Executive Directors

Tan Sri Dato' David CHIU (Chairman and Chief Executive Officer)
Mr. Cheong Thard HOONG
Mr. Dennis CHIU
Mr. Craig Grenfell WILLIAMS
Ms. Wing Kwan Winnie CHIU

### Independent Non-executive Directors

Mr. Kwok Wai CHAN (Retired on 30 August 2022)
Mr. Kwong Siu LAM
Mr. Wai Hon Ambrose LAM (Appointed on 30 August 2022)
Mr. Lai Him Abraham SHEK

Pursuant to the provisions of the Articles and the Listing Rules, Tan Sri Dato' David CHIU, Mr. Dennis CHIU and Mr. Wai Hon Ambrose LAM shall retire at the 2023 AGM and are eligible to offer themselves for re-election at the 2023 AGM.

## MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the Year.

## DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2023 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions", no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director nor a connected entity of a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this report, none of the Directors (not being the Independent Non-executive Directors) nor their respective close associates are considered to have interests in the businesses which compete or are likely to compete with the businesses of the Group pursuant to the Listing Rules.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

## CONNECTED TRANSACTIONS

On 28 June 2022, FEC Capital Limited ("FEC Capital"), an indirect wholly-owned subsidiary of the Company, has granted purchase rights (the "Purchase Rights") to Mr. Cheong Thard HOONG ("Mr. HOONG") and Ms. Wing Kwan Winnie CHIU ("Ms. CHIU") to purchase the ordinary shares ("BC Shares") in the issued share capital of BC Investment Group Holdings Limited, whereby FEC Capital shall transfer 457,502 BC Shares and 114,376 BC Shares held by FEC Capital at AUD9.18 per BC Share, representing approximately 2% and 0.5% of the total BC Shares in issue as at 28 June 2022 respectively, to Mr. HOONG and Ms. CHIU respectively, upon the exercise of the Purchase Rights subject to and in accordance with the terms and conditions of the Purchase Rights. Mr. HOONG and Ms. CHIU, both being Executive Directors, are connected persons of the Company under the Listing Rules. Accordingly, the grant of the Purchase Rights and the transfer of the relevant BC Shares to Mr. HOONG and Ms. CHIU constitute connected transactions for the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 28 June 2022.

On 26 June 2023, FEC Care Park Holdings (Australia) Pty. Ltd. ("FEC Care Park", an indirect wholly-owned subsidiary of the Company) entered into (i) a deed of settlement with Care Park Pty. Ltd., Care Park Group Pty. Ltd. ("CPG", an indirect non-wholly owned subsidiary of the Company), Care Park Finance Pty. Ltd., Care Park UK Ltd., Care Park Properties Pty. Ltd., Care Park Operation Hungary Kft and Chartbridge Pty. Ltd. (together with FEC Care Park, the "Care Park Parties") and Mr. Robert Belteky, Mrs. Marioara Belteky, Warmlink Pty. Ltd. ("Warmlink", the trustee of the Belteky Investments Trust, whose beneficiaries are Mr. Robert Belteky, Mrs. Marioara Belteky and Ms. Samantha Belteky), Belteky Nominees Pty. Ltd. and Care Park Investment Hungary Kft (the "Belteky Parties"); and (ii) a deed of settlement with the other Care Park Parties (save for Chartbridge Pty. Ltd.), Mr. Paul Feltrin and Ms. Samantha Belteky (collectively, the "Settlement Deeds"), pursuant to which the parties thereunder have agreed to settle the proceedings number VID11/2023 in the Victoria District Registry, Federal Court of Australia relating to, among other things, certain claims between the Care Park Parties and the Belteky Parties (the "Legal Proceedings") on the terms set out in the Settlement Deeds.

Pursuant to the Settlement Deeds, the parties agreed that, amongst others, the parties must procure their respective solicitors to sign on the minutes of proposed consent orders and to seek orders from the court to, amongst others, dismiss the claims under the Legal Proceedings, and Warmlink shall transfer its 14% shareholding in CPG to FEC Care Park and Chartbridge Pty. Ltd. respectively.

Mr. Robert Belteky was a director of CPG in the last 12 months and is a connected person of the Company under the Listing Rules. Mr. Robert Belteky ceased to be a director of CPG with effect from 26 June 2023. Mrs. Marioara Belteky and Ms. Samantha Belteky, the wife and daughter of Mr. Robert Belteky, are associates of Mr. Robert Belteky and are connected persons of the Company under the Listing Rules. Warmlink, the trustee of the Belteky Investments Trust, is an associate of Mr. Robert Belteky and is a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Settlement Deeds (and the transactions contemplated thereunder) constitute connected transactions of the Company under Chapter 14A of the Listing Rules. For details, please refer to the announcement of the Company dated 26 June 2023.

Save as disclosed above, during FY2023 and up to the date of this report, there was no other transaction which constitutes connected transaction or continuing connected transaction that are not exempt from the disclosure requirements under Chapter 14A of the Listing Rules.

## SIGNIFICANT RELATED PARTY TRANSACTIONS

Details of significant related party transactions during FY2023 are set out in note 43 to the consolidated financial statements. The related party transactions as set out in note 43(b) (in respect of the remuneration of the Directors) to the consolidated financial statements constitute continuing connected transactions/connected transactions as defined under Chapter 14A of the Listing Rules. However, these transactions are exempt from the disclosure requirements under Chapter 14A of the Listing Rules. Save as disclosed above and in the section headed "Connected Transactions", those significant related party transactions in note 43 to the consolidated financial statements did not fall under the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

### A. The Company

*A.1 Long position in the ordinary shares*

| Name of Director | Capacity | Number of ordinary shares interested | Approximate % of the Company's issued share capital[v] |
|---|---|---|---|
| David CHIU | Beneficial owner | 25,325,544 | 0.94% |
| | Interest of spouse | 20,789,895[i] | 0.77% |
| | Interest of controlled corporations | 1,340,635,582[i] | 49.54% |
| Cheong Thard HOONG | Beneficial owner | 15,196,692 | 0.56% |
| | Joint interest | 545,802[ii] | 0.02% |
| Dennis CHIU | Beneficial owner | 5,981 | 0.00% |
| | Interest of controlled corporations | 4,282,932[iii] | 0.16% |
| | Joint interest | 2,353,187[iv] | 0.09% |
| Wing Kwan Winnie CHIU | Beneficial owner | 92,388 | 0.00% |

Notes:

(i) 1,340,616,858 shares were held by Sumptuous Assets Limited and 18,724 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 20,789,895 shares were held by Mrs. Nancy CHIU NG, spouse of Tan Sri Dato' David CHIU.

(ii) 545,802 shares were held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

(iii) 4,282,932 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

(iv) 2,353,187 shares were held by Mr. Dennis CHIU jointly with his spouse, Ms. Lee Keng LEOW.

(v) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2023.

*A.2 Debentures*

As at 31 March 2023, Tan Sri Dato' David CHIU was deemed to have an interest in (i) the 7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD9,000,000 of which USD5,000,000 was held by Tan Sri Dato' David CHIU and USD4,000,000 was held by his spouse, Mrs. Nancy CHIU NG; and (ii) the 5.1% USD Medium Term Notes 2024 issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD7,940,000 of which USD4,000,000 was held by Tan Sri Dato' David CHIU and USD3,940,000 was held by his spouse, Mrs. Nancy CHIU NG.

As at 31 March 2023, Mr. Cheong Thard HOONG was deemed to have an interest in the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD1,000,000 of which USD300,000 was held by Mr. Cheong Thard HOONG and USD700,000 was held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

As at 31 March 2023, Ms. Wing Kwan Winnie CHIU has an interest in (i) the 4.5% USD Medium Term Notes 2023 issued by the Company in the principal amount of USD400,000, (ii) the 7.375% USD Senior Guaranteed Perpetual Capital Notes issued by FEC Finance Limited, a wholly-owned subsidiary of the Company, in the principal amount of USD1,000,000; and (iii) the 5.1% USD Medium Term Notes 2024 issued by FEC Finance Limited, a wholly-owned subsidiary of the Company in the principal amount of USD3,000,000.

## B. Associated corporations

### *B.1 Long position in the ordinary shares*

| Name of Director | Name of associated corporation | Capacity | Number of ordinary share(s) interested | Approximate % of the relevant issued share capital |
|---|---|---|---|---|
| Cheong Thard HOONG | BC Invest | Beneficial owner | 792,383 | 3.46%[i] |
| Craig Grenfell WILLIAMS | BC Invest | Beneficial owner | 254,112 | 1.11%[i] |
| | Care Park | Beneficiary of a discretionary trust | 825[ii] | 8.25%[iii] |

Notes:

(i) The percentage represents the number of ordinary shares interested divided by BC Invest's issued shares as at 31 March 2023.

(ii) These shares in Care Park were held by Chartbridge Pty. Ltd. in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.

(iii) The percentage represents the number of ordinary shares interested divided by Care Park's issued shares as at 31 March 2023.

### *B.2 Long position in the underlying shares of BC Invest – physically settled unlisted derivatives*

| Name of Director | Capacity | Number of underlying shares in respect of the purchase rights granted | Approximate % of BC Invest's issued share capital[i] |
|---|---|---|---|
| Cheong Thard HOONG | Beneficial owner | 457,502 | 2.00% |
| Wing Kwan Winnie CHIU | Beneficial owner | 114,376 | 0.50% |

Note:

(i) The percentage represents the number of underlying shares interested divided by BC Invest's issued shares as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, none of the Directors or chief executive of the Company had or is deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company are disclosed under the section headed "Share Option Schemes" below and in note 45 to the consolidated financial statements.

## SHARE OPTION SCHEMES

### FECIL Share Option Schemes

FECIL Share Option Schemes were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Schemes, the Directors may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

The Company's first and second share option schemes were expired on 28 August 2012 and 31 August 2022 respectively. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted its third share option scheme pursuant to a resolution passed by the Shareholders on 30 August 2022 for a period of 10 years commencing on the adoption date.

Without prior approval from the Shareholders, the total number of shares to be issued under the FECIL Share Option Schemes is not permitted to exceed 10% of the shares of the Company then in issue; and the number of Shares issued and to be issued in respect of which options granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the shares of the Company then in issue.

The exercise price of options granted is determined by the Directors, and will not be less than the highest of (i) the closing price of the Shares on the date of grant; (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

An offer of the grant of options may be accepted by the eligible employees and participants within 30 days from the offer date. A consideration of HK$1 is payable on acceptance of the offer. An option may be exercised in accordance with the terms of the FECIL Share Option Schemes at any time during a period to be determined and notified by the Directors to each eligible employee or participant, which period may commence on the day on which the offer is made but shall end in any event not later than 10 years from the offer date subject to the provisions for early termination thereof.

Unless the Directors otherwise determined and stated in the offer to the eligible employees and participants, there is no minimum period for which an option granted under the FECIL Share Option Schemes must be held before it can be exercised.

As at 31 March 2023, there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed during the Year.

As at the date of this annual report, the total number of Shares available for issue under FECIL Share Option Schemes is 241,961,867, representing approximately 8.94% of the issued share capital of the Company as at the date of this annual report.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2023, so far as was known to the Directors and chief executive of the Company, the interests or short positions of substantial shareholders and other persons in the shares and underlying shares of the Company as recorded in the register at the Company required to be kept under Section 336 of the SFO were as follows:

| Name of substantial Shareholder | Capacity | Number of ordinary shares interested | Approximate % of the Company's issued share capital[iii] |
|---|---|---|---|
| Sumptuous Assets Limited | Beneficial owner | 1,340,616,858[i] (long position) | 49.54% |
| Deacon Te Ken CHIU | Beneficial owner | 13,022,647 (long position) | 0.48% |
| | Interest of controlled corporations | 140,942,693[ii] (long position) | 5.21% |
| | Interest of spouse | 1,624,301[ii] (long position) | 0.06% |

Notes:

(i) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the above section headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(ii) 140,942,693 shares were held by various companies under Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Company forms part of his estate.

(iii) The percentage represents the number of ordinary shares interested divided by the Company's issued shares as at 31 March 2023.

Save as disclosed above, as at 31 March 2023, no other persons were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

## DONATIONS

During the Year, the Group made charitable and other donations amounting to approximately HK$12,990,000.

## MAJOR CUSTOMERS AND SUPPLIERS

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of total purchases and the aggregate revenue attributable to the Group's five largest customers was less than 30% of total turnover during the Year.

## EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. As at 31 March 2023, the number of employees of the Group was approximately 3,900.

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

The Company has adopted FECIL Share Option Schemes as an incentive to Directors and eligible participants, details of the schemes are set out under the section headed "Share Option Schemes" and in note 45 to the consolidated financial statements.

## CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 97 to 108.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float throughout the Year.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association of the Company and the Companies Act, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The Company and Dorsett, both as guarantors, and City Sight Limited ("City Sight"), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "Facility Agreement") with a group of banks, as lenders, on 25 March 2021 and an unsecured term loan facility in the aggregate amount of HK$1,500 million was granted to City Sight. The final maturity date is 36 months from the date of the Facility Agreement.

Pursuant to the Facility Agreement, the following specific performance covenants were imposed on the Controlling Shareholder:

(a) Sumptuous Assets Limited shall own, directly or indirectly, at least 40% of the beneficial interest in each of the Company and City Sight, carrying at least 40% of the voting right in each of them; and

(b) Chiu Family (as defined in the Facility Agreement) shall own and control, directly or indirectly, more than 51% of the beneficial interest in Sumptuous Assets Limited, carrying more than 51% of the voting right, free from any security.

During the Year, the above specific performance covenants under the Facility Agreement have been complied with. For details, please refer to the announcement of the Company dated 25 March 2021.

## AUDITOR

A resolution will be submitted to the 2023 AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
**David CHIU**
*Chairman and Chief Executive Officer*

28 June 2023

# Corporate Governance Report

The Board presents this Corporate Governance Report in the Company's annual report for the year ended 31 March 2023.

## CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company recognises the importance of maintaining good corporate governance practices. The Board sets policies and implements corporate governance practices appropriate to the conduct of the Group's business.

The Company has applied the principles as set out in the CG Code during the year ended 31 March 2023. In the opinion of the Board, the Company has complied with the code provisions (the "Code Provisions") set out in the CG Code during the year ended 31 March 2023, except for the deviation from Code Provision C.2.1. Key corporate governance principles and practices of the Company as well as details of the foregoing non-compliance and deviation of Code Provision are summarised below.

## A. THE BOARD

### A.1 Responsibilities and Delegation

The Board is responsible for the management and control of the business and affairs of the Group, and oversees the Group's business strategic direction and performance, with the objectives of promoting the success of the Group and enhancing Shareholder value. Directors carry out their duties in good faith and in the interests of the Company and its Shareholders. They have access to relevant information as well as the advice and services of the Company Secretary and senior management. They are also able to seek independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major policy, strategy, financial and risk management and control matters. The day-to-day management, administration and operations of the Group are delegated to the Executive Committee and senior management. The delegated functions and responsibilities are periodically reviewed. Approval has to be obtained from the Board or Executive Committee prior to any significant transactions entered into by the senior management team.

### A.2 Board Composition

The Board currently comprises eight Directors, five are Executive Directors and three are Independent Non-executive Directors. The composition of the Board is set out in the "Corporate Information" section of this annual report. The respective profiles of the current Directors and the relationship among them are disclosed in the "Profile of Directors and Senior Management" section of this annual report.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The Independent Non-executive Directors are expressly identified in all corporate communications of the Company.

Throughout the year ended 31 March 2023, the Company has met the Listing Rules requirements of having three Independent Non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise. In addition, the Company has received from each of the Independent Non-executive Directors an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of them are independent.

The composition of the Board reflects the necessary balance of skills and experience appropriate to the requirements of the business of the Group and to the exercising of independent judgement. All Directors bring a wide range of valuable business and financial expertise, experiences and professionalism to the Board for its effective functioning. Independent Non-executive Directors are invited to serve on the Audit, Remuneration and Nomination Committees of the Company.

The Company has adopted the Board Independence Evaluation Mechanism (the "Mechanism") to ensure independent views and input are available to the Board, with the following key features: (i) the Nomination Committee is established with clear terms of reference to identify suitable candidates, including Independent Non-executive Directors, for appointment as Directors; (ii) the Nomination Committee will assess annually the independence of all Independent Non-executive Directors; and (iii) the Directors are entitled to seek, at the Company's expense, independent professional advice reasonably necessary for discharging their duties as Directors. The Board has reviewed the implementation and effectiveness of the Mechanism and considered it to be effective for the year ended 31 March 2023.

## A.3 Chairman and Chief Executive Officer

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Currently, Tan Sri Dato' David CHIU assumes the roles of both the Chairman and Chief Executive Officer of the Company. The Board believes that this structure provides the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies. As such, it is beneficial to the business prospects of the Group.

The Board also considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

## A.4 Appointment, Re-Election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles.

Each Director, including the Independent Non-executive Directors, is engaged for a term of 3 years, subject to renewal expiry of the term. They are also subject to re-election in accordance with the Articles.

In accordance with clauses 106 and 107 of the Articles, Mr. Dennis CHIU (Executive Director) shall retire by rotation at the 2023 AGM; whereas according to clause 112 of the Articles, Mr. Wai Hon Ambrose LAM, who was appointed by the Board as an Independent Non-executive Director on 30 August 2022, shall hold office until the 2023 AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the 2023 AGM.

In accordance with the second part of clause 115(B) of the Articles, a Director appointed as an Executive Chairman or as Managing Director or Joint Managing Director shall not while holding such office be subject to retirement by rotation or taken into account in determining the rotation retirement of Directors. In order to uphold good corporate governance practices, Tan Sri Dato' David CHIU, the Chairman of the Company, voluntarily retires from his office and offers himself for re-election at the 2023 AGM notwithstanding that he is not required to do so by clause 115(B) of the Articles.

The Board recommended the re-appointment of the above three retiring Directors standing for re-election at the 2023 AGM. The Company's circular, sent together with this annual report, contains detailed information of the above three retiring Directors, as required by the Listing Rules.

## A.5 Training and Continuing Development for Directors

Each newly appointed Director receives comprehensive introduction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading material on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their study and reference.

During the year ended 31 March 2023, the Company has provided (i) reading materials on regulatory updates to its Directors, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Ms. Wing Kwan Winnie CHIU, Mr. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK; and (ii) regular briefing to its Directors on corporate governance and updates on the Listing Rules. Besides, Mr. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK attended other seminars and training sessions arranged by other professional firms/institutions.

## A.6 Board Meetings

### A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board meetings are normally agreed with the Directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for each regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all Directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion at the meeting. Board papers together with appropriate information are usually sent to the Directors at least 3 days before each Board meeting to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The Chief Financial Officer and Company Secretary and other relevant senior management normally attend regular Board meetings and, where necessary, other Board meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and the final version is open for Directors' inspection.

According to the current Board practice, any material transaction, which involves a conflict of interest for a substantial Shareholder or a Director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### A.6.2 Directors' Attendance Records

The attendance records of each Director at the Board and Board committee meetings and the general meeting of the Company held during the year ended 31 March 2023 are set out below:

| | Attendance/Number of Meetings | | | | |
|---|---|---|---|---|---|
| Name of Director | Board | Audit Committee | Remuneration Committee | Nomination Committee | Annual General Meeting |
| Tan Sri Dato' David CHIU | 4/4 | N/A | 1/1 | 1/1 | 1/1 |
| Mr. Cheong Thard HOONG | 4/4 | N/A | N/A | N/A | 1/1 |
| Mr. Dennis CHIU | 4/4 | N/A | N/A | N/A | 1/1 |
| Mr. Craig Grenfell WILLIAMS | 4/4 | N/A | N/A | N/A | 1/1 |
| Ms. Wing Kwan Winnie CHIU | 4/4 | N/A | N/A | N/A | 1/1 |
| Mr. Kwok Wai CHAN[i] | 1/1 | 1/1 | 1/1 | 1/1 | 1/1 |
| Mr. Kwong Siu LAM | 4/4 | 3/3 | N/A | 1/1 | 1/1 |
| Mr. Wai Hon Ambrose LAM[ii] | 2/2 | 2/2 | N/A | N/A | N/A |
| Mr. Lai Him Abraham SHEK | 4/4 | 3/3 | 1/1 | 1/1 | 1/1 |

Notes:

(i) Mr. Kwok Wai CHAN retired as an Independent Non-executive Director with effect from the conclusion of the 2022 AGM. Before his retirement, one Board meeting, one Audit Committee meeting, one Remuneration Committee meeting, one Nomination Committee meeting and one annual general meeting were held during the year ended 31 March 2023.

(ii) Mr. Wai Hon Ambrose LAM was appointed as an Independent Non-executive Director on 30 August 2022. Subsequent to his appointment, two Board meetings and two Audit Committee meetings were held during the year ended 31 March 2023.

In addition, the Chairman of the Board also held meeting with the Independent Non-executive Directors without the presence of Executive Directors during the Year.

## A.7 Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions in the Company. Following specific enquiry made by the Company, all the Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 March 2023.

The Company has also applied the principles of the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company and/or its securities. No incident of non-compliance of the principles of the Model Code by the Group's employees has been noted by the Company.

The Company has been notifying Directors and relevant employees, if any, of the prohibitions on dealings in the securities of the Company according to the Model Code, whenever black-out periods arise. In addition, the Company requires Directors and relevant employees to copy their notifications of intended dealings to the Company Secretary as well as one designated Director for receiving such notifications.

## A.8 Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the Code Provision A.2.1 of the CG Code. During the Year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices in response to the implementation of the CG Code; (ii) reviewed and monitored the training and continuous professional development of Directors and senior management; (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewed and monitored the compliance of the Model Code; and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

## B. BOARD COMMITTEES

The Board has established 5 Board committees, namely the Executive Committee, the ESG Steering Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference among which the terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Stock Exchange's website *(www.hkexnews.hk)* and on the Company's website *(www.fecil.com.hk)*. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of the Board Committees follow in line with, so far as applicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

### B.1 Executive Committee

The Executive Committee comprises a total of 6 members, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Ms. Wing Kwan Winnie CHIU and Mr. Wai Hung Boswell CHEUNG. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Company; and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

### B.2 ESG Steering Committee

The ESG Steering Committee comprises a total of 3 members, namely Ms. Wing Kwan Winnie CHIU, Mr. Cheong Thard HOONG and Mr. Wai Hung Boswell CHEUNG. The primary duties of the ESG Steering Committee include overseeing and providing recommendations on the Company's sustainability strategies, policies and practices; and reviewing and advising the Board on the Company's ESG performance, reporting and compliance issues.

### B.3 Audit Committee

The Audit Committee currently comprises a total of 3 members, being the 3 Independent Non-executive Directors, namely Mr. Wai Hon Ambrose LAM (appointed on 30 August 2022 following the retirement of Mr. Kwok Wai CHAN as an Independent Non-executive Director with effect from the conclusion of the 2022 AGM and his cessation as the chairman of the committee), Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK. The chairman of the Audit Committee is Mr. Wai Hon Ambrose LAM who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Company's auditor in matters within the terms of reference of the Audit Committee.

During the year ended 31 March 2023, the Audit Committee has performed the following major works:

- Review and discussion of the annual financial statements and annual results for the year ended 31 March 2022, the related accounting principles and practices adopted by the Company and the relevant audit findings;
- Review and discussion of the interim financial statements and interim results for the six months ended 30 September 2022 and the related accounting principles and practices adopted by the Company;
- Review and discussion of financial reporting and risk management and internal control of the Group;
- Discussion and recommendation of the re-appointment of external auditor; and
- Review of the arrangements for employees to raise concerns about possible improprieties.

The external auditor was invited to attend the meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2023 are set out in section A.6.2 above.

## B.4 Remuneration Committee

The Remuneration Committee currently comprises a total of 3 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 2 Independent Non-executive Directors, namely Mr. Wai Hon Ambrose LAM (appointed on 30 August 2022 following the retirement of Mr. Kwok Wai CHAN as an Independent Non-executive Director with effect from the conclusion of the 2022 AGM and his cessation as the chairman of the committee) and Mr. Lai Him Abraham SHEK. The chairman of the Remuneration Committee is Mr. Wai Hon Ambrose LAM. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the senior management, and to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management (i.e. the model described in the Code Provision E.1.2(c)(i) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

During the year ended 31 March 2023, the Remuneration Committee has reviewed and determined the remuneration packages of the Executive Directors and senior management, and recommended to the Board the remuneration of Independent Non-executive Directors.

The attendance records of each Committee member at the Remuneration Committee meeting held during the year ended 31 March 2023 are set out in section A.6.2 above.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the senior management for the year ended 31 March 2023 falls within the band from HK$2,000,000 to HK$3,000,000.

Details of the remuneration of each of the Directors for the year ended 31 March 2023 are set out in note 14 to the consolidated financial statements.

## B.5 Nomination Committee

The Nomination Committee currently comprises a total of 4 members, being 1 Executive Director, namely Tan Sri Dato' David CHIU, and 3 Independent Non-executive Directors, namely Mr. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM (appointed on 30 August 2022 following the retirement of Mr. Kwok Wai CHAN as an Independent Non-executive Director with effect from the conclusion of the 2022 AGM and his cessation as a member of the committee) and Mr. Lai Him Abraham SHEK. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendations to the Board; to consider the retirement and re-election of the Directors and to make relevant recommendations to the Board; and to assess the independence of the Independent Non-executive Directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Company also recognises and embraces the benefit of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage, to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the CG Code, a Board Diversity Policy has been adopted by the Company, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy and assessing the Board composition under diversified perspective (including but not limited to gender, age, cultural and educational background, or professional qualifications, skills, knowledge, and regional and industry experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed annually to ensure their appropriateness in determining the optimum composition of the Board.

The Company has also established a Director Nomination Policy setting out the approach and procedures adopted for the nomination and selection of Directors. The policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

As at the date of this annual report, female representative at the Board stands at 12.5%. As at 31 March 2023, the Group had a total of 1,741 female staff, representing approximately 44.6% of the employees of the Group. The Group will continue to take opportunities to increase the proportion of female Board members and workforce over time as and when suitable candidates are identified. For further details on the gender ratio of the Group, please refer to the independent "Environmental, Social and Governance Report", which is available on the websites of the Stock Exchange and the Company. The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 March 2023.

During the year ended 31 March 2023, the Nomination Committee has performed the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company;
- Recommendation of the re-appointment of those Directors standing for re-election at the 2022 AGM;
- Assessment of the independence of all the Independent Non-executive Directors; and
- Recommendation on the appointment of Mr. Wai Hon Ambrose LAM as an Independent Non-executive Director following the retirement of Mr. Kwok Wai CHAN as an Independent Non-executive Director.

The attendance records of each Committee member at the Nomination Committee meeting held during the year ended 31 March 2023 are set out in section A.6.2 above.

## C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2023.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

## D. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board, through its Audit Committee, has the responsibility to ensure that the Group maintains an effective risk management and internal control systems. The Board oversees the Group's design, implementation and monitoring of the risk management and internal control systems and acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

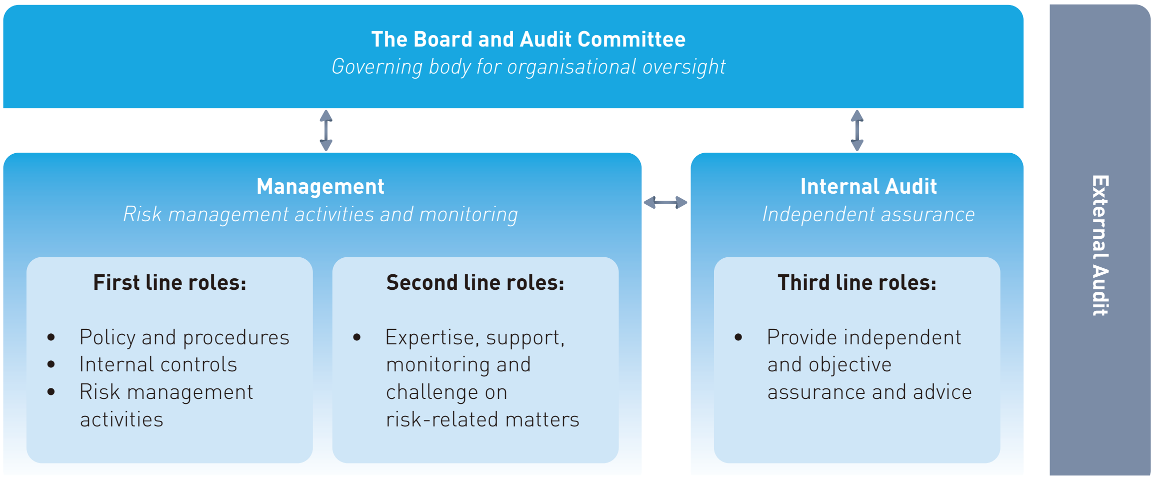
The Group's risk management framework is the responsibility of the Board and is overseen by the Audit Committee. The framework comprises the following elements:

### Risk management philosophy and risk appetite

Everyone within the Group is responsible for the risk management of the Group. Risk management is embedded into the business operations and decision-makings. In pursuing the Group's objectives, the Group has categorised the risks according to the different business lines and defined the nature and extent of risks that the Group is willing to undertake.

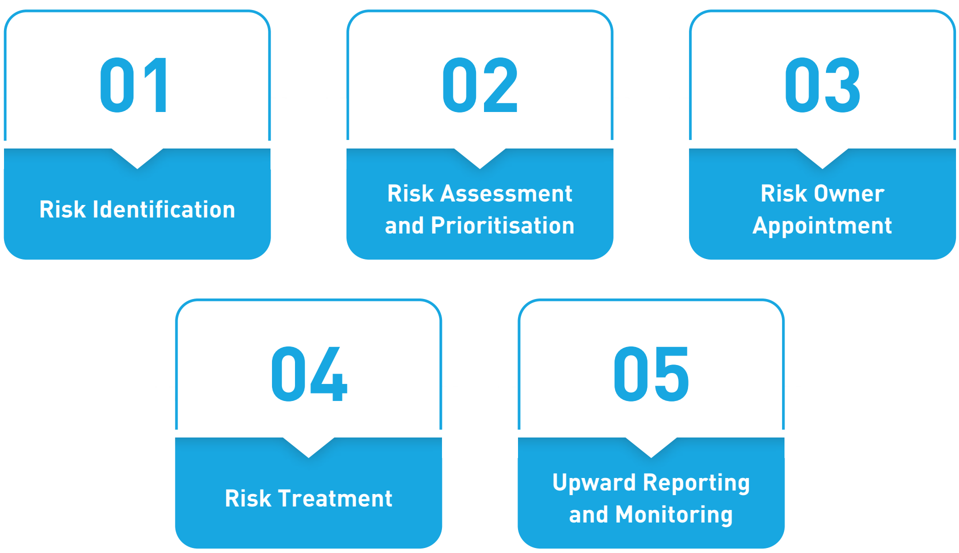
## Risk governance structure

The Group has established an enterprise risk management structure in line with the "Three Lines Model" that defines the roles and responsibilities of the Board and the Audit Committee in (i) organisational oversight; (ii) risk monitoring and review, and risk and control ownership of the management; and (iii) the independent assurance role of the internal audit function.




Under the oversight of the Board and the Audit Committee, the Group's management assume the first and second line roles where the business and functional units are responsible for the day-to-day risk management and control processes whereas a designated risk management taskforce is responsible for the design, implementation and monitoring of the risk management system, and provide confirmation to the Audit Committee on the effectiveness of risk management. The third line comprises the Group's outsourced internal auditor who is responsible for the independent assessment of the effectiveness of the risk management and internal control systems. The external auditor of the Group further complements the risk management structure by independently auditing material internal controls over the Group's operations and financial reporting processes. Both the internal auditor and the external auditor would report on material control weakness to the Audit Committee on a regular basis.

## Risk management process



The Group has established the risk management process that includes risk identification; risk assessment and prioritisation; risk owner appointment; risk treatment; and upward reporting and monitoring of identified risks to the Group and the Audit Committee. Management's input on changes of risk exposures across the business lines was solicited through a structured risk identification and update questionnaire to refresh the Group's risk universe. Identified risks were further assessed and evaluated by a scale rating process by management across the business lines to evaluate their impact to the Group and likelihood of their occurrence as a result of changes in internal and external factors, future events or otherwise. The risks were then prioritised based on the evaluation results and further interviews with senior management for confirmation. The top risks for each of the business lines of the Group, as well as whether these risks are being effectively managed; and if not, the need for establishing further actions, were reported through the risk management report. A corporate risk register has also been complied to track and document the identified risks, risk owners, mitigating actions and control measures, and facilitates continuous update of risk treatments.

The Company has also in place the Anti-Corruption and Whistle-Blowing Policy to safeguard against corruption and bribery. The Company has an internal reporting channel that is open and available for employees of the Group to report any suspected corruption and bribery. Employees can also make reports directly to the Audit Committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Group continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and organise anti-corruption trainings and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

The Group has completed an annual review on the effectiveness of the above policies, the risk management and internal control systems during the year ended 31 March 2023 which include the identification and follow up on the significant risks, as well as the related controls designed to mitigate the risks and associated action plans.

The Board, through the confirmation from management, considered the risk management and internal control systems are effective and adequate with no significant areas of concern that may affect the Group being identified. The Group has also commenced the review for next fiscal year and will continue to build on the established risk management process further enhance its approach to manage risks. Emerging risks, including the epidemic outbreak, macroeconomic and sociopolitical impacts etc., would be considered and assessed for actions to manage the impact on the Group.

### Handling and dissemination of inside information

The Company has developed its disclosure policy to provide the general guideline on handling confidential information, monitoring of information disclosure and response to queries to its directors, officers, senior management and the relevant employees. The Company has executed supervision programs to confirm the strict prohibition from unauthorised access to and use of inside information.

### Internal audit function

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of Shareholders and the Group's assets. With the help of an outsourced internal auditor, the senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

## E. COMPANY SECRETARY

During the year ended 31 March 2023, Mr. Wai Hung Boswell CHEUNG, the Company Secretary, has taken no less than 15 hours of relevant professional training.

## F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company, Deloitte Touche Tohmatsu, about its reporting responsibilities for the Company's financial statements for the year ended 31 March 2023 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to Deloitte Touche Tohmatsu in respect of audit services and non-audit services for the year ended 31 March 2023 are analysed below:

| Type of services provided by the external auditor | Fees paid/payable HK$'000 |
|---|---|
| Audit and audit related services – audit fee for the year ended 31 March 2023 | 23,799 |
| Non-audit services | |
| – professional fee in connection with the medium term note programme renewal and tax advisory services | 690 |
| TOTAL: | 24,489 |

## G. COMMUNICATION WITH SHAREHOLDERS

The Company believes that effective communication with the Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables the Shareholders and investors to make the best investment decision.

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. Extensive information on the Group's activities, business strategies and developments is provided in the Company's annual reports, interim reports and other corporate communications. In addition, the Company maintains a website at *www.fecil.com.hk*, as a communication platform with the Shareholders and investors, where information and updates on the Company's business developments and operations and other information are available for public access. The Shareholders and investors may send written enquiries or requests to the Company as follows:

Email address: ir@fecil.com.hk
or
Postal address: 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong
(For the attention of Investor Relations Executive)

Enquiries and requests will be dealt with by the Company in an informative and timely manner.

In addition, the Shareholders are encouraged to attend general meetings of the Company, which provide a valuable forum for dialogue and interaction with the management. The Board and Board Committee members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by the Shareholders.

During the year ended 31 March 2023, the Company has reviewed the Shareholders' Communication Policy and considered that the policy was effectively implemented with the measures as disclosed in this section and under the section headed "Shareholders' Rights" below.

## H. SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. Besides, the Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings pursuant to the Articles as follows:

(i) Shareholder(s) holding at the date of deposit of the requisition in aggregate not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Board to convene an extraordinary general meeting by sending a written requisition to the Board at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(ii) If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's registered office or principal place of business in Hong Kong. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement (as the case may be) to the Company's principal place of business in Hong Kong and provide their full name, contact details and identification in order to give effect thereto. The Shareholders' information may be disclosed as required by law.

At the 2022 AGM, a special resolution was passed to amend the memorandum and articles of association of the Company in order to (i) bring the Company's memorandum and articles of association in line with the amendments made to the Listing Rules and applicable law of the Cayman Islands; (ii) provide flexibility to the Company in relation to the conduct of general meetings; and (iii) make other consequential and housekeeping changes. An up-to-date version of the Articles is available on the websites of the Company and the Stock Exchange. The Shareholders may refer to the Articles for further details of the rights of Shareholders.

All resolutions put forward at Shareholders' meetings will be voted by way of poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Stock Exchange *(www.hkexnews.hk)* and the Company *(www.fecil.com.hk)* after each Shareholders' meeting.

## I. DIVIDEND POLICY

The Company has adopted a dividend policy whereby the Board believes that a clear dividend policy is good for corporate governance and is committed to a dividend policy of providing consistent dividend streams to shareholders, with a dividend payout ratio of 30% to 40%, while maintaining a healthy balance sheet and retaining flexibility to meet the businesses financial needs.

# Independent Auditor's Report

Deloitte. 德勤

To the Shareholders of Far East Consortium International Limited
(incorporated in the Cayman Islands with limited liability)

## OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 114 to 249, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the 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.

## Independent Auditor's Report

## 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 judgements and estimation associated with determining the fair values.<br><br>The investment properties are located in Australia, Hong Kong, the People's Republic of China, Singapore and the United Kingdom. The investment properties were carried at HK$8,113,310,000 as at 31 March 2023 and represents approximately 15.2% of total assets in the consolidated financial statements of the Group as at 31 March 2023. As disclosed in note 8 to the consolidated financial statements, change in fair value of investment properties of HK$39,942,000 was recognised in the consolidated statement of profit or loss for the year then ended 31 March 2023.<br><br>As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments and estimates by the directors of the Company, including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate. | Our procedures in relation to the valuation of investment properties included:<br><br>• Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements;<br><br>• Obtaining an understanding and assessing the reasonableness of the valuation techniques and significant assumptions used by the management and Valuers based on the relevant accounting requirements and industry norms;<br><br>• Evaluating the reasonableness of the key inputs, including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate adopted by the management and the Valuers by comparing the key inputs to relevant market data based on our knowledge of the property markets;<br><br>• Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis; and<br><br>• Involving internal valuation specialists to review the valuations performed by the independent valuers in respect of methodologies, assumption and data underpinning valuations of certain investment properties. |

## 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 our agreed terms of engagement, 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 our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Fung Suet Ngan.

**Deloitte Touche Tohmatsu**
Certified Public Accountants
Hong Kong
28 June 2023

# Consolidated Statement of Profit or Loss

For the year ended 31 March 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| Revenue | 7 | **6,345,861** | 5,895,636 |
| Cost of sales and services | | **(4,275,812)** | (3,432,536) |
| Depreciation and impairment of hotel and car park assets | | **(401,546)** | (479,063) |
| Gross profit | | **1,668,503** | 1,984,037 |
| Other income | | **764,006** | 213,566 |
| Other gains and losses | 8 | **14,314** | 1,189,809 |
| Administrative expenses | | | |
| – Hotel operations and management | | **(455,737)** | (355,083) |
| – Others | | **(518,970)** | (496,522) |
| Pre-operating expenses | | | |
| – Hotel operations and management | | **(35,506)** | (12,744) |
| Selling and marketing expenses | | **(230,178)** | (279,462) |
| Share of results of associates | | **(1,497)** | (21,851) |
| Share of results of joint ventures | | **135,831** | (26,941) |
| Finance costs | 9 | **(611,018)** | (341,082) |
| Profit before tax | | **729,748** | 1,853,727 |
| Income tax expense | 10 | **(349,536)** | (343,191) |
| Profit for the year | 11 | **380,212** | 1,510,536 |
| Attributable to: | | | |
| Shareholders of the Company | | **172,185** | 1,300,381 |
| Owners of perpetual capital notes | | **209,864** | 206,877 |
| Other non-controlling interests | | **(1,837)** | 3,278 |
| | | **208,027** | 210,155 |
| | | **380,212** | 1,510,536 |
| Earnings per share | 12 | | |
| Basic (HK cents) | | **6.4** | 49.2* |
| Diluted (HK cents) | | **6.4** | 49.2* |

* The earnings per share of the Group for the year ended 31 March 2022 was adjusted and restated for the bonus issue in September 2022.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Profit for the year | **380,212** | 1,510,536 |
| Other comprehensive (expense) income for the year | | |
| *Items that may be subsequently reclassified to profit or loss:* | | |
| Exchange differences arising on translation of foreign operations | **(1,664,781)** | (112,424) |
| Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations | **–** | 15,029 |
| Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI") | **(122,136)** | (155,449) |
| Reclassification adjustment on disposal of debt instruments at FVTOCI during the year | **84,753** | 129,785 |
| Impairment loss recognised on debt instruments at FVTOCI | **–** | 78,258 |
| Share of other comprehensive (expense) income of an associate | **(13,936)** | 115,968 |
| *Item that will not be reclassified to profit or loss:* | | |
| Fair value change on equity instruments at FVTOCI | **(453,551)** | (149,920) |
| Other comprehensive expense for the year | **(2,169,651)** | (78,753) |
| Total comprehensive (expense) income for the year | **(1,789,439)** | 1,431,783 |
| Total comprehensive (expense) income attributable to: | | |
| Shareholders of the Company | **(1,997,464)** | 1,221,625 |
| Owners of perpetual capital notes | **209,864** | 206,877 |
| Other non-controlling interests | **(1,839)** | 3,281 |
| | **208,025** | 210,158 |
| | **(1,789,439)** | 1,431,783 |

# Consolidated Statement of Financial Position

At 31 March 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Non-current Assets** | | | |
| Investment properties | 15 | **8,113,310** | 7,888,061 |
| Property, plant and equipment | 16 | **12,312,279** | 12,507,293 |
| Goodwill | 17 | **68,400** | 68,400 |
| Interests in associates | 18 | **1,731,289** | 1,921,367 |
| Interests in joint ventures | 19 | **2,435,355** | 2,351,810 |
| Investment securities | 20 | **634,452** | 1,246,009 |
| Derivative financial instruments | 27 | **–** | 2,935 |
| Deposits for acquisition of property, plant and equipment | | **94,972** | 99,462 |
| Amounts due from joint ventures | 44 | **1,574,905** | 645,990 |
| Amount due from an associate | 44 | **62,864** | 62,864 |
| Amount due from an investee company | 44 | **119,995** | 119,995 |
| Loan receivables | 21 | **222,078** | 182,598 |
| Pledged deposits | 22 | **4,661** | 4,834 |
| Deferred tax assets | 35 | **215,793** | 177,203 |
| Other assets | | **28,346** | 13,500 |
| | | **27,618,699** | 27,292,321 |
| **Current Assets** | | | |
| Properties for sale | 23 | | |
| Completed properties | | **4,146,644** | 4,201,912 |
| Properties under development | | **12,806,635** | 11,571,867 |
| Other inventories | | **13,548** | 9,586 |
| Debtors, deposits and prepayments | 24(a) | **706,147** | 805,602 |
| Customers' deposits under escrow | 25 | **389,175** | 468,696 |
| Contract assets | 24(b) | **233,410** | – |
| Contract costs | 26 | **295,903** | 309,402 |
| Amounts due from joint ventures | 44 | **210,870** | 194,342 |
| Amounts due from associates | 44 | **11,406** | 14,498 |
| Amount due from a shareholder of non-wholly owned subsidiary | 33 | **253,701** | 248,120 |
| Amount due from a related company | 44 | **826** | – |
| Tax recoverable | | **61,978** | 88,956 |
| Investment securities | 20 | **1,479,816** | 1,787,260 |
| Loan receivables | 21 | **5,889** | 5,037 |
| Derivative financial instruments | 27 | **3,643** | 14,984 |
| Pledged deposits | 22 | **708,739** | 889,128 |
| Cash and cash equivalents | 22 | **4,431,485** | 6,902,605 |
| | | **25,759,815** | 27,511,995 |
| Property held for sale | 16 | **44,266** | – |
| | | **25,804,081** | 27,511,995 |

## Consolidated Statement of Financial Position

At 31 March 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Current Liabilities** | | | |
| Creditors and accruals | 28 | **2,047,897** | 2,184,678 |
| Contract liabilities | 29 | **592,871** | 666,423 |
| Lease liabilities | 32 | **57,693** | 74,567 |
| Amount due to a related company | 44 | **953** | 858 |
| Amounts due to associates | 44 | **7,848** | 7,245 |
| Amounts due to shareholders of non-wholly owned subsidiaries | 33 | **168,084** | 171,548 |
| Derivative financial instruments | 27 | **7,964** | 25,922 |
| Tax payable | | **642,132** | 633,866 |
| Notes | 34 | **3,987,584** | – |
| Bank and other borrowings | 31 | **17,401,147** | 11,450,133 |
| | | **24,914,173** | 15,215,240 |
| **Net Current Assets** | | **889,908** | 12,296,755 |
| **Total Assets less Current Liabilities** | | **28,508,607** | 39,589,076 |
| **Non-current Liabilities** | | | |
| Lease liabilities | 32 | **322,461** | 535,169 |
| Notes | 34 | **475,061** | 4,604,128 |
| Bank and other borrowings | 31 | **10,410,161** | 15,140,281 |
| Deferred tax liabilities | 35 | **971,752** | 1,055,480 |
| Other liabilities | 30 | **680,960** | 344,086 |
| | | **12,860,395** | 21,679,144 |
| **Net Assets** | | **15,648,212** | 17,909,932 |
| **Capital and Reserves** | | | |
| Share capital | 36 | **270,591** | 241,962 |
| Share premium | | **4,712,161** | 4,650,772 |
| Reserves | | **7,372,413** | 9,738,998 |
| Equity attributable to shareholders of the Company | | **12,355,165** | 14,631,732 |
| Owners of perpetual capital notes | 37 | **2,903,563** | 2,901,589 |
| Other non-controlling interests | | **389,484** | 376,611 |
| | | **3,293,047** | 3,278,200 |
| **Total Equity** | | **15,648,212** | 17,909,932 |

The consolidated financial statements on pages 114 to 249 were approved and authorised for issue by the Board of Directors on 28 June 2023 and are signed on its behalf by:

**DAVID CHIU**
*DIRECTOR*

**CHEONG THARD HOONG**
*DIRECTOR*

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

| | Attributable to owners of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Capital redemption reserve HK$'000 | Assets revaluation reserve HK$'000 | FVTOCI reserve HK$'000 | Exchange reserve HK$'000 | Hedging reserve HK$'000 | Other reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 | Owners of perpetual capital notes HK$'000 | Other non-controlling interests HK$'000 | Sub-total HK$'000 | Total HK$'000 |
| At 1 April 2021 | 239,508 | 4,584,371 | 35,964 | 54,727 | (410,789) | (355,977) | 984 | 1,057,764 | 8,590,478 | 13,797,030 | 2,883,903 | 373,330 | 3,257,233 | 17,054,263 |
| Profit for the year | – | – | – | – | – | – | – | – | 1,300,381 | 1,300,381 | 206,877 | 3,278 | 210,155 | 1,510,536 |
| Exchange differences arising on translation of foreign operations | – | – | – | – | – | (112,427) | – | – | – | (112,427) | – | 3 | 3 | (112,424) |
| Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations | – | – | – | – | – | 15,029 | – | – | – | 15,029 | – | – | – | 15,029 |
| Fair value change on debt instruments at FVTOCI | – | – | – | – | (155,449) | – | – | – | – | (155,449) | – | – | – | (155,449) |
| Reclassification adjustment on disposal of debt instruments at FVTOCI during the year | – | – | – | – | 129,785 | – | – | – | – | 129,785 | – | – | – | 129,785 |
| Impairment loss recognised on debt instruments at FVTOCI | – | – | – | – | 78,258 | – | – | – | – | 78,258 | – | – | – | 78,258 |
| Fair value change on equity instruments at FVTOCI | – | – | – | – | (149,920) | – | – | – | – | (149,920) | – | – | – | (149,920) |
| Share of other comprehensive income of an associate | – | – | – | – | – | – | 115,968 | – | – | 115,968 | – | – | – | 115,968 |
| Other comprehensive (expense) income for the year | – | – | – | – | (97,326) | (97,398) | 115,968 | – | – | (78,756) | – | 3 | 3 | (78,753) |
| Total comprehensive income for the year | – | – | – | – | (97,326) | (97,398) | 115,968 | – | 1,300,381 | 1,221,625 | 206,877 | 3,281 | 210,158 | 1,431,783 |
| Distribution to owners of perpetual capital notes | – | – | – | – | – | – | – | – | – | – | (189,191) | – | (189,191) | (189,191) |
| Dividends recognised as distribution (note 13) | – | – | – | – | – | – | – | (455,778) | – | (455,778) | – | – | – | (455,778) |
| Shares issued in lieu of cash dividend | 2,454 | 66,401 | – | – | – | – | – | – | – | 68,855 | – | – | – | 68,855 |
| At 31 March 2022 | 241,962 | 4,650,772 | 35,964 | 54,727 | (508,115) | (453,375) | 116,952 | 601,986 | 9,890,859 | 14,631,732 | 2,901,589 | 376,611 | 3,278,200 | 17,909,932 |

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

| | Attributable to owners of the Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital HK$'000 | Share premium HK$'000 | Capital redemption reserve HK$'000 | Assets revaluation reserve HK$'000 | FVTOCI reserve HK$'000 | Exchange reserve HK$'000 | Hedging reserve HK$'000 | Other reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 | Owners of perpetual capital notes HK$'000 | Other non-controlling interests HK$'000 | Sub-total HK$'000 | Total HK$'000 |
| Profit (loss) for the year | - | - | - | - | - | - | - | - | 172,185 | 172,185 | 209,864 | (1,837) | 208,027 | 380,212 |
| Exchange differences arising on translation of foreign operations | - | - | - | - | - | (1,664,779) | - | - | - | (1,664,779) | - | (2) | (2) | (1,664,781) |
| Fair value change on debt instruments at FVTOCI | - | - | - | - | (122,136) | - | - | - | - | (122,136) | - | - | - | (122,136) |
| Reclassification adjustment on disposal of debt instruments at FVTOCI during the year | - | - | - | - | 84,753 | - | - | - | - | 84,753 | - | - | - | 84,753 |
| Impairment loss recognised on debt instruments at FVTOCI | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Fair value change on equity instruments at FVTOCI | - | - | - | - | (453,551) | - | - | - | - | (453,551) | - | - | - | (453,551) |
| Share of other comprehensive expense of an associate | - | - | - | - | - | - | (13,936) | - | - | (13,936) | - | - | - | (13,936) |
| Other comprehensive expense for the year | - | - | - | - | (490,934) | (1,664,779) | (13,936) | - | - | (2,169,649) | - | (2) | (2) | (2,169,651) |
| Total comprehensive (expense) income for the year | - | - | - | - | (490,934) | (1,664,779) | (13,936) | - | 172,185 | (1,997,464) | 209,864 | (1,839) | 208,025 | (1,789,439) |
| Distribution to owners of perpetual capital notes | - | - | - | - | - | - | - | - | - | - | (207,890) | - | (207,890) | (207,890) |
| Dividend to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | (16,525) | (16,525) | (16,525) |
| Dividends recognised as distribution (note 13) | - | - | - | - | - | - | - | - | (494,684) | (494,684) | - | - | - | (494,684) |
| Shares issued in lieu of cash dividend | 4,433 | 85,585 | - | - | - | - | - | - | - | 90,018 | - | - | - | 90,018 |
| Bonus issue of share (note 36) | 24,196 | (24,196) | - | - | - | - | - | - | - | - | - | - | - | - |
| Partial disposal of equity interest in a subsidiary without loss of control | - | - | - | - | - | - | - | 125,563 | - | 125,563 | - | 31,237 | 31,237 | 156,800 |
| At 31 March 2023 | 270,591 | 4,712,161 | 35,964 | 54,727 | (999,049) | (2,118,154) | 103,016 | 727,549 | 9,568,360 | 12,355,165 | 2,903,563 | 389,484 | 3,293,047 | 15,648,212 |

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by Far East Consortium International Limited ("the Company") for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a former non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the interest of the Company and its subsidiaries (together referred to as the Group) in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016; (g) 2022 interim dividend and 2021 final dividend paid to shareholders out of other reserves of HK$455,778,000; and (h) a credit balance of HK$125,563,000 recognised in the year ended 31 March 2023 in respect of the excess of consideration received for the partial disposal of the equity interest of an indirect wholly-owned subsidiary, Turbo Century Limited, without loss of control, over the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve.

# Consolidated Statement of Cash Flows

For the year ended 31 March 2023

| | NOTE | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Profit before tax | | 729,748 | 1,853,727 |
| Adjustments for: | | | |
| Share of results of joint ventures | | (135,831) | 26,941 |
| Share of results of associates | | 1,497 | 21,851 |
| Depreciation of property, plant and equipment | | 445,014 | 462,244 |
| Interest income | | (68,411) | (24,877) |
| Finance costs | | 611,018 | 341,082 |
| Change in fair value of investment properties | | (39,942) | (643,540) |
| Change in fair value of financial assets at FVTPL | | (20,493) | 27,723 |
| Loss on disposal of debt instruments at FVTOCI | | 84,753 | 129,785 |
| Change in fair value of derivative financial instruments | | (34,078) | (54,196) |
| Gain on disposal of subsidiaries | 39 | – | (552,207) |
| Gain on disposal of property, plant and equipment | | (18,061) | (196,021) |
| Gain arising from structured financing arrangement | | (108,962) | – |
| Impairment loss under expected credit loss ("ECL") model recognised on debt instruments at FVTOCI | | – | 78,258 |
| Impairment loss under ECL model recognised on trade debtors | | 5,718 | 19,784 |
| (Reversal of) impairment loss recognised on property, plant and equipment | | (26,555) | 33,642 |
| Gain on termination of lease contracts | | (13,480) | (8,618) |
| Rent concessions | | – | (180) |
| Operating cash flows before movements in working capital | | 1,411,935 | 1,515,398 |
| Increase in properties for sale | | (1,539,207) | (1,685,795) |
| (Increase) decrease in other inventories | | (3,962) | 116 |
| (Increase) decrease in loan receivables | | (40,335) | 30,270 |
| Decrease in debtors, deposits and prepayments | | 73,508 | 316,705 |
| Decrease (increase) in customer's deposits under escrow | | 58,273 | (151,557) |
| Decrease (increase) in investment held for trading | | 27,152 | (52,043) |
| Decrease in creditors and accruals and other liabilities | | (388,120) | (43,897) |
| Increase in contract assets | | (238,741) | – |
| (Increase) decrease in contract costs | | (9,204) | 1,488 |
| Decrease in contract liabilities | | (39,418) | (19,442) |
| Cash generated used in operations | | (688,119) | (88,757) |
| Income tax paid | | (247,256) | (405,490) |
| **Net cash used in operating activities** | | (935,375) | (494,247) |

## Consolidated Statement of Cash Flows

For the year ended 31 March 2023

| | NOTES | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Acquisition and development expenditures of property, plant and equipment | | (890,830) | (1,067,461) |
| Proceeds from disposal of property, plant and equipment | | 113,173 | 248,871 |
| Development expenditures of investment properties | | (258,991) | (140,135) |
| Proceeds from disposal of investment properties | | 1,185 | 88,344 |
| Deposit received for disposal of a subsidiary | 30 | 338,000 | 338,000 |
| Net cash inflow on disposal of subsidiaries | 39 | – | 1,622,081 |
| Capital investment in associates | | – | (42,593) |
| Capital investment in joint ventures | | (169,494) | (1,259,648) |
| Dividend and distribution received from associates and joint ventures | | 119,804 | 6,184 |
| Repayment from associates | | 2,084 | 3,973 |
| Advances to joint ventures | | (1,163,236) | (595,287) |
| Repayment from joint ventures | | 231,035 | 246,385 |
| Advance to a shareholder of a non-wholly owned Subsidiary | | – | (137,880) |
| Advance to a related company | | (878) | – |
| Purchase of other assets | | (14,846) | (13,500) |
| Purchase of equity instruments at FVTPL | | (16,962) | (10,091) |
| Proceeds from sale of equity securities at FVTPL | | 8,720 | 2,659 |
| Proceeds from sale of debt instruments at FVTPL | | 206,611 | 208,585 |
| Purchase of debt instruments at FVTOCI | | (1,191,685) | (3,133,461) |
| Proceeds from sale/redemption of debt instruments at FVTOCI | | 1,285,949 | 3,859,381 |
| Purchase of investment funds | | (147,953) | (259,666) |
| Purchase of convertible bonds | | – | (129,500) |
| Proceeds from sale of investment funds | | 105,449 | 62,444 |
| Purchase of structured notes | | (16,867) | (242,044) |
| Proceeds from sale/redemption of structure notes | | 16,295 | 475,007 |
| Net cash inflow (outflow) on derivative financial instruments | | 30,396 | (4,528) |
| Placement of pledged deposits | | (353,489) | (495,516) |
| Release of pledged deposits | | 507,496 | – |
| Release of restricted bank deposits | | – | 1,341 |
| Cash paid for structured financing arrangement | | (388,367) | – |
| Cash received from structured financing arrangement | | 460,389 | – |
| Receipt in advance | 28 | – | 307,500 |
| Bank interest received | | 59,531 | 24,877 |
| **Net cash used in investing activities** | | (1,127,481) | (35,678) |

## Consolidated Statement of Cash Flows

For the year ended 31 March 2023

| | NOTE | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|---|
| **Financing activities** | | | |
| New bank and other borrowings raised, net of transaction costs | | 9,187,505 | 13,702,720 |
| Repayments of bank and other borrowings | | (7,416,597) | (8,553,437) |
| Proceeds on issue of notes, net of transaction costs | | – | 1,180,610 |
| Repurchase of notes | | (160,569) | – |
| Repayment of notes | | – | (1,831,516) |
| Repayments of lease liabilities | | (86,436) | (113,257) |
| Repayment to shareholders of non-wholly owned subsidiaries | | (7,598) | – |
| Advance from a related company | | 95 | 51 |
| Advance from associates | | 603 | – |
| Repayment to associates | | – | (44,250) |
| Distribution to owners of perpetual capital notes | | (207,890) | (189,191) |
| Dividends paid | | (404,666) | (386,923) |
| Dividends paid to non-controlling interests | | (16,525) | – |
| Interest paid | | (1,206,140) | (755,227) |
| Proceeds from disposal of partial interest in a subsidiary without losing control | | 156,800 | – |
| **Net cash (used in) from financing activities** | | (161,418) | 3,009,580 |
| **Net (decrease) increase in cash and cash equivalents** | | (2,224,274) | 2,479,655 |
| **Cash and cash equivalents brought forward** | | 6,902,605 | 4,412,067 |
| Effect of foreign exchange rate changes | | (246,846) | 10,883 |
| **Cash and cash equivalents carried forward** | | 4,431,485 | 6,902,605 |
| **Represented by:** | | | |
| Bank balances and cash | | 4,431,485 | 6,902,605 |

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The ultimate controlling shareholder is David CHIU. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2023 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations and securities and financial product investments. The details of the principal subsidiaries are set out in note 50.

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

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

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

In the current year, the Group has applied 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 Group's annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendment to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018–2020 |

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

### New and amendments to HKFRSs in issue but not yet effective

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

| | |
|---|---|
| HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17) | Insurance Contracts[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2] |
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback[3] |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3] |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants[3] |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies[1] |
| Amendments to HKAS 8 | Definition of Accounting Estimates[1] |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1] |

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

### New and amendments to HKFRSs in issue but not yet effective (continued)

*Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")*

The 2020 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:

- 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*.

- 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 the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 March 2023, including the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

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

### New and amendments to HKFRSs in issue but not yet effective (continued)

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

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

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

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

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

*Amendments to HKAS 8 Definition of Accounting Estimates*

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

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

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

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

### New and amendments to HKFRSs in issue but not yet effective (continued)

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

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

As disclosed in note 4 to the consolidated financial statements, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting period beginning on 1 April 2023. The management of the Group is still in the progress of assessing the impact of the application of this amendments on the Group's consolidated financial statements.

## 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 included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance (the "HKCO").

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

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

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

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

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

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

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

### Basis of preparation of consolidated financial statements (continued)

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.

### 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 Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

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

### Significant accounting policies (continued)

*Basis of consolidation* (continued)

*Changes in the Group's interests in existing subsidiaries*

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

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

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

*Business combinations or asset acquisitions*

*Optional concentration test*

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

*Asset acquisitions*

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets or 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.

*Business combinations*

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

### Significant accounting policies (continued)

*Business combinations or asset acquisitions* (continued)

*Business combinations* (continued)

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 April 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

### Significant accounting policies (continued)

*Business combinations or asset acquisitions* (continued)

*Business combinations* (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiaries' net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

### Significant accounting policies (continued)

*Goodwill*

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit (or groups of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

*Non-current assets held for sale*

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

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

### Significant accounting policies (continued)

*Non-current assets held for sale* (continued)

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 and investment properties, which continue to be measured in accordance with the accounting policies as set out in respective sections.

*Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under development for such purposes).

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

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

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.

*Property, plant and equipment (other than right-of-use assets)*

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose (other than freehold land and properties under development) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

### Significant accounting policies (continued)

*Property, plant and equipment (other than right-of-use assets)* (continued)

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. 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 disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in assets revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

*Ownership interests in leasehold land and buildings*

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" (included in property, plant and equipment) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

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

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

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

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

### Significant accounting policies (continued)

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

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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 the 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 cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

*Cash and cash equivalents*

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

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

### Significant accounting policies (continued)

*Leases*

*Definition of a lease*

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

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

*The Group as a lessee*

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

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

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

The Group presents right-of-use assets that do not meet the definition of investment property or inventory in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

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

### Significant accounting policies (continued)

*Leases* (continued)

*The Group as a lessee* (continued)

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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

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

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

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

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

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

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

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

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

### Significant accounting policies (continued)

*Leases* (continued)

*The Group as a lessee* (continued)

Lease modifications (continued)

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

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

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

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

*The Group as a lessor*

Classification and measurement of leases

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

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

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

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

### Significant accounting policies (continued)

*Leases* (continued)

*The Group as a lessor* (continued)

Allocation of consideration to components of a contract

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

Refundable rental deposits

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

Lease modification

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

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

*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.

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

### Significant accounting policies (continued)

*Investments in associates and joint ventures* (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or 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, 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, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

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.

*Changes in the Group's interests in associates and joint ventures*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

*Interests in joint operations*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to 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.

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

### Significant accounting policies (continued)

*Interests in joint operations* (continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

*Inventories*

*Properties for sale*

Properties for sale consist of completed properties and properties under development.

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

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

The Group transfers properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

*Other inventories*

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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

### Significant accounting policies (continued)

*Contingent liabilities*

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

*Financial instruments*

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

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

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

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

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

### Significant accounting policies (continued)

*Financial instruments* (continued)

*Financial assets*

Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial 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 ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

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

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 and debt instruments measured at FVTOCI. 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) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

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

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

## 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)

(iv) 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 includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

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

The Group performs impairment assessment under ECL model on financial assets (including trade debtors, other receivables, customers' deposits under escrow, amounts due from related companies/party, amount due from a shareholder of non-wholly owned subsidiary, debt instruments classified at FVTOCI, pledged deposits, loan receivables and bank balances), and other items including lease receivables and loan commitment which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade debtors and lease 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.

## 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 other items subjects to impairment assessment under HKFRS 9 (continued)

(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;

- 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.

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

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

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

### Significant accounting policies (continued)

*Financial instruments* (continued)

*Financial assets* (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

## 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 other items subjects to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data 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 undrawn loan commitment, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

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

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

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

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

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

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

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and lease receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

## 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.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

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

*Financial liabilities and equity instruments*

Classification as debt or equity

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

Equity instruments

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

Perpetual capital notes issued by a group entity, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments (including perpetual capital notes) 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.

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

### Significant accounting policies (continued)

*Financial instruments* (continued)

*Financial liabilities and equity instruments* (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition, it is a part of 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.

Financial liabilities at amortised cost

Financial liabilities including creditors, amount due to a related company, amounts due to associates, amounts due to shareholders of non-wholly owned subsidiaries, notes, bank and other borrowings, and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

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

### Significant accounting policies (continued)

*Financial instruments* (continued)

*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).

*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 with changes in fair value recognising in profit or loss immediately.

A derivative contract over a group entity's own equity is accounted for as equity instrument only when it will be settled by the group entity delivering a fixed number of its own equity instruments and receiving a fixed amount of cash or another financial asset. Change in fair value of the equity instrument is not recognised in the consolidated financial statements.

*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 asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

*Contracts with multiple performance obligations (including allocation of transaction price)*

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

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

*Sales of properties*

Revenue from properties sales is recognised over time when the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from properties sales is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer complete the handover procedures and obtains the control of the completed property.

For the progress towards complete satisfaction of a performance obligation that is recognised over time, revenue is recognised based on the stage of completion of the contract using the input method. The Group's sales contracts with customers include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

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

### Significant accounting policies (continued)

*Revenue from contracts with customers* (continued)

*Sales of properties* (continued)

A contract asset is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade debtors when the rights become unconditional.

The Group receives deposits from customers when they sign the sale and purchase agreement.

Deposits received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

*Construction contracts*

Revenue from construction contracts is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised based on the stage of completion of the contract using output method.

The Group's construction contracts include payment schedules which require monthly payments over the construction period.

*Hotel operations and management, car park operations and facilities management, property management services*

As the customers simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the service fee received or receivable from the customers as its revenue over time based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

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

### Significant accounting policies (continued)

*Revenue from contracts with customers* (continued)

*Gaming and related operations*

Gaming revenue is the aggregate net difference between gaming wins and losses. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

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

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

*Foreign currencies*

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("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 carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

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

### Significant accounting policies (continued)

*Foreign currencies* (continued)

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

On the disposal of a foreign operation (that is, 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.

*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. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended 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 schemes*

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

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

### Significant accounting policies (continued)

*Equity-settled share-based payment transactions*

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

*Share options granted to employees*

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options 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 options reserve.

When the share options are exercised, the amount previously recognised in share options 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 share options reserve will be transferred to retained profits.

*Short-term and other long-term employee benefits*

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

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

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

*Government grants*

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

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

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

### Significant accounting policies (continued)

*Taxation*

Taxation 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 income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit 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 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.

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

### Significant accounting policies (continued)

*Taxation* (continued)

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount 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. Freehold land is always presumed to be recovered entirely through sale.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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.

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Critical judgement in applying accounting policies

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

*Revenue recognised from sales of properties over time*

Certain revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. Management, in interpreting the applicable laws and exercising its judgements, has identified sales contracts in Singapore and Malaysia provide the Group with enforceable right to payment for performance completed to date while sales contracts in Hong Kong, regions in People's Republic of China excluding Hong Kong (the "PRC"), Australia and the United Kingdom do not provide the Group with such rights.

During the year ended 31 March 2023, revenue from sales of properties recognised over time by the Group amounted to HK$1,145,915,000 (2022: HK$252,601,000).

*Deferred taxation on investment properties*

For the purposes of measuring deferred taxes, arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that (a) the Group's investment properties in Hong Kong, UK and Singapore 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, (b) the Group's investment properties in Australia (except for freehold land) and the regions in the PRC are 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 Group's deferred taxation on investment properties in Hong Kong, UK and Singapore, 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 presumption that the carrying amounts of the Group's investment properties situated in Australia (except for freehold land) and the regions in the PRC are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

The carrying amounts of the freehold land are recovered entirely through sales.

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Key sources of estimation uncertainty

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

*Fair value measurement of financial instruments*

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the third party qualified external valuers to establish and determine the appropriate valuation techniques and inputs for certain Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial instruments are disclosed in note 47.

*Fair values of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent qualified professional valuers ("Valuers"). The determination of the fair value involves certain assumptions of market conditions which are set out in note 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to assumptions including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2023, the carrying amount of the Group's investment properties is HK$8,113,310,000 (2022: HK$7,888,061,000).

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### Key sources of estimation uncertainty (continued)

*Deferred taxation*

As 31 March 2023, a deferred tax asset of HK$61,849,000 (2022: HK$44,385,000) in relation to unused tax losses to the extent of HK$328,971,000 (2022: HK$212,661,000) has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses and deductible temporary difference of HK$2,080,832,000 (2022: HK$1,785,506,000) and HK$359,036,000 (2022: HK$370,438,000), respectively due to unpredictability of future profit streams. The reliability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

In addition, the Group provides deferred tax liabilities in relation to the earnings expected to be distributed from its subsidiaries outside Hong Kong. Deferred tax liabilities have not been provided on remaining distributable profits of these entities as stated in note 35 as the Group plans to retain these profits in the respective entities for their daily operations and future developments. In case where the actual distribution of profits are larger than expected or changes in the Group's future development plan which affects the expected future distributions, material tax liabilities may arise, which will be recognised in profit or loss in the period in which such events occur.

## 5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, notes, net of cash and cash equivalents, pledged deposits and customers' deposits under escrow), and total equity of the Company, comprising mainly issued share capital, share premium, perpetual capital notes and retained profits.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

## 6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations by various geographical locations (including interests in associates and joint ventures) stated as below:

– Property development (including investment properties developed and managed by the same management team)

– Property investment

– Hotel operations and management (including investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team as well as securities investments made and monitored by the same team)

– Car park operations and facilities management

– Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)

– Securities and financial product investments in HK

– Provision of mortgage services (including as securities investments made and monitored by the same team)

## 6. SEGMENT INFORMATION (continued)

### (a) Segment revenue and results

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

| | Segment revenue | | Segment profit (loss) | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| Property development | | | | |
| – Australia | **510,178** | 1,658,006 | **148,894** | 297,266 |
| – Hong Kong (the "HK") | **249,937** | 125,627 | **76,929** | 8,356 |
| – Malaysia | **15,432** | 7,253 | **7,043** | (3,076) |
| – PRC | **128,455** | 568,224 | **605,230** | 368,684 |
| – Singapore | **1,145,915** | 265,346 | **50,246** | 94,509 |
| – The United Kingdom (the "UK") | **1,516,218** | 753,901 | **241,089** | 96,064 |
| | **3,566,135** | 3,378,357 | **1,129,431** | 861,803 |
| Property investment | | | | |
| – Australia | **16,696** | 10,170 | **3,610** | 21,341 |
| – HK | **36,366** | 34,427 | **50,542** | 543,472 |
| – PRC | **55,134** | 41,731 | **51,436** | 9,905 |
| – UK | **7,834** | 6,421 | **10,629** | 8,283 |
| | **116,030** | 92,749 | **116,217** | 583,001 |
| Hotel operations and management | | | | |
| – Australia | **218,398** | 166,888 | **(54,090)** | (79,605) |
| – HK | **653,632** | 772,794 | **144,129** | 198,855 |
| – Malaysia | **133,901** | 90,854 | **20,064** | 39,286 |
| – PRC | **144,411** | 163,322 | **(29,081)** | 1,648 |
| – Singapore | **111,402** | 72,224 | **55,230** | 19,281 |
| – UK | **149,245** | 90,703 | **30,862** | 34,777 |
| – Europe (other than UK) | **98,054** | 48,623 | **834** | 25,561 |
| | **1,509,043** | 1,405,408 | **167,948** | 239,803 |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

# 6. SEGMENT INFORMATION (continued)

## (a) Segment revenue and results (continued)

| | Segment revenue | | Segment profit (loss) | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| Car park operations and facilities management | | | | |
| – Australia and New Zealand | **624,022** | 571,924 | **22,944** | 93,827 |
| – UK | **95,189** | 43,050 | **(1,475)** | (4,738) |
| – Europe (other than UK) | **31,958** | 28,917 | **17,519** | (2,798) |
| – Malaysia | **3,129** | 20,386 | **(1,036)** | 2,464 |
| | **754,298** | 664,277 | **37,952** | 88,755 |
| Gaming operations | | | | |
| – Australia | **–** | – | **(22)** | (11) |
| – Czech Republic | **296,229** | 231,478 | **63,227** | 62,156 |
| | **296,229** | 231,478 | **63,205** | 62,145 |
| Securities and financial product investments in HK | **59,472** | 93,135 | **5,234** | (123,730) |
| Provision of mortgage services | | | | |
| – Australia | **36,729** | 23,797 | **15,998** | 22,137 |
| – HK | **7,925** | 6,435 | **7,040** | 17,408 |
| | **44,654** | 30,232 | **23,038** | 39,545 |
| Segment revenue/segment profit | **6,345,861** | 5,895,636 | **1,543,025** | 1,751,322 |
| Unallocated corporate income and expenses | | | **(85,508)** | (108,115) |
| Gain on disposal of subsidiaries (note 39) | | | **–** | 552,207 |
| Net foreign exchange loss | | | **(116,751)** | (605) |
| Finance costs | | | **(611,018)** | (341,082) |
| Profit before tax | | | **729,748** | 1,853,727 |

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, certain bank interest income, gain on disposal of subsidiaries, net foreign exchange loss, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

## 6. SEGMENT INFORMATION (continued)

### (b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment including investment properties held for sale without allocation of corporate assets which are mainly cash and cash equivalents.

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Property development | | |
| – Australia | **8,246,033** | 8,175,630 |
| – HK | **5,691,556** | 3,583,193 |
| – Malaysia | **368,436** | 410,297 |
| – PRC | **2,885,768** | 2,923,978 |
| – Singapore | **2,409,442** | 3,002,364 |
| – UK | **4,735,242** | 4,604,814 |
| | **24,336,477** | 22,700,276 |
| Property investment | | |
| – Australia | **311,129** | 304,954 |
| – HK | **5,019,107** | 4,717,015 |
| – PRC | **5,620** | 2,599 |
| – UK | **33,465** | 24,368 |
| | **5,369,321** | 5,048,936 |
| Hotel operations and management | | |
| – Australia | **4,675,309** | 4,253,779 |
| – HK | **5,022,024** | 4,590,723 |
| – Malaysia | **847,602** | 884,049 |
| – PRC | **2,055,649** | 2,665,998 |
| – Singapore | **571,463** | 581,801 |
| – UK | **1,024,777** | 882,273 |
| – Europe (other than UK) | **320,435** | 266,443 |
| | **14,517,259** | 14,125,066 |
| Car park operations and facilities management | | |
| – Australia and New Zealand | **1,044,931** | 1,271,205 |
| – Europe | **377,143** | 550,281 |
| – Malaysia | **132,745** | 138,512 |
| | **1,554,819** | 1,959,998 |
| Gaming operations | | |
| – Australia | **356,361** | 902,297 |
| – Czech Republic | **286,373** | 357,336 |
| | **642,734** | 1,259,633 |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

# 6. SEGMENT INFORMATION (continued)

## (b) Segment assets (continued)

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Securities and financial product investments in HK | **1,563,492** | 1,781,836 |
| Provision of mortgage services | | |
| – Australia | **776,805** | 747,116 |
| – HK | **228,593** | 272,050 |
| | **1,005,398** | 1,019,166 |
| Segment assets | **48,989,500** | 47,894,911 |
| Unallocated corporate assets | **4,433,280** | 6,909,405 |
| Total assets | **53,422,780** | 54,804,316 |

## (c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, derivative financial instruments, amount due from an associate, amounts due from joint ventures, amount due from an investee company, loan receivables, pledged deposits, other assets and deferred tax assets.

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2023<br>HK$'000 | 2022<br>HK$'000 | 2023<br>HK$'000 | 2022<br>HK$'000 |
| Australia and New Zealand | **1,406,023** | 2,430,785 | **6,839,751** | 7,236,902 |
| Czech Republic | **394,282** | 280,101 | **528,831** | 543,572 |
| HK | **1,007,332** | 1,032,418 | **10,527,134** | 9,704,351 |
| Malaysia | **152,462** | 118,493 | **828,424** | 880,890 |
| PRC | **328,000** | 773,277 | **4,123,060** | 4,407,598 |
| Singapore | **1,257,317** | 337,570 | **537,163** | 532,786 |
| UK | **1,768,487** | 894,075 | **1,216,776** | 1,205,043 |
| Europe (other than UK) | **31,958** | 28,917 | **154,466** | 325,251 |
| | **6,345,861** | 5,895,636 | **24,755,605** | 24,836,393 |

# 6. SEGMENT INFORMATION (continued)

## (d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

| | 2023 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Property development HK$'000 | Property investment HK$'000 | Hotel operations and management HK$'000 | Gaming operations HK$'000 | Car park operations and facilities management HK$'000 | Securities and financial product investments HK$'000 | Provision of mortgage services HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
| **Amounts included in the measure of segment profit or loss or segment assets:** | | | | | | | | | |
| Impairment loss under ECL model recognised on trade debtors | (2,890) | 5,126 | (11,195) | 2 | (3,105) | - | - | 6,344 | (5,718) |
| Depreciation of property, plant and equipment | (10,458) | (1,259) | (323,077) | (12,916) | (92,109) | - | - | (5,195) | (445,014) |
| Gain on disposal of property, plant and equipment | 417 | - | 743 | 57 | 17,269 | - | - | (425) | 18,061 |
| Reversal of impairment loss on property, plant and equipment | - | - | - | - | 26,555 | - | - | - | 26,555 |
| Change in fair value of investment properties | - | 49,422 | (9,480) | - | - | - | - | - | 39,942 |
| Change in fair value of financial assets at FVTPL | - | - | 13,533 | (3,107) | - | 10,067 | - | - | 20,493 |
| Change in fair value of derivative financial instruments | - | - | 16,637 | - | - | 3,257 | - | 14,184 | 34,078 |
| Share of results of associates | - | 6,553 | (8,050) | - | - | - | - | - | (1,497) |
| Share of results of joint ventures | 145,573 | - | 8,006 | - | 2,947 | - | (20,695) | - | 135,831 |
| Interests in associates | - | 236,523 | 1,494,766 | - | - | - | - | - | 1,731,289 |
| Interests in joint ventures | 1,809,161 | 4,040 | 297,243 | - | 39,698 | - | 285,213 | - | 2,435,355 |
| Acquisition in property, plant and equipment | 21,495 | 2,689 | 1,209,172 | 2,044 | 37,721 | - | - | 395 | 1,273,516 |
| Additions of investment properties | - | 338,085 | - | - | - | - | - | - | 338,085 |
| Investment securities | 5 | - | 125,981 | 356,361 | - | 1,194,298 | 437,623 | - | 2,114,268 |
| Amortisation of contract costs | 158,529 | - | - | - | - | - | - | - | 158,529 |

## 6. SEGMENT INFORMATION (continued)

### (d) Other information (continued)

| | 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Property development HK$'000 | Property investment HK$'000 | Hotel operations and management HK$'000 | Gaming operations HK$'000 | Car park operations and facilities management HK$'000 | Securities and financial product investments HK$'000 | Provision of mortgage services HK$'000 | Unallocated HK$'000 | Consolidated HK$'000 |
| **Amounts included in the measure of segment profit or loss or segment assets:** | | | | | | | | | |
| Impairment loss under ECL model recognised on trade debtors | (3,168) | (7,251) | (104) | - | (9,261) | - | - | - | (19,784) |
| Impairment loss under ECL model recognised on debt instruments at FVTOCI | - | - | - | - | - | (78,258) | - | - | (78,258) |
| Depreciation of property, plant and equipment | (10,181) | (1,233) | (310,905) | (11,640) | (122,888) | - | - | (5,397) | (462,244) |
| Gain on disposal of property, plant and equipment | (187) | - | 37,713 | 143 | 157,182 | - | - | 1,170 | 196,021 |
| Impairment recognised on right-of-use assets | - | - | - | - | (33,642) | - | - | - | (33,642) |
| Change in fair value of investment properties | 100,865 | 540,265 | 2,410 | - | - | - | - | - | 643,540 |
| Change in fair value of financial assets at FVTPL | - | - | 998 | (1,533) | - | (27,188) | - | - | (27,723) |
| Change in fair value of derivative financial instruments | - | - | 17,878 | - | - | 21,632 | - | 14,686 | 54,196 |
| Share of results of associates | - | (5,990) | (15,861) | - | - | - | - | - | (21,851) |
| Share of results of joint ventures | 575 | - | (29,036) | - | 377 | - | 1,143 | - | (26,941) |
| Interests in associates | - | 241,415 | 1,679,952 | - | - | - | - | - | 1,921,367 |
| Interests in joint ventures | 1,730,448 | 5,733 | 254,579 | - | 41,121 | - | 319,929 | - | 2,351,810 |
| Acquisition in property, plant and equipment | 6,339 | 1,978 | 1,107,045 | - | 24,767 | - | - | 720 | 1,140,849 |
| Additions of investment properties | - | 196,854 | - | - | - | - | - | - | 196,854 |
| Investment securities | 5 | - | 86,466 | 943,345 | - | 1,593,234 | 410,219 | - | 3,033,269 |
| Amortisation of contract costs | 124,745 | - | - | - | - | - | - | - | 124,745 |

Information about segment liabilities are not regularly reviewed by CODM. Accordingly, segment liabilities information is not presented.

## 7. REVENUE

Revenue represents the aggregate amount of proceeds from sales of properties and construction, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, gaming operations, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Sales of properties | 3,276,917 | 3,282,073 |
| Construction revenue | 241,340 | 65,173 |
| Hotel revenue | | |
| – room revenue | 1,329,766 | 1,218,513 |
| – food and beverage | 136,278 | 133,872 |
| Car park income | | |
| – parking revenue | 654,000 | 582,857 |
| – management fee | 101,702 | 83,107 |
| Gaming revenue | 388,762 | 302,328 |
| Less: gaming tax | (133,097) | (94,965) |
| Net gaming revenue from gaming operation | 255,665 | 207,363 |
| Provision of property management services | 57,572 | 19,032 |
| Other operations | 9,756 | 9,146 |
| **Revenue from contracts with customers** | 6,062,996 | 5,601,136 |
| Leasing of properties – operating lease | 176,734 | 169,824 |
| Loan interest income | 7,925 | 6,435 |
| Interest income from financial instruments | 94,183 | 115,794 |
| Dividend income from financial instruments | 4,023 | 2,447 |
| | 6,345,861 | 5,895,636 |
| Timing of revenue recognition from contracts with customers | | |
| – At a point in time | 2,532,701 | 3,379,853 |
| – Over time | 3,530,295 | 2,221,283 |
| | 6,062,996 | 5,601,136 |

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 6.

## 7. REVENUE (continued)

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

| | For the year ended 31 March 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Segment revenue HK$'000 | Leasing of properties and car park income HK$'000 | Food and beverage HK$'000 | Gaming HK$'000 | Interest and dividend income HK$'000 | Consolidation HK$'000 |
| Property development* | 3,566,135 | (47,878) | – | – | – | 3,518,257 |
| Hotel operations | 1,509,043 | (73,807) | (116,034) | 10,564 | – | 1,329,766 |
| Car park operations | 754,298 | 1,404 | – | – | – | 755,702 |
| Gaming operations | 296,229 | – | (30,000) | (10,564) | – | 255,665 |
| Provision of property management services | – | 57,572 | – | – | – | 57,572 |
| Food and beverage | – | – | 136,278 | – | – | 136,278 |
| Other operations | – | – | 9,756 | – | – | 9,756 |
| **Revenue from contracts with customers** | 6,125,705 | (62,709) | – | – | – | 6,062,996 |
| Leasing of properties | 116,030 | 62,709 | – | – | (2,005) | 176,734 |
| Provision of mortgage services | 44,654 | – | – | – | (36,729) | 7,925 |
| Interest income and dividend income from financial instruments | 59,472 | – | – | – | 38,734 | 98,206 |
| Total revenue | 6,345,861 | – | – | – | – | 6,345,861 |

| | For the year ended 31 March 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Segment revenue HK$'000 | Leasing of properties and car park income HK$'000 | Food and beverage HK$'000 | Gaming HK$'000 | Interest and dividend income HK$'000 | Consolidation HK$'000 |
| Property development* | 3,378,357 | (31,111) | – | – | – | 3,347,246 |
| Hotel operations | 1,405,408 | (67,992) | (126,695) | 7,792 | – | 1,218,513 |
| Car park operations | 664,277 | 1,687 | – | – | – | 665,964 |
| Gaming operations | 231,478 | – | (16,323) | (7,792) | – | 207,363 |
| Provision of property management services | – | 19,032 | – | – | – | 19,032 |
| Food and beverage | – | – | 133,872 | – | – | 133,872 |
| Other operations | – | – | 9,146 | – | – | 9,146 |
| **Revenue from contracts with customers** | 5,679,520 | (78,384) | – | – | – | 5,601,136 |
| Leasing of properties | 92,749 | 78,384 | – | – | (1,309) | 169,824 |
| Provision of mortgage services | 30,232 | – | – | – | (23,797) | 6,435 |
| Interest income and dividend income from financial instruments | 93,135 | – | – | – | 25,106 | 118,241 |
| Total revenue | 5,895,636 | – | – | – | – | 5,895,636 |

* Revenue from property development includes sales of properties and construction revenue.

## 7. REVENUE (continued)

### Performance obligations for contracts with customers

*Sales of properties recognised at a point in time*

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers other than sales of properties in Singapore and Malaysia. Revenue from sales of such residential properties is therefore recognised at a point in time when the handover procedure is completed and the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

In different locations, the Group receives 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits result in contract liabilities being recognised before the sales of properties.

The Group considers the deposits do not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money.

*Sales of properties recognised over time*

Revenue from sales of properties in Singapore and Malaysia is recognised over time because the Group's performance under a sales contract 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. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Revenue for these sales of properties is recognised based on the stage of completion of the contract using input method.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

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

## 7. REVENUE (continued)

### Performance obligations for contracts with customers (continued)

*Construction revenue*

Construction revenue is recognised based on the stage of completion of the contract using output method. The Group's construction contracts include payment schedules which require monthly payments over the construction period, with reference to the survey of works performed.

*Hotel revenue*

The hotel room revenue from customers are recognised over time using output method when the services and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

*Car park income*

The car park revenue from customers are recognised over time using output method when the service and facilities are provided.

*Gaming revenue*

Gaming revenue is the aggregate net difference between gaming wins and losses, and is recognised at a point in time.

*Provision of property management services*

Revenue from property management service is recognised over time using output method as income when the services and facilities are provided.

*Food and beverage*

For income from food and beverage, revenue is recognised when the food and beverage are delivered to the customer.

### Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the reporting period and the expected timing of recognising revenue from sales of properties and construction revenue are as follows:

| | **2023**<br>**HK$'000** | 2022<br>HK$'000 |
|---|---|---|
| Within one year | **6,746,270** | 6,921,471 |
| More than one year but not more than two years | **3,054,380** | 773,827 |
| More than two years | **–** | 2,210,501 |
| | **9,800,650** | 9,905,799 |

The amount disclosed above do not include contracts for property management services and car park management fee in which the Group bills a fixed amount each month according to the terms.

As at 31 March 2023 and 31 March 2022, contracts with customers with unsatisfied performance obligations for the income from gaming operations, hotel revenue and parking revenue have original expected duration of one year or less.

### Lease revenue

During the years ended 31 March 2023 and 2022, all income from lease of properties are fixed lease payments.

## 8. OTHER GAINS AND LOSSES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Change in fair value of investment properties | 39,942 | 643,540 |
| Change in fair value of financial assets at FVTPL | 20,493 | (27,723) |
| Loss on disposal of debt instruments at FVTOCI | (84,753) | (129,785) |
| Change in fair value of derivative financial instruments | 34,078 | 54,196 |
| Net foreign exchange loss | (116,751) | (605) |
| Gain on disposal of property, plant and equipment | 18,061 | 196,021 |
| Gain on disposal of subsidiaries | – | 552,207 |
| Impairment loss under ECL model recognised on debt instruments at FVTOCI | – | (78,258) |
| Impairment loss under ECL model recognised on trade debtors | (5,718) | (19,784) |
| Gain arising from structured financing arrangement (Note) | 108,962 | – |
| | 14,314 | 1,189,809 |

Note: As detailed in the Company's announcement published on 15 March 2022, on 14 March 2022, the Group entered into a structured financing arrangement which involved the followings: (1) advancing cash amounting to GBP38,503,000 to the R&F Properties (HK) Company Limited ("R&F Prop HK") and its subsidiary (collectively referred to as the "R&F Group"); (2) entering into a guarantee of the bank loan in the place of R&F Group amounting to GBP57,200,000 (the "Target Bank Loan"); and (3) transferring 100% equity interest of R&F Properties VS (UK) Co., Ltd ("Target Company") to the Group from the R&F Group with a repurchase option issued to the counterparty which is exercisable at any time after the completion and on or before the end of six months after the completion of the transaction. As such, the Group did not obtain control of the assets held by the Target Company. As the transaction represented an acquisition of assets with repurchase option, the Group did not consolidate the Target Company and has accounted for the cash advanced as a receivable arising from structured financing arrangement. During the year ended 31 March 2023, gain of HK$108,962,000 recognised. The R&F Group subsequently exercised the option to repurchase the interest in the Target Company, as detailed in the Company's announcement published on 2 September 2022, which has been completed on 5 October 2022.

## 9. FINANCE COSTS

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Interest on: | | |
| Bank borrowings | 1,019,749 | 517,062 |
| Other loans | 11,582 | 8,751 |
| Interest on lease liabilities | 12,914 | 20,246 |
| Interest on notes | 234,224 | 248,234 |
| Amortisation of front-end fee of bank loans | 33,019 | 18,804 |
| Others | 10,573 | 24,568 |
| Total interest costs | 1,322,061 | 837,665 |
| Less: amounts capitalised to: | | |
| – properties for sale (properties under development) | (617,505) | (441,116) |
| – property, plant and equipment (owned properties under development) | (93,538) | (55,467) |
| | 611,018 | 341,082 |

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.39% to 6.04% (2022: 1.68% to 5.25%) per annum to expenditure on the qualifying assets.

## 10. INCOME TAX EXPENSE

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| The income tax expense comprises: | | |
| Current tax: | | |
| Hong Kong Profits Tax | **91,934** | 75,042 |
| PRC Enterprise Income Tax ("PRC EIT") | **61,821** | 83,988 |
| PRC Land Appreciation Tax ("PRC LAT") | **21,227** | 70,344 |
| Australia Income Tax | **9,898** | 15,659 |
| Malaysia Income Tax | **3,034** | 370 |
| UK Income Tax | **7,612** | 264 |
| Singapore Income Tax | **1,530** | – |
| Czech Republic Income Tax | **17,707** | 9,447 |
| | **214,763** | 255,114 |
| Dividend withholding tax and interest withholding tax | **150,858** | – |
| Under (over) provision in prior years: | | |
| Hong Kong Profits Tax | **30,098** | 38,819 |
| PRC EIT | **(62,947)** | – |
| Australia Income Tax | **(7,630)** | (1,779) |
| | **(40,479)** | 37,040 |
| Deferred taxation (note 35) | **24,394** | 51,037 |
| | **349,536** | 343,191 |

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

Pursuant to EIT Law and Implementation Regulations of the EIT Law, distribution of the profits earned by the subsidiaries in the PRC since 1 January 2008 to holding companies is subject to the PRC withholding tax at the applicable tax rate of 5% or 10%.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 19% and 19% (2022: 30%, 24%, 17%, 19% and 19%) of the estimated assessable profits, respectively.

## 10. INCOME TAX EXPENSE (continued)

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

| | Hong Kong HK$'000 | PRC HK$'000 | Australia HK$'000 | Malaysia HK$'000 | Singapore HK$'000 | Others HK$'000 | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|
| **2023** | | | | | | | |
| (Loss) profit before tax | (212,567) | 586,604 | 34,641 | 17,897 | 33,698 | 269,475 | 729,748 |
| Applicable income tax rate | 16.5% | 25% | 30% | 24% | 17% | 19% to 25% | |
| Tax at the applicable income tax rate | (35,074) | 146,651 | 10,392 | 4,295 | 5,729 | 52,362 | 184,355 |
| Tax effect of expenses not deductible for tax purpose | 115,896 | 10,525 | 18,287 | 2,194 | 943 | 21,493 | 169,338 |
| Tax effect of income not taxable for tax purpose | (8,065) | (139,970) | (29,954) | (4,368) | (2,142) | (55,051) | (239,550) |
| PRC LAT | - | 21,227 | - | - | - | - | 21,227 |
| Tax effect of taxable temporary difference previously not recognised | (70) | (579) | 1,119 | - | - | (110) | 360 |
| Tax effect of deductible temporary difference not recognised | 989 | 1,225 | - | 339 | - | 2,701 | 5,254 |
| Utilisation of tax losses previously not recognised | (10,871) | (7,103) | (215) | - | - | (931) | (19,120) |
| Tax effect of PRC LAT | - | (5,307) | - | - | - | - | (5,307) |
| Utilisation of deductible temporary differences previously not recognised | (2,872) | - | - | - | (3,000) | - | (5,872) |
| Tax effect of tax losses not recognised | 53,990 | 18,640 | 15,511 | - | - | - | 88,141 |
| Tax effect of share of results of associates | (1,081) | - | 2,415 | - | - | - | 1,334 |
| Tax effect of share of results of joint ventures previously not recognised | 493 | - | (40,816) | (664) | - | - | (40,987) |
| Under (over) provision in prior years | 30,098 | (62,947) | (7,630) | - | - | - | (40,479) |
| Withholding tax | 49,051 | 160,875 | 26,486 | - | - | - | 236,412 |
| Others | (2,482) | (3,390) | (1,273) | 1,575 | - | - | (5,570) |
| Income tax expense for the year | 190,002 | 139,847 | (5,678) | 3,371 | 1,530 | 20,464 | 349,536 |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 10. INCOME TAX EXPENSE (continued)

| | Hong Kong HK$'000 | PRC HK$'000 | Australia HK$'000 | Malaysia HK$'000 | Singapore HK$'000 | Others HK$'000 (note) | Consolidated HK$'000 |
|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | |
| Profit before tax | 302,158 | 346,798 | 321,770 | 38,007 | 115,280 | 729,714 | 1,853,727 |
| Applicable income tax rate | 16.5% | 25% | 30% | 24% | 17% | 19% to 25% | |
| Tax at the applicable income tax rate | 49,856 | 86,699 | 96,532 | 9,122 | 19,598 | 138,395 | 400,202 |
| Tax effect of expenses not deductible for tax purpose | 173,494 | 399 | 10,582 | 1,177 | 9,988 | 3,316 | 198,956 |
| Tax effect of income not taxable for tax purpose | (119,258) | (8,925) | (82,318) | (10,577) | (32,402) | (132,683) | (386,163) |
| PRC LAT | – | 70,344 | – | – | – | – | 70,344 |
| Tax effect of taxable temporary difference previously not recognised | (10,907) | – | 552 | – | – | – | (10,355) |
| Tax effect of deductible temporary difference not recognised | 135 | 934 | – | 283 | – | – | 1,352 |
| Utilisation of tax losses previously not recognised | (14,718) | – | (29,938) | – | – | – | (44,656) |
| Tax effect of PRC LAT | – | (17,586) | – | – | – | – | (17,586) |
| Utilisation of deductible temporary differences previously not recognised | (2,448) | (3,357) | – | – | – | – | (5,805) |
| Tax effect of tax losses not recognised | 2,725 | 11,931 | 7,291 | 1,582 | 180 | – | 23,709 |
| Tax effect of share of results of associates | 988 | – | 4,758 | – | – | – | 5,746 |
| Tax effect of share of results of joint ventures | (95) | – | 2,921 | (38) | 1,952 | – | 4,740 |
| Recognition of tax effect of PRC LAT previously not recognised | – | 74,243 | – | – | – | – | 74,243 |
| Under (over) provision in prior years | 38,819 | – | (1,779) | – | – | – | 37,040 |
| Others | (2,498) | (376) | (6,699) | (1,200) | 684 | 1,513 | (8,576) |
| Income tax expense for the year | 116,093 | 214,306 | 1,902 | 349 | – | 10,541 | 343,191 |

Note: Included in others is mainly non-taxable gain on disposal of DCLL and Elite amounting to HK$546,831,000 as set out in note 39.

Details of the deferred taxation are set out in note 35.

## 11. PROFIT FOR THE YEAR

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Profit for the year has been arrived at after charging: | | |
| Cost of properties sold and construction contract recognised as an expense | | |
| – Over time | **1,029,635** | 379,146 |
| – At point of time | **1,853,326** | 1,887,271 |
| | **2,882,961** | 2,266,417 |
| Auditor's remuneration | **23,799** | 22,071 |
| Depreciation of property, plant and equipment (included depreciation of leased properties with HK$78,862,000 (2022: HK$94,141,000)) | **445,014** | 462,244 |
| Amortisation of contract cost | **158,529** | 124,745 |
| (Reversal of) impairment loss recognised on property, plant and equipment included in "depreciation and impairment of hotel and car park assets" | **(26,555)** | 33,642 |
| Staff costs (included HK$499,908,000 (2022: HK$430,945,000) in cost of sales and services) | | |
| – Directors' emoluments (note 14(a)) | **29,970** | 38,198 |
| – Other staffs | **949,295** | 779,634 |
| | **979,265** | 817,832 |
| and after crediting: | | |
| Bank interest income | **59,531** | 24,877 |
| Other interest income | **8,880** | 25,102 |
| Government grants (Note a) | **27,104** | 56,468 |
| Compensation income included in other income (Note b) | **475,320** | – |

Notes:

(a) During the current year, the Group recognised government grants received from the government from various regions in aggregate amount of HK$27,104,000 (2022: HK$56,468,000) in respect of COVID-19-related subsidies. The amount is included in other income.

(b) Amount represents the compensation in relation to settlement agreement entered between the Group and relevant parties as mentioned in the Company's announcements published on 27 July 2021 and 16 August 2021 ("Settlement Agreement") on 27 July 2021 at a total consideration of RMB408,000,000. Pursuant to the Settlement Agreement, the Group is obliged to fulfil all of the stipulated obligations in order to entitle the consideration of RMB408,000,000. During the year ended 31 March 2023, the Group had received the entire compensation from relevant parties amounting to RMB408,000,000 (equivalent to approximately HK$475,320,000) (31.3.2022: HK$307,500,000). Based on the external legal counsel opinion, the Group had fulfilled all the obligations as stipulated in the settlement agreement and recognised the full compensation amount as other income in the current year.

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$172,185,000 (2022: HK$1,300,381,000) and the number of shares calculated as follows:

| | 2023<br>'000 | 2022<br>'000<br>(restated) |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 2,675,396 | 2,644,507 |
| Effect of dilutive potential ordinary shares: | | |
| Scrip dividend | 485 | 53 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 2,675,881 | 2,644,560 |

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2022 has been adjusted for the bonus issue which is assumed to have occurred from on 1 April 2021 (as detailed in note 36(iii)).

## 13. DIVIDENDS

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Dividends recognised as distribution during the year: | | |
| 2023 interim dividend of HK4.0 cents per share (2022: 2022 interim dividend of HK4.0 cents per share) | 107,545 | 96,516 |
| 2022 final dividend of HK16.0 cents per share (2022: 2021 final dividend of HK15.0 cents per share) | 387,139 | 359,262 |
| | 494,684 | 455,778 |

The 2023 interim dividend and 2022 final dividend were declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$1.888 and HK$2.122 per share respectively. Shares are issued during the year on the shareholders' election for shares are set out in note 36. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2023 of HK10.0 cents (2022: HK16.0 cents) per share, totalling of HK$270,591,000 (2022: HK$387,139,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

## 14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

### (a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the directors and chief executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and the HKCO, is as follows:

| Name of directors | Fees HK$'000 | Salaries, bonuses and other benefits HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| *For the year ended 31 March 2023* | | | | |
| *Executive Directors:* | | | | |
| David CHIU | 25 | 2,040 | – | 2,065 |
| Dennis CHIU | 25 | 3,287 | 62 | 3,374 |
| Craig Grenfell WILLIAMS | 25 | 2,335 | 153 | 2,513 |
| Cheong Thard HOONG | 25 | 12,320 | 18 | 12,363 |
| Wing Kwan Winnie CHIU | 25 | 8,811 | 18 | 8,854 |
| *Independent Non-executive Directors:* | | | | |
| Kwok Wai CHAN (retired with effect from 30 August 2022) | 125 | – | – | 125 |
| Lai Him Abraham SHEK | 250 | – | – | 250 |
| Kwong Siu LAM | 250 | – | – | 250 |
| Wai Hon Ambrose LAM (appointed with effect from 30 August 2022) | 176 | – | – | 176 |
| | 926 | 28,793 | 251 | 29,970 |

**Notes to the Consolidated Financial Statements**

For the year ended 31 March 2023

## 14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

### (a) Directors' and chief executive's emoluments (continued)

| Name of directors | Fees HK$'000 | Salaries, bonuses and other benefits HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
|---|---|---|---|---|
| *For the year ended 31 March 2022* | | | | |
| *Executive Directors:* | | | | |
| David CHIU | 25 | 2,040 | – | 2,065 |
| Dennis CHIU | 25 | 2,851 | – | 2,876 |
| Craig Grenfell WILLIAMS | 25 | 5,318 | 162 | 5,505 |
| Cheong Thard HOONG | 25 | 10,189 | 18 | 10,232 |
| Wing Kwan Winnie CHIU | 25 | 16,817 | 18 | 16,860 |
| *Independent Non-executive Directors:* | | | | |
| Kwok Wai CHAN | 220 | – | – | 220 |
| Lai Him Abraham SHEK | 220 | – | – | 220 |
| Kwong Siu LAM | 220 | – | – | 220 |
| | 785 | 37,215 | 198 | 38,198 |

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

The fee paid or payable to Executive Directors and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses, other benefits and retirement benefits scheme contributions paid or payable to Executive Directors shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Cheong Thard HOONG of HK$nil (2022: HK$5,240,000), Wing Kwan Winnie CHIU of HK$nil (2022: HK$11,228,000) and Craig Grenfell WILLIAMS of HK$nil (2022: HK$2,940,000) respectively and included in salaries and other benefits, which was determined with reference to their performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2023 and 31 March 2022.

## 14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

### (b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2022: three) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2022: two) individuals are as follows:

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Salaries and other benefits | **6,094** | 15,369 |
| Retirement benefits scheme contributions | **36** | 36 |
| | **6,130** | 15,405 |

The emolument of five highest paid employees who are not directors of the Company was within the following bands:

| | **2023 Number of employee** | 2022 Number of employee |
|---|---|---|
| HK$2,000,001 to HK$2,500,000 | **–** | – |
| HK$2,500,001 to HK$3,000,000 | **–** | – |
| HK$3,000,001 to HK$3,500,000 | **2** | 1 |
| HK$12,000,001 to HK$12,500,000 | **–** | 1 |
| | **2** | 2 |

No emolument was paid to the directors and the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

## 15. INVESTMENT PROPERTIES

| | Completed properties HK$'000 | Properties under construction or development HK$'000 | Total HK$'000 |
|---|---|---|---|
| At 1 April 2021 | 5,384,348 | 2,775,400 | 8,159,748 |
| Additions | 33,400 | 163,454 | 196,854 |
| Reclassify to property, plant and equipment | (2,410) | – | (2,410) |
| Reclassify from property, plant and equipment | 12,180 | – | 12,180 |
| Reclassify from completed properties for sale | 46,003 | – | 46,003 |
| Disposal of a subsidiary (note 39) | (1,226,419) | – | (1,226,419) |
| Disposals | (72,856) | – | (72,856) |
| Increase in fair value | 114,944 | 528,596 | 643,540 |
| Exchange alignment | 79,671 | 51,750 | 131,421 |
| At 31 March 2022 | 4,368,861 | 3,519,200 | 7,888,061 |
| Additions | 40,897 | 297,188 | 338,085 |
| Reclassify from completed properties for sale | 27,969 | – | 27,969 |
| Reclassify from property, plant and equipment | – | 101,500 | 101,500 |
| Disposals | (1,185) | – | (1,185) |
| Increase in fair value | 11,461 | 28,481 | 39,942 |
| Exchange alignment | (183,773) | (97,289) | (281,062) |
| At 31 March 2023 | 4,264,230 | 3,849,080 | 8,113,310 |

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 18 years (2022: 1 to 18 years). The rental payment of leases of offices and retail stores 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 currencies 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.

Included in investment properties under development as at 31 March 2023 amounting to HK$2,570,000,000 (2022: HK$2,240,000,000) are in relation to the sales and purchase agreement for disposal of a wholly-owned subsidiary as set out in note 30.

## 15. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2022, fair value gain of investment properties amounting to HK$643,540,000 was recognised in profit or loss. It mainly related to the fair value gain of an investment property under construction or development situated in Hong Kong amounting to HK$499,373,000 attributed by an increase in gross development value per square foot for office and car park.

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at 31 March 2023, 31 March 2022 and at the date of transfer have been arrived at on the basis of a valuation carried out on those dates by the following Valuers:

| Location of the investment properties | Valuers | Qualification |
|---|---|---|
| Australia | CBRE Valuations Pty Limited<br>Colliers International (WA) Pty Ltd | Member of the Australian Property Institute |
| HK/PRC | Cushman & Wakefield Limited<br>Knight Frank Petty Ltd. | Member of the Hong Kong Institute of Surveyors |
| Singapore | Savills Valuation and Professional Services (S) Pte Ltd.<br>Knight Frank Pte Ltd. | Member of the Singapore Institute of Surveyors and Valuers |
| UK | Hallams Property Consultants LLP<br>Thwaites Real Estate Ltd | Royal Institution of Chartered Surveyors |

In determining the fair value of the relevant properties, the Group engages Valuers to perform the valuation. The management of the Company works closely with the Valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the Valuer for similar properties in the locality and adjusted for the Valuer's knowledge of factors specific to the respective properties.

## 15. INVESTMENT PROPERTIES (continued)

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the Valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the Valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2023 and 31 March 2022 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa.

The key inputs used in valuing the investment properties under the direct comparison approach and under the residual value approach were the market unit rate, and gross development value and estimated cost to completion, respectively. A significant increase in the market unit rate and gross development value would result in a significant increase in the fair value of the investment properties and investment properties under construction or development respectively, and vice versa. A significant increase in the estimated cost to completion would result in a significant decrease in the fair value of the investment properties under construction or development, and vice versa.

## 15. INVESTMENT PROPERTIES (continued)

Details of the significant unobservable input are as follows:

| Class of property | Carrying amount 2023 HK$'000 | 2022 HK$'000 | Significant unobservable input(s) |
|---|---|---|---|
| **Completed investment properties** | | | |
| **Income capitalisation approach** | | | |
| Office portion in HK | **484,700** | 493,600 | (1) Capitalisation rate 2.125% – 2.375% (2022: 2.125% – 2.375%) per annum<br>(2) Monthly market rent HK$28 to HK$37.3 (2022: HK$29 to HK$38) per square foot |
| Retail portion in HK | **1,336,762** | 1,318,329 | (1) Capitalisation rate 2.5% – 3.5% (2022: 2.5% to 3.5%) per annum<br>(2) Monthly market rent HK$13.6 to HK$178 (2022: HK$13.5 to HK$176.0) per square foot |
| Car park in HK | **21,100** | 18,580 | (1) Capitalisation rate 3.2% (2022: 3.2%) per annum<br>(2) Monthly market rent HK$1,600 (2022: HK$1,500) per car parking space |
| Retail portion in the PRC | **1,780,680** | 1,905,310 | (1) Capitalisation rate 5% – 5.5% (2022: 5% – 5.5%) per annum<br>(2) Monthly market rent Renminbi ("RMB") 29 to RMB323 (2022: RMB28 to RMB323) per square metre |
| Office portion in the PRC | **57,000** | 59,000 | (1) Capitalisation rate 4.5% (2022: 4.5%) per annum<br>(2) Monthly market rent RMB85 (2022: RMB85) per square metre |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 15. INVESTMENT PROPERTIES (continued)

| Class of property | Carrying amount 2023 HK$'000 | 2022 HK$'000 | Significant unobservable input(s) |
|---|---|---|---|
| Retail portion in Australia | **311,129** | 304,954 | (1) Capitalisation rate 5.75% to 7% (2022: 4.75% to 12%) per annum<br>(2) Monthly market rent Australian Dollar ("A$") 465 to A$14,500 (2022: A$457 to A$15,000) per square metre |
| Retail portion in the PRC | **13,680** | 14,760 | (1) Capitalisation rate 5.0% (2022: 5.0% per annum)<br>(2) Monthly market rent RMB29 to RMB88 (2022: RMB32 to RMB79) per square metre) |
| Retail portion in the UK | **33,465** | 24,367 | (1) Capitalisation rate 8.5% to 13% per annum (2022: 11% per annum)<br>(2) Monthly market rent GBP6 to GBP19.8 per square foot (2022: GBP4.5 to GBP10.5 per square foot) |
| **Completed investment properties** (continued) | | | |
| **Direct comparison approach** | | | **Market unit rate** |
| Car park in the PRC | **81,510** | 88,929 | RMB260,000 (2022: RMB260,000) per car parking space |
| Retail portion in Singapore | **144,204** | 141,032 | Singapore Dollar ("S$") 39,297 (2022: S$39,297) per square metre |
| | **4,264,230** | 4,368,861 | |

## 15. INVESTMENT PROPERTIES (continued)

| Class of property | Carrying amount 2023 HK$'000 | 2022 HK$'000 | Significant unobservable input(s) |
|---|---|---|---|
| **Investment properties under construction or development measured at fair value** | | | |
| **Residual value approach** | | | **Gross development value and estimated cost to completion** |
| Office, retail and car park in HK | **2,570,000** | 2,240,000 | Gross development value of HK$20,000 (2022: HK$19,500) per square foot for office<br>Gross development value of HK$26,000 (2022: HK$25,000) per square foot for retail<br>Gross development value of HK$3,000,000 (2022: HK$3,000,000) per car parking space<br><br>Estimated cost to completion<br>Budgeted cost to completion of HK$5,470 per square foot (2022: HK$3,832 per square foot)<br><br>Developers' profit of 10% (2022: 10%)<br><br>Marketing cost of 5% (2022: 4.5%) |
| **Direct comparison approach** | | | **Market unit rate** |
| Residential in the PRC | **1,279,080** | 1,279,200 | RMB6,307 to RMB11,430 (2022: RMB8,100 to RMB8,400) per square metre |
| | **3,849,080** | 3,519,200 | |

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

As at 31 March 2022, the ongoing COVID-19 pandemic resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve which led to higher degree of uncertainties in respect of the valuations in the period, and Valuers drew attention in their valuation reports in respect of investment properties located in Australia with fair value amounting to HK$304,954,000 that the valuation was valid and the value assessed may change significantly and unexpectedly over a short period of time.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Leasehold lands HK$'000 | Leased properties HK$'000 | Owned properties: Completed HK$'000 | Owned properties: Under development HK$'000 | Leasehold improvements, furniture, fixtures and equipment HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| COST | | | | | | |
| At 1 April 2021 | 2,651,455 | 785,085 | 9,071,209 | 1,735,590 | 1,625,031 | 15,868,370 |
| Additions | – | 12,102 | 1,249 | 1,080,356 | 47,142 | 1,140,849 |
| Disposals | – | – | (686,557) | – | (29,823) | (716,380) |
| Lease early termination | – | (19,004) | – | – | – | (19,004) |
| Reclassify to investment properties | – | – | (13,324) | – | – | (13,324) |
| Reclassify from investment properties | – | – | 2,410 | – | – | 2,410 |
| Exchange alignment | (26,025) | (24,100) | (71,751) | (27,964) | (26,425) | (176,265) |
| At 31 March 2022 | 2,625,430 | 754,083 | 8,303,236 | 2,787,982 | 1,615,925 | 16,086,656 |
| Additions | – | 49,593 | 17,729 | 1,108,935 | 97,259 | 1,273,516 |
| Disposals | – | – | (93,444) | – | (12,179) | (105,623) |
| Lease early termination | – | (188,212) | – | – | – | (188,212) |
| Reclassify to investment properties | – | – | – | (101,500) | – | (101,500) |
| Reclassify to completed properties | – | – | 287,249 | (287,249) | – | – |
| Reclassify to assets held for sale | – | – | (92,107) | – | (681) | (92,788) |
| Exchange alignment | (45,100) | (64,050) | (396,038) | (216,347) | (81,217) | (802,752) |
| At 31 March 2023 | 2,580,330 | 551,414 | 8,026,625 | 3,291,821 | 1,619,107 | 16,069,297 |
| DEPRECIATION AND IMPAIRMENT | | | | | | |
| At 1 April 2021 | 321,002 | 180,232 | 1,717,236 | – | 1,056,145 | 3,274,615 |
| Provided for the year | 40,585 | 94,141 | 217,820 | – | 109,698 | 462,244 |
| Impairment loss recognised in profit or loss | – | 33,642 | – | – | – | 33,642 |
| Disposals | – | – | (74,698) | – | (21,024) | (95,722) |
| Lease termination | – | (12,428) | – | – | – | (12,428) |
| Transfer to investment properties | – | – | (1,144) | – | – | (1,144) |
| Exchange alignment | (1,582) | (21,430) | (37,851) | – | (20,981) | (81,844) |
| At 31 March 2022 | 360,005 | 274,157 | 1,821,363 | – | 1,123,838 | 3,579,363 |
| Provided for the year | 40,986 | 78,862 | 226,550 | – | 98,616 | 445,014 |
| Reversal of impairment loss recognised in profit or loss | – | (18,112) | (8,443) | – | – | (26,555) |
| Disposals | – | – | (5,877) | – | (4,634) | (10,511) |
| Lease termination | – | (44,337) | – | – | – | (44,337) |
| Reclassify to assets held for sale | – | – | (48,413) | – | (109) | (48,522) |
| Exchange alignment | (5,324) | (11,211) | (73,098) | – | (47,801) | (137,434) |
| At 31 March 2023 | 395,667 | 279,359 | 1,912,082 | – | 1,169,910 | 3,757,018 |
| CARRYING VALUES | | | | | | |
| At 31 March 2023 | 2,184,663 | 272,055 | 6,114,543 | 3,291,821 | 449,197 | 12,312,279 |
| At 31 March 2022 | 2,265,425 | 479,926 | 6,481,873 | 2,787,982 | 492,087 | 12,507,293 |

## 16. PROPERTY, PLANT AND EQUIPMENT (continued)

The owned properties are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land, whichever is the shorter. The leasehold lands and leased properties are depreciated over the terms of the leases. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum, or for leasehold improvements, depreciated over its useful life or the terms of the lease, whatever is shorter. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$98,190,000 (2022: HK$98,190,000).

### The Group as lessee

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

| | Leasehold lands HK$'000 | Leased properties HK$'000 | Total HK$'000 |
|---|---|---|---|
| **As at 31 March 2023** | | | |
| Carrying amount | 2,184,663 | 272,055 | 2,456,718 |
| **As at 31 March 2022** | | | |
| Carrying amount | 2,265,425 | 479,926 | 2,745,351 |
| **For the year ended 31 March 2023** | | | |
| Depreciation charge | 40,986 | 78,862 | 119,848 |
| Reversal of impairment loss recognised | – | (18,112) | (18,112) |
| Gain from lease early termination | – | (13,480) | (13,480) |
| **For the year ended 31 March 2022** | | | |
| Depreciation charge | 40,585 | 94,141 | 134,726 |
| Impairment loss recognised | – | 33,642 | 33,642 |

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Expense relating to short-term leases and leases of low-value assets | **2,847** | 1,794 |
| Additions to right-of-use assets | **49,593** | 12,102 |
| Total cash outflow for leases | **102,197** | 135,297 |

The Group leases various car parks, offices and office equipment for its operations. Lease contracts are entered into for fixed term of 1 to 10 years (2022: 1 to 18 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

## 16. PROPERTY, PLANT AND EQUIPMENT (continued)

### The Group as lessee (continued)

In addition, the Group owns several hotels and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has extension options in a number of leases for car parks. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors. The Group assessed, at lease commencement date, it is reasonably certain to exercise the extension options. Therefore, all the relevant lease payments in the extended period have been included in the calculation of lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event.

The Group regularly entered into short-term leases for slot machines for gaming, motor vehicles and office equipment. As at 31 March 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of leases for which short-term lease expense was recognised.

## 17. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2022: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

## 18. INTERESTS IN ASSOCIATES

| | **2023**<br>**HK$'000** | 2022<br>HK$'000 |
|---|---|---|
| Unlisted investments, at cost | **1,580,263** | 1,580,263 |
| Exchange adjustments | **(111,380)** | 51,820 |
| Share of post-acquisition results and other comprehensive income, net of dividends received | **262,406** | 289,284 |
| | **1,731,289** | 1,921,367 |

## 18. INTERESTS IN ASSOCIATES (continued)

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

| Name of associate | Class of shares held | Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly | | Principal activities |
|---|---|---|---|---|
| | | **2023** | 2022 | |
| Bermuda Investments Limited | Ordinary | **25%** | 25% | Property investment |
| Omicron International Limited* | Ordinary | **30%** | 30% | Investment holding |
| Peacock Estates Limited | Ordinary | **25%** | 25% | Property investment |
| Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+ | Ordinary | **25%** | 25% | Development and construction of integrated resorts |

* Incorporated in the British Virgin Islands and operating in HK
\+ Incorporated and operating in Australia

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

### Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2023 and 2022 was as follows:

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Non-current assets | **12,145,219** | 10,291,924 |
| Current assets | **661,248** | 639,701 |
| Non-current liabilities | **(6,137,280)** | (3,837,192) |
| Current liabilities | **(690,123)** | (394,765) |

## 18. INTERESTS IN ASSOCIATES (continued)

### Summarised financial information of material associates (continued)

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Revenue | – | – |
| Loss for the year | (32,913) | (63,445) |
| Other comprehensive (expense) income for the year | (8,721) | 463,872 |
| Total comprehensive (expense) income for the year | (41,634) | 400,427 |

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

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Net assets of DBC | 5,979,064 | 6,699,668 |
| Proportion of the Group's ownership interest in DBC | 25% | 25% |
| Carrying amount of the Group's interest in DBC | 1,494,766 | 1,674,917 |

Aggregate information of associates that are not individually material:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| The Group's share of profit (loss) and other comprehensive income (expense) after tax | 6,731 | (5,990) |
| Aggregate carrying value of the Group's interest in these associates | 236,523 | 246,450 |

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| The unrecognised share of losses for the year | (17) | (4) |
| Cumulative unrecognised share of losses | (51,187) | (51,170) |

## 19. INTERESTS IN JOINT VENTURES

| | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|
| Unlisted investments, at cost | **2,512,182** | 2,342,688 |
| Share of post-acquisition results, net of dividends/distributions received | **(28,502)** | (55,974) |
| Exchange adjustments | **(48,320)** | 65,101 |
| Less: impairment | **(5)** | (5) |
| | **2,435,355** | 2,351,810 |

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

| Name of entity | Country of registration/ incorporation and operation | Proportion of registered capital held by the Company indirectly **2023** | 2022 | Principal activities |
|---|---|---|---|---|
| River Riches Limited | BVI/HK | **50%** | 50% | Property development |
| Guangdong Xin Shi Dai Real Estate Limited | The PRC | **50%** | 50% | Property development |
| QWB Residential Precinct Holdings Pty Ltd | Australia | **50%** | 50% | Property development |
| BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited) | Cayman Islands/ Australia | **53.11%** | 53.11% | Provision of mortgage service |
| Destination Gold Coast Consortium Pty Ltd | Australia | **33.33%** | 33.33% | Property development |
| Destination Gold Coast Consortium Hotel Pty Ltd | Australia | **33.33%** | 33.33% | Hotel operation |
| Destination Gold Coast Investments Pty Ltd ("DGCI") | Australia | **25%** | 25% | Hotel operation |
| Cuscaden Homes Pte Limited | Singapore | **10%** | 10% | Property development |

The Group and the other joint venturers have contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

## 19. INTERESTS IN JOINT VENTURES (continued)

### Summarised financial information of material joint ventures

(i) River Riches is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs.

The summarised financial information regarding the assets and liabilities of River Riches for the year ended 31 March 2023 and 2022 was as follows:

| | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|
| Current assets | **8,809,754** | 8,447,632 |
| Non-current liabilities | **(4,559,074)** | (6,050,154) |
| Current liabilities | **(2,270,612)** | (415,880) |
| The above amounts of assets include the following: | | |
| Cash and cash equivalents | **44,401** | 158,517 |
| Revenue | **–** | – |
| Loss and total comprehensive expense for the year | **(1,530)** | (37) |

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

| | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|
| Net assets of River Riches | **1,980,068** | 1,981,598 |
| Proportion of the Group's ownership interest in River Riches | **50%** | 50% |
| Carrying amount of the Group's interest in River Riches | **990,034** | 990,799 |

## 19. INTERESTS IN JOINT VENTURES (continued)

### Summarised financial information of material joint ventures (continued)

(ii) QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2023 and 2022 was as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Current assets | 2,020,593 | 1,236,861 |
| Non-current liabilities | (802,264) | (263,732) |
| Current liabilities | (131,823) | (67,452) |
| The above amounts of assets include the following: | | |
| Cash and cash equivalents | 17,967 | 12,928 |
| Revenue | – | – |
| Loss and total comprehensive expense for the year | – | – |

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

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Net assets of QWB Residential | 1,086,506 | 905,677 |
| Proportion of the Group's ownership interest in QWB Residential | 50% | 50% |
| Carrying amount of the Group's interest in QWB Residential | 543,253 | 452,839 |

## 19. INTERESTS IN JOINT VENTURES (continued)

### Summarised financial information of material joint ventures (continued)

(iii) Destination Gold Coast Consortium Pty Ltd ("DGCC") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DGCC for the year ended 31 March 2023 and 2022 was as follows:

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Non-current assets | 736,328 | 886,576 |
| Current assets | 641,453 | 2,070,277 |
| Non-current liabilities | (427,811) | (409,325) |
| Current liabilities | (221,660) | (1,742,443) |
| The above amounts of assets include the following: | | |
| Cash and cash equivalents | 197,129 | 88,351 |
| Revenue | 1,580,037 | – |
| Profit (loss) and total comprehensive income (expense) for the year | 440,746 | (3,849) |
| Dividends received from DGCC during the year | 108,009 | – |

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

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Net assets of DGCC | 728,310 | 805,085 |
| Proportion of the Group's ownership interest in DGCC | 33.33% | 33.33% |
| Carrying amount of the Group's interest in DGCC | 242,770 | 268,359 |

## 19. INTERESTS IN JOINT VENTURES (continued)

### Summarised financial information of material joint ventures (continued)

(iv) BC Investment Group Holdings Limited ("BC Group") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of BC Group for the year ended 31 March 2023 and 2022 was as follows:

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Non-current assets | **22,744,870** | 13,312,176 |
| Current assets | **1,466,012** | 1,075,529 |
| Non-current liabilities | **(23,565,779)** | (14,044,717) |
| Current liabilities | **(376,112)** | (8,629) |

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| The above amounts of assets and liabilities include the following: | | |
| Cash and cash equivalents | **1,323,591** | 922,065 |
| Loan receivables | **22,575,202** | 13,122,169 |
| Notes | **(23,565,779)** | (14,044,717) |
| Revenue | **1,145,102** | 524,693 |
| Expenses | **(1,187,091)** | (509,957) |
| Income tax income (expense) | **3,023** | (2,603) |
| (Loss) profit and total comprehensive (expense) income for the year | **(38,966)** | 12,133 |

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

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Net assets of the BC Group | **268,991** | 334,359 |
| Proportion of the Group's ownership interest in BC Group | **53.11%** | 53.11% |
| The Group's share of net assets of BC Group | **142,861** | 177,578 |
| Goodwill | **142,336** | 142,336 |
| Carrying amount of the Group's interest in BC Group | **285,197** | 319,914 |

**Notes to the Consolidated Financial Statements**

For the year ended 31 March 2023

## 19. INTERESTS IN JOINT VENTURES (continued)

### Summarised financial information of material joint ventures (continued)

(v) Aggregate information of joint ventures that are not individually material:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| The Group's share of profit (loss) and total comprehensive income (expenses) for the year | **10,376** | (32,083) |
| Aggregate carrying value of the Group's interest in these joint ventures | **374,101** | 319,899 |

## 20. INVESTMENT SECURITIES

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| (i) Financial assets at FVTPL | | |
| *(a) Investments held for trading* | | |
| Listed equity securities | **15,465** | 42,617 |
| *(b) Debt instruments at FVTPL* | | |
| Listed debt securities | **46,030** | 152,851 |
| *(c) Equity instruments at FVTPL* | | |
| Unlisted equity securities | **17,136** | 13,662 |
| *(d) Investment funds* | **750,345** | 675,399 |
| *(e) Convertible bonds* | **–** | 122,281 |
| | **828,976** | 1,006,810 |
| (ii) Financial assets at FVTOCI | | |
| *(a) Debt instruments at FVTOCI* | | |
| Listed debt securities | **481,900** | 704,557 |
| Unlisted debt securities (note) | **447,031** | 419,604 |
| | **928,931** | 1,124,161 |
| *(b) Equity instruments at FVTOCI* | | |
| Equity securities listed overseas | **356,361** | 902,298 |
| Total | **2,114,268** | 3,033,269 |

## 20. INVESTMENT SECURITIES (continued)

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Analysed for reporting purposes as: | | |
| Non-current assets | **634,452** | 1,246,009 |
| Current assets | **1,479,816** | 1,787,260 |
| | **2,114,268** | 3,033,269 |

Note: Included in the unlisted debt securities are debt securities issued by the Group's joint venture amounting to HK$437,623,000 (2022: HK$410,220,000) which carry interest at one-month Bank Bill Swap Rate ("BBSW") and mature by earlier of the date on which the joint venture exercise its call option to redeem the debt securities or February 2024.

Other than the investment held for trading, the classification of investment securities under current assets is based on the realisation plan of the investment securities estimated by the management to meet with the Group's cash outflow in coming next twelve months.

Investment securities that are denominated in A$, Euro ("EUR"), GBP and USD, amounted to A$42,278,000 (equivalent to HK$222,380,000) (2022: A$2,954,000 (equivalent to HK$17,309,000)), EUR13,321,000 (equivalent to HK$113,898,000) (2022: EUR20,766,000 (equivalent to HK$181,290,000)), GBP32,643,000 (equivalent to HK$317,001,000) (2022: GBP2,172,000 (equivalent to HK$22,286,000)) and USD141,097,000 (equivalent to HK$1,106,198,000) (2022: USD143,106,000 (equivalent to HK$1,129,487,000)) respectively. All other investment securities are denominated in functional currency of the respective group entities.

## 21. LOAN RECEIVABLES

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Loan receivables | **227,967** | 187,635 |
| Less: amount due within one year and classified under current assets | **(5,889)** | (5,037) |
| Amount due after one year | **222,078** | 182,598 |

Loan receivables represent mortgage loans secured by the properties of the borrowers.

Included in loan receivables is an amount of HK$1,222,000 (2022: HK$3,018,000) which bear interest ranging at prime rate minus 1.5% per annum for first two years and prime rate plus 0.5% per annum for the remaining period; an amount of HK$39,436,000 (2022: HK$39,938,000) are interest-free for the first 3 years and bear interest ranging from prime rate minus 2% to prime rate plus 3% per annum and are repayable by instalment thereafter; an amount of HK$187,290,000 (2022: HK$144,651,000) which bear interest ranging from prime rate minus 3% to prime rate plus 2% per annum for whole loan period and the remaining balance of HK$19,000 (2022: HK$28,000) are unsecured, interest-free and repayable on demand.

Details of impairment assessment of loan receivables are set out in note 47.

## 22. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 2.40% (2022: 0.00% to 1.95%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 4.00% (2022: 0.00% to 2.03%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 4.65% (2022: 0.00% to 0.10%) per annum.

Bank balances and cash that are denominated in A$, EUR, GBP, S$ and USD, amounted to A$1,796,000 (equivalent to HK$9,444,000) (2022: A$13,669,000 (equivalent to HK$80,100,000)), EUR7,701,000 (equivalent to HK$65,844,000) (2022: EUR7,288,000 (equivalent to HK$63,626,000)), GBP93,252,000 (equivalent to HK$904,542,000) (2022: GBP128,216,000 (equivalent to HK$1,315,501,000)), S$2,824,000 (equivalent to HK$16,320,000) (2022: S$1,931,000 (equivalent to HK$11,164,000)) and USD15,051,000 (equivalent to HK$117,702,000) (2022: USD113,619,000 (equivalent to HK$888,505,000)) respectively. All other bank balances and cash are denominated in functional currency of the respective group entities.

Details of impairment assessment of pledged deposits and bank balances are set out in note 47.

## 23. PROPERTIES FOR SALE

As detailed in the Company's announcement published on 4 August 2022, during the year ended 31 March 2023, a subsidiary of the Group as developer has entered into development agreement with Urban Renewal Authority in respect of property development for sales in Hong Kong, with carrying value of HK$1,265,715,000 recognised in the consolidated financial statements as at 31 March 2023.

Included in properties for sale are properties with carrying value of HK$4,879,350,000 (2022: HK$6,688,600,000) which are not expected to be realised within the next twelve months.

## 24. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS

### (a) Debtors, deposits and prepayments

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Trade debtors | | |
| – Contracts with customers | 295,607 | 448,354 |
| – Lease receivables | 64,854 | 59,693 |
| Less: allowance for expected credit loss | (71,658) | (65,940) |
| | 288,803 | 442,107 |
| Utility and other deposits | 44,469 | 55,470 |
| Prepayment and other receivables | 217,928 | 188,116 |
| Other tax recoverable | 154,947 | 119,909 |
| | 706,147 | 805,602 |

At 1 April 2021, trade receivable from contracts with customers amount to HK$863,853,000.

The following is an aged analysis of trade debtors and lease receivables, net of allowance for expected credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date except unbilled receivables from sales of properties recognised over time:

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| 0–60 days | 192,824 | 392,391 |
| 61–90 days | 5,784 | 17,840 |
| Over 90 days | 90,195 | 31,876 |
| | 288,803 | 442,107 |

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

As at 31 March 2023, included in the Group's trade and lease receivables balances are debtors with an aggregate carrying amount of HK$95,979,000 (2022: HK$49,716,000) which are past due at the reporting date. Out of the past due balances, HK$90,195,000 (2022: HK$31,876,000) has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the creditworthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances. The Group has no significant concentration on trade and lease receivables as the amounts spread over a number of counterparties and customers.

Details of impairment assessment of trade and other receivables are set out in note 47.

## 24. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS (continued)

### (b) Contract assets

Contract assets represent the unbilled amount resulting from sale of properties recognised over time.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

## 25. CUSTOMERS' DEPOSITS UNDER ESCROW

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund is remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

Details of impairment assessment of customers' deposits under escrow are set out in note 47.

## 26. CONTRACT COSTS

Contract costs capitalised as at 31 March 2023 and 2022 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$158,529,000 (2022: HK$124,745,000).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

## 27. DERIVATIVE FINANCIAL INSTRUMENTS

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| **Derivatives that are not designated in hedge accounting relationships:** | | | | |
| Interest rate swap contracts | **3,643** | 13,835 | **–** | – |
| Cross currency swap contracts | **–** | 4,084 | **(7,964)** | (1,911) |
| Liabilities from profit guarantee arrangement (note 39) | **–** | – | **–** | (24,011) |
| | **3,643** | 17,919 | **(7,964)** | (25,922) |
| Analysed for reporting purpose as: | | | | |
| Current | **3,643** | 14,984 | **(7,964)** | (25,922) |
| Non-current | **–** | 2,935 | **–** | – |
| | **3,643** | 17,919 | **(7,964)** | (25,922) |

Interest rate swap contracts of HK$3,643,000 (2022: HK$13,835,000) with notional amount of USD5,000,000 (2022: USD20,000,000) for swapping certain 3-month USD LIBOR floating-rate bank borrowings from floating rates to fixed-rates, is subject to interest rate benchmark reform. Details are set out in note 47.

## 28. CREDITORS AND ACCRUALS

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Trade creditors | | |
| – Construction cost and retention payable | **872,698** | 773,085 |
| – Others | **194,169** | 107,809 |
| | **1,066,867** | 880,894 |
| Construction cost and retention payable for capital assets | **276,908** | 336,622 |
| Rental deposits and rental receipts in advance | **21,144** | 32,994 |
| Receipt in advance (Note) | **–** | 307,500 |
| Other tax payables | **128,321** | 91,706 |
| Other payables and accrued charges | **554,657** | 534,962 |
| | **2,047,897** | 2,184,678 |

Note: Amount as at 31 March 2022 represents the first and second instalments received in relation to settlement agreement as detailed in note 11. As at 31 March 2022, the Group has received the first and second instalments from the relevant parties amounting to RMB250,000,000 (equivalent to approximately HK$307,500,000). The amount has been recognised in other income and included in note 11(b).

## 28. CREDITORS AND ACCRUALS (continued)

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

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| 0–60 days | 970,251 | 746,097 |
| 61–90 days | 1,064 | 3,158 |
| Over 90 days | 95,552 | 131,639 |
| | 1,066,867 | 880,894 |

## 29. CONTRACT LIABILITIES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Sales of properties | 590,916 | 666,423 |
| Others | 1,955 | – |
| | 592,871 | 666,423 |

As at 1 April 2021, contract liabilities amounted to HK$689,615,000.

The Group receives amounts ranging from 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. The amount is expected to be settled within the Group's normal operating cycle and is classified as current based on the Group's earliest obligation to transfer the properties to customers.

During the year ended 31 March 2023, the Group has recognised revenue of HK$187,009,000 (2022: HK$307,202,000) that was included in the contract liabilities balance at the beginning of the year.

## 30. OTHER LIABILITIES

Included in other liabilities are deposit received for a disposal of a subsidiary of the Company as detailed below, amounting to HK$676,000,000 as at 31 March 2023 (2022: HK$338,000,000).

On 6 December 2021, the Group and CLP Properties Limited ("Purchaser") entered into a sale and purchase agreement to dispose of the entire equity interest of Sanon Limited ("Sanon"), a wholly-owned subsidiary of the Company, which currently owns a land under development situated in Kai Tak, Hong Kong, for a development divided into a hotel portion and non-industrial portion (including office portion). Pursuant to the sales and purchase agreement, Sanon will assign the hotel portion to another subsidiary of the Company as the hotel owner, under a hotel portion assignment to be entered by Sanon and the hotel owner prior to completion of the transaction, such that the Purchaser will acquire Sanon (holding only the non-industrial portion) at completion. The consideration under the sales and purchase agreement amounted to HK$3,380,000,000, subject to post-completion adjustments including additional costs in respect of any add-on designs required by the Purchaser.

As at 31 March 2023, the Group had received deposit of HK$676,000,000 (2022: HK$338,000,000) from the Purchaser, and the transaction is expected to be completed in second-half of 2024.

## 31. BANK AND OTHER BORROWINGS

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| Bank loans | **27,426,716** | 25,823,378 |
| Other loans | **469,940** | 870,030 |
| | **27,896,656** | 26,693,408 |
| Less: front-end fee | **(85,348)** | (102,994) |
| | **27,811,308** | 26,590,414 |
| Analysed for reporting purpose as: | | |
| Secured | **22,033,434** | 20,587,588 |
| Unsecured | **5,863,222** | 6,105,820 |
| | **27,896,656** | 26,693,408 |
| Current liabilities (Note) | **17,401,147** | 11,450,133 |
| Non-current liabilities | **10,410,161** | 15,140,281 |
| | **27,811,308** | 26,590,414 |

## 31. BANK AND OTHER BORROWINGS (continued)

The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:

| | Bank loans | | Other loans | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| Revolving loans without specified repayment terms and loans repayable within one year | **4,005,806** | 5,621,190 | **392,340** | 796,158 |
| More than one year, but not exceeding two years | **3,728,548** | 6,513,288 | **–** | – |
| More than two years, but not exceeding five years | **6,176,733** | 8,105,490 | **–** | – |
| More than five years | **427,280** | 447,631 | **77,600** | 73,872 |
| | **14,338,367** | 20,687,599 | **469,940** | 870,030 |
| The carrying amounts of above borrowings that contain a repayment on demand clause or become repayable on demand as a result of breach of covenants (which have subsequently reached successful conclusion with relevant bankers for waivers and the negotiation of the terms) of bank loans (shown under current liabilities) but repayable: | | | | |
| Within one year | **8,878,811** | 3,915,575 | **–** | – |
| More than one year, but not exceeding two years | **2,067,010** | 401,553 | **–** | – |
| More than two years, but not exceeding five years | **1,995,086** | 641,871 | **–** | – |
| More than five years | **62,094** | 73,786 | **–** | – |
| | **13,003,001** | 5,032,785 | **–** | – |
| Total | **27,341,368** | 25,720,384 | **469,940** | 870,030 |

Note: Out of the amount of HK$7,113,073,000 of bank loans with breach of certain of the terms of the bank loans agreements, the amount of HK$3,378,296,000 represented bank loans with original repayment term of more than one year which were reclassified from non-current liabilities to current liabilities as of 31 March 2023, which are primarily as a result of exceeding required gearing ratio of the Group. As of the date of approval for issuance of the consolidated financial statements, the bankers had either agreed not to demand immediate repayment or the directors of the Company have reached successful conclusion with relevant bankers for the negotiation of the terms.

## 31. BANK AND OTHER BORROWINGS (continued)

| Currencies | Interest rates | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|---|
| HK$ | HIBOR plus 0.75% to 2.25% (2022: HIBOR plus 0.75% to 1.62%) | **17,712,223** | 15,235,483 |
| RMB | 3 to 5 years or above People's Bank of China Prescribed Interest Rate ("PBOC PIR") (2022: 3 to 5 years or above PBOC PIR) | **684,982** | 710,567 |
| S$ | SOR plus 0.92% to 1.03% (2022: SOR plus 0.92% to 1.03%) | **1,845,398** | 2,340,380 |
| MYR | Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% and Malaysia Bank's Cost of Funds ("Malaysia COF") plus 1.50% (2022: Malaysia BLR minus 1.50% and Malaysia COF plus 1.50%) | **118,156** | 138,879 |
| A$ | BBSW plus 1.64% to 3% (2022: BBSW plus 1.07% to 3%) | **4,766,897** | 5,420,367 |
| GBP | Sterling Overnight Interbank Average Rate ("SONIA") plus 1.85% to 2.95% (2022: SONIA plus 1.55% to 2.55%) | **2,377,317** | 2,130,993 |
| USD | HIBOR plus 1.20% (2022: LIBOR plus 1.55%) | **310,000** | 625,751 |
| EUR | Czech Republic Lombard Rate ("Czech Republic LR") plus 1.95% to 3.1% (2022: Czech Republic LR plus 1.95% to 3.1%) | **81,683** | 90,988 |
| | | **27,896,656** | 26,693,408 |

Bank and other borrowings that are denominated in GBP, A$, USD and EUR which are not denominated in functional currency of respective group entities, amounted to GBP137,007,000 (equivalent to HK$1,328,963,000) (2022: GBP78,337,000 (equivalent to HK$803,740,000)) A$63,959,000 (equivalent to HK$336,422,000) (2022: A$159,235,000 (equivalent to HK$933,120,000)) and USD39,541,000 (equivalent to HK$310,000,000) (2022: USD80,019,000 (equivalent to HK$625,751,000)) respectively. All other bank and other borrowings are denominated in functional currency of the respective group entities.

As at the end of the reporting period, the Group has undrawn borrowing facilities at floating rate, amounting approximately HK$7 billion (2022: HK$8 billion), of which approximately HK$3 billion (2022: HK$4 billion) are expiring within one year.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

# 32. LEASE LIABILITIES

| | 2023<br>HK$'000 | 2022<br>HK$'000 |
|---|---|---|
| **Lease liabilities payable:** | | |
| Within one year | **57,693** | 74,567 |
| Within a period of more than one year but not more than two years | **52,889** | 63,225 |
| Within a period of more than two years but not more than five years | **90,629** | 132,184 |
| More than five years | **178,943** | 339,760 |
| | **380,154** | 609,736 |
| Less: amount due for settlement with 12 months shown under current liabilities | **(57,693)** | (74,567) |
| Amount due for settlement after 12 months shown under non-current liabilities | **322,461** | 535,169 |

All lease obligations that are denominated in functional currencies of the relevant group entities.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 1.5% to 6.0% (2022: 1.5% to 6.0%).

## 33. AMOUNTS DUE FROM/TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

As at 31 March 2023, the amount of S$42,927,000 (equivalent to HK$253,701,000) (2022: S$42,927,000 (equivalent to HK$248,120,000)) due from a shareholder of a non-wholly owned subsidiary is the advance of the expected return to be declared to a shareholder of FEC Skyline Pte. Ltd. as a result of sales of the property development project. The amount is unsecured, interest-free and no fixed repayment date.

As at 31 March 2023, included in the amounts due to shareholders of non-wholly owned subsidiaries is an amount of S$27,075,000 (equivalent to HK$160,012,000) (2022: S$28,375,000 (equivalent to HK$164,006,000)) due to a shareholder of FEC Skypark Pte. Ltd., a 80% subsidiary of the Company for financing the property development project in Singapore. The amount is unsecured, interest-free and repayable on demand. The remaining amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

## 34. NOTES

| | 2029 Notes HK$'000 | 2023 Notes HK$'000 | 2021 Notes HK$'000 | 2030 Notes HK$'000 | 2033 Notes HK$'000 | 2024 Notes HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|
| At 1 April 2021 | 77,663 | 1,095,843 | 1,834,899 | 198,558 | 197,449 | 1,814,504 | 5,218,916 |
| Issue of new notes | – | – | – | – | – | 1,187,233 | 1,187,233 |
| Less: transaction costs directly attributable to issue | – | – | – | – | – | (6,623) | (6,623) |
| Interest charged during the year | 4,332 | 51,439 | 31,463 | 10,426 | 10,744 | 139,830 | 248,234 |
| Interest paid during the year | (3,801) | (30,497) | (30,122) | (8,804) | (6,473) | (104,829) | (184,526) |
| Interest payable due within 12 months and included in other payable | (268) | (18,848) | – | (1,467) | (3,999) | (29,856) | (54,438) |
| Repayment | – | – | (1,831,516) | – | – | – | (1,831,516) |
| Exchange adjustments | – | 8,437 | (4,724) | – | – | 23,135 | 26,848 |
| At 31 March 2022 | 77,926 | 1,106,374 | – | 198,713 | 197,721 | 3,023,394 | 4,604,128 |
| Interest charged during the year | 4,357 | 48,250 | – | 10,454 | 10,773 | 160,390 | 234,224 |
| Interest paid during the year | (3,801) | (42,398) | – | (8,804) | (6,557) | (122,458) | (184,018) |
| Interest payable due within 12 months and included in other payable | (279) | (3,880) | – | (1,496) | (3,941) | (31,821) | (41,417) |
| Repurchased and cancelled | – | (78,047) | – | – | – | (82,522) | (160,569) |
| Exchange adjustments | (5) | 2,788 | – | – | – | 7,514 | 10,297 |
| At 31 March 2023 | 78,198 | 1,033,087 | – | 198,867 | 197,996 | 2,954,497 | 4,462,645 |

## 34. NOTES (continued)

### 2029 Notes

On 5 September 2019, a subsidiary of the Company issued notes with aggregate principal amount of HK$80,000,000 with maturity date on 5 September 2029 (the "2029 Notes") to independent third party. The 2029 Notes bear interest at 5.1% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2029 Notes outstanding was HK$80,000,000 (2022: HK$80,000,000).

### 2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of USD150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2023 Notes outstanding was USD131,800,000 (equivalent to HK$1,033,312,000) (2022: USD141,775,000 (equivalent to HK$1,108,681,000)). Subsequent to the end of the reporting period, the 2023 Notes had been fully redeemed.

### 2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of USD300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2022, the 2021 Notes with aggregate principal amount USD236,630,000 (equivalent to HK$1,831,516,000) had been fully redeemed.

### 2030 Notes

On 6 August 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 6 August 2030 (the "2030 Notes") to independent third party. The 2030 Notes bear interest at 5.15% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2030 Notes outstanding was HK$200,000,000 (2022: HK$200,000,000).

### 2033 Notes

On 12 November 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 11 February 2033 (the "2033 Notes") to independent third party. The 2033 Notes bear interest at 5.25% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2033 Notes outstanding was HK$200,000,000 (2022: HK$200,000,000).

### 2024 Notes

On 21 January 2021, a subsidiary of the Company issued notes with aggregate principal amount of USD235,000,000 with maturity date on 21 January 2024 (the "2024 Notes") to independent third party. The 2024 Notes bear interest at 5.10% per annum payable semi-annually. During the year ended 31 March 2022, the subsidiary of the Company issued additional notes with aggregate principal amount of USD150,000,000 (equivalent to approximately HK$1,187,233,000). As at 31 March 2023, the aggregate principal amount of the 2024 Notes outstanding was USD374,450,000 (equivalent to HK$2,935,688,000) (2022: USD385,000,000 (equivalent to HK$3,010,700,000)).

## 35. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

| | Accelerated tax depreciation HK$'000 | Revaluation of investment properties HK$'000 | Revaluation of assets HK$'000 | Fair value adjustments on business combination HK$'000 | Tax losses HK$'000 | Provision of PRC LAT HK$'000 | Dividend withholding tax HK$'000 | Others HK$'000 (Note) | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 April 2021 | 78,169 | 430,838 | 80,560 | 40,161 | (63,011) | (182,544) | – | 413,406 | 797,579 |
| Charge (credit) to profit or loss | 15,408 | (8,482) | (33,407) | (1,245) | 11,232 | (16,195) | – | 9,483 | (23,206) |
| Recognition of tax effect of PRC LAT previously not recognised | – | – | – | – | – | 74,243 | – | – | 74,243 |
| Disposals of subsidiaries (note 39) | – | – | – | – | 223 | – | – | – | 223 |
| Exchange alignment | (1,320) | 10,457 | 4,303 | (1) | 7,171 | 17,678 | – | (8,850) | 29,438 |
| At 31 March 2022 | 92,257 | 432,813 | 51,456 | 38,915 | (44,385) | (106,818) | – | 414,039 | 878,277 |
| Charge (credit) to profit or loss | 22,597 | (3,145) | – | – | (26,099) | (47,158) | 85,554 | (7,355) | 24,394 |
| Exchange alignment | (1,367) | (39,015) | (5,268) | – | 8,635 | 17,863 | (3,227) | (124,333) | (146,712) |
| At 31 March 2023 | 113,487 | 390,653 | 46,188 | 38,915 | (61,849) | (136,113) | 82,237 | 282,351 | 755,959 |

Note: Others mainly represent the temporary difference arising from the deduction of the interest expenses and development expenditure at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | **2023 HK$'000** | 2022 HK$'000 |
|---|---|---|
| Deferred tax assets | **(215,793)** | (177,203) |
| Deferred tax liabilities | **971,752** | 1,055,480 |
| | **755,959** | 878,277 |

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose except for the freehold lands, which are always presumed to be recovered entirely through sales. No deferred tax recognised in respect of the change in fair value of the investment properties located in Hong Kong, Singapore and the United Kingdom, as those properties were recovered through sales.

At 31 March 2023, the Group has unused tax losses of HK$2,409,803,000 (2022: HK$1,998,167,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$328,971,000 (2022: HK$212,661,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$2,080,832,000 (2022: HK$1,785,506,000) due to the unpredictability of future profit streams.

## 35. DEFERRED TAXATION (continued)

At 31 March 2023, the Group has deductible temporary difference in relation to accelerated accounting depreciation of property, plant and equipment amounted to HK$359,036,000 (2022: HK$370,438,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Except for the dividends declared by a PRC subsidiary during the current year, deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC generated after 1 January 2008, Australia and Singapore of HK$3,284,656,000 (2022: HK$5,235,566,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

## 36. SHARE CAPITAL

| | Number of ordinary shares of HK$0.10 each | Nominal value HK$'000 |
|---|---|---|
| Authorised | 4,000,000,000 | 400,000 |
| Issued and fully paid: | | |
| At 1 April 2021 | 2,395,076,741 | 239,508 |
| Issue of shares in lieu of cash dividends (i) | 24,541,938 | 2,454 |
| At 31 March 2022 | 2,419,618,679 | 241,962 |
| Issue of shares in lieu of cash dividends (ii) | 44,324,636 | 4,433 |
| Bonus issue of shares (iii) | 241,961,867 | 24,196 |
| At 31 March 2023 | 2,705,905,182 | 270,591 |

(i) On 16 February 2022 and 1 October 2021, the Company issued and allotted 6,696,801 and 17,845,137 new fully paid shares of HK$0.10 each at HK$2.830 and HK$2.796, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2022 interim dividend and 2021 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2022 and 2 September 2021, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 17 February 2023 and 24 October 2022, the Company issued and allotted 17,283,812 and 27,040,824 new fully paid shares of HK$0.10 each at HK$1.888 and HK$2.122, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2023 interim dividend and 2022 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2023 and 14 September 2022, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(iii) The Company issued 241,961,867 bonus shares on the basis of one bonus share for every ten existing ordinary shares of the Company. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## 36. SHARE CAPITAL (continued)

All the shares issued during the years ended 31 March 2023 and 2022 rank pari passu in all respects with the existing shares in the Company.

During the year, except the amount disclosed above for listed shares, the amount of notes disclosed in note 34 and the amount of perpetual capital notes disclosed in note 37, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, notes or perpetual capital notes.

## 37. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued USD250,000,000, USD50,000,000 and USD60,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the USD1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distribution are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

The perpetual capital notes are classified as equity instrument. Any distributions made by FEC Finance to the holders are recognised in equity in the consolidated financial statements of the Group.

## 38. MAJOR NON-CASH TRANSACTIONS

(i) The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$90,018,000 (2022: HK$68,855,000).

(ii) During the year ended 31 March 2023, the Group entered into new lease agreement for the use of leased properties for five years, the Group recognised HK$49,593,000 (2022: HK$12,102,000) of right-of-use assets and lease liabilities.

(iii) Included in additions of properties, plant and equipment, and investment properties are construction cost and retention payable for capital assets amounting to HK$148,716,000 and HK$90,839,000 (2022: HK$120,193,000 and HK$56,719,000), respectively, which are non-cash transactions.

## 39. DISPOSAL OF SUBSIDIARIES

On 15 June 2021, the Group entered into a sale and purchase agreement with Aldgate Hotel Bidco Limited ("Aldgate Hotel" or "Purchaser"), an independent third party to the Group, whereby the Group has agreed to sell, and Aldgate Hotel has agreed to purchase, the entire issued share capital of Dorsett City London Limited ("DCLL") and Elite Region Limited ("Elite"), wholly-owned subsidiaries of the Company for a consideration of GBP115,000,000 (equivalent to approximately HK$1,228,367,000). DCLL and Elite were the operator and owner of Dorsett City London Hotel, respectively. Such disposal was completed on 30 June 2021. Following the completion, DCLL and Elite ceased to be subsidiaries of the Company.

As part of the disposal, the Group entered into a hotel management agreement with the Purchaser to manage and operate Dorsett City London Hotel and agreed to provide a profit guarantee whereby the Group will compensate the Purchaser on a yearly basis, the shortfall between the annual guaranteed return of GBP6,065,000 (equivalent to approximately HK$66,290,000) and the gross operating profits to be generated by Dorsett City London Hotel, for a term of 2 years starting from the completion date of disposal.

The net assets disposed of DCLL and Elite at the date of disposal were as follows:

| | HK$'000 |
|---|---|
| Property, plant and equipment | 567,808 |
| Deferred tax assets | 223 |
| Debtors, deposits and prepayments | 520 |
| Other inventories | 33 |
| Tax recoverable | 3,310 |
| Trade and other payables | (8,296) |
| Net assets disposed of | 563,598 |
| **Gain on disposal of DCLL and Elite:** | |
| Consideration | 1,228,367 |
| Net assets disposed of | (563,598) |
| Transaction costs paid | (21,358) |
| Liabilities arising from profit guarantee arrangement | (56,406) |
| Reclassification of cumulative exchange reserve to profit or loss upon disposal | (40,174) |
| Gain on disposal | 546,831 |
| **Consideration was satisfied by:** | |
| Cash consideration received (Note) | 1,017,172 |
| Settlement of bank loan by the Purchaser (Note) | 211,195 |
| | 1,228,367 |
| **Net cash inflow arising on disposal:** | |
| Cash consideration received | 1,017,172 |
| Transaction costs paid | (21,358) |
| | 995,814 |

Note: Included in the cash consideration received, there was HK$349,403,000 used to settle shareholders' loan due by Elite to the Group. Prior to the completion of the disposal, the Purchaser settled the bank loan of Elite directly through its bank loan account, which constitutes as a non-cash transaction.

## 39. DISPOSAL OF SUBSIDIARIES (continued)

The revenue and loss for the period from 1 April 2021 to 30 June 2021 of DCLL and Elite, which have been included in the consolidated statement of profit or loss, were HK$4,351,000 and HK$1,270,000 respectively. During the year ended 31 March 2022, DCLL and Elite contributed HK$7,499,000 to the Group's net operating cash flows, received HK$6,524,000 in respect of investing activities.

On 17 September 2021, the Group entered into a sale and purchase agreement with Kheng Leong Company (H.K.) Limited ("Kheng Leong"), an independent third party of the Group, whereby the Group has agreed to sell, and Kheng Leong has agreed to purchase 100% of all the issued shares and paid-up shares of Highest Reach Investments Limited ("Highest Reach") for an aggregate consideration of approximately S$215,871,000 (equivalent to HK$1,242,959,000). Pursuant to the sales and purchase agreement, the Group shall procure the settlement of the outstanding bank loan of approximately S$102,110,000 (equivalent to HK$588,154,000) ("Outstanding Bank Loan") prior to completion, failing which Kheng Leong shall deduct the Outstanding Bank Loan from the consideration of approximately S$215,871,000. As the Group did not settle the Outstanding Bank Loan prior to completion, the consideration was adjusted to approximately S$113,761,000 (equivalent to HK$654,805,000).

The disposal has been completed on 1 November 2021. Following the completion, Highest Reach and its subsidiaries have ceased to be subsidiaries of the Company.

The net assets disposed of Highest Reach and its subsidiaries at the date of disposal were as follows:

| | HK$'000 |
|---|---|
| Investment properties | 1,226,419 |
| Other debtors, deposits and prepayments | 1,142 |
| Restricted bank deposits | 12,675 |
| Bank balances and cash | 8,769 |
| Creditors, deposits received and accruals | (6,046) |
| Bank loan | (588,154) |
| Net assets disposed of | 654,805 |
| **Gain on disposal of Highest Reach and its subsidiaries** | |
| Consideration | 654,805 |
| Net assets disposed of | (654,805) |
| Transaction costs paid | (19,769) |
| Reclassification of cumulative exchange reserve to profit or loss upon disposal | 25,145 |
| Gain on disposal | 5,376 |
| **Consideration was satisfied by:** | |
| Cash consideration received | 654,805 |
| **Net cash inflow arising on disposal:** | |
| Cash consideration received | 654,805 |
| Bank balances and cash disposed of | (8,769) |
| Transaction costs paid | (19,769) |
| | 626,267 |

## 39. DISPOSAL OF SUBSIDIARIES (continued)

The revenue and profit for the period from 1 April 2021 to 1 November 2021 of Highest Reach and its subsidiaries, which have been included in the consolidated statement of profit or loss, were HK$12,745,000 and HK$89,280,000 respectively. During the year ended 31 March 2022, Highest Reach and its subsidiaries contributed HK$8,217,000 to the Group's net operating cash flows and paid HK$5,361,000 in respect of financing activities.

## 40. CHARGE ON ASSETS

Bank borrowings of HK$22,033,434,000 (2022: HK$20,587,588,000) and lease liabilities of HK$1,195,000 (2022: HK$1,151,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

| | **2023**<br>**HK$'000** | 2022<br>HK$'000 |
|---|---|---|
| Investment properties | **5,750,701** | 5,060,911 |
| Property, plant and equipment (excluding right-of-use assets) | **6,876,128** | 6,102,316 |
| Right-of-use assets | **2,110,319** | 2,106,087 |
| Properties for sale | **13,299,911** | 12,706,140 |
| Bank deposits | **713,400** | 893,962 |
| Investment securities | **38,738** | 648,071 |
| | **28,789,197** | 27,517,487 |

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

### Restrictions or covenants on leases

In addition lease liabilities disclosed above, lease liabilities of HK$378,959,000 (2022: HK$608,585,000) are recognised with related right-of-use assets of HK$272,055,000 (2022: HK$491,594,000) as at 31 March 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 41. CAPITAL COMMITMENTS

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: | | |
| Acquisition, development and refurbishment of | | |
| hotel properties | **787,354** | 1,137,279 |
| investment properties | **319,305** | 718,902 |
| Capital injection to investment funds | **99,065** | 144,282 |
| | **1,205,724** | 2,000,463 |
| The Group's share of the capital commitment relating to its joint ventures and associates, but not recognised at the end of the reporting date is as follows: | | |
| Commitment to contribute funds for the acquisition, development and refurbishment of hotel properties | **436,739** | 252,777 |
| Commitment to provide a credit facility to a joint venture | **75,227** | 80,580 |
| | **511,966** | 333,357 |

## 42. OPERATING LEASE ARRANGEMENTS

### The Group as lessor

The Group's investment properties and certain properties for sales temporary rented out have committed leases for next 1 to 17 years (2022: 1 to 18 years).

Minimum lease payments receivables on leases are as follows:

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| Within one year | **111,771** | 137,935 |
| In the second year | **122,272** | 118,108 |
| In the third year | **83,417** | 97,110 |
| In the fourth year | **119,696** | 87,405 |
| In the fifth year | **72,980** | 74,901 |
| More than five years | **592,842** | 621,300 |
| | **1,102,978** | 1,136,759 |

## 43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Save as disclosed in note 52 to the consolidated financial statements, during the year, the Group also entered into the following transactions with related parties:

| | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|
| Provision of building management service by associates | **7,991** | 4,016 |
| Provision of sales and marketing services by a joint venture | **3,348** | 23,086 |
| Interest income from a joint venture | **583** | 11,608 |
| Interest income from unlisted debt securities issued by a joint venture | **21,800** | 23,797 |

Details of the balances with associates, joint ventures, an investee company and, a related company/party as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 14.

On 28 June 2022, the Group has granted to Mr. Cheong Thard Hoong and Ms. Wing Kwan Winnie Chiu, directors of the Company, rights to purchase 457,502 and 114,376 shares of BC Group respectively at A$9.18 within a period of three years from the earlier of: (i) the date of completion of the initial public offering of the shares of BC Group or (ii) date of completion of a trade sale of the BC Group. The directors of the Company consider there is no financial impact as at 31 March 2023.

## 44. AMOUNTS DUE FROM/TO JOINT VENTURES/AN ASSOCIATE/RELATED COMPANY

The amounts due from/to associates, joint ventures, an investee company and a related company are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. Except for an amount of GBP4 million (equivalent to HK$39,165,000) due from BC Group, a joint venture of the Group which carries interest at 5.95% per annum plus SONIA with a term of three years from the date of drawdown. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

## 45. SHARE OPTION SCHEMES

The Company's share option schemes ("FECIL Share Option Schemes") were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Schemes, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

The Company's first and second share option schemes were expired on 28 August 2012 and 31 August 2022 respectively. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted its third share option scheme pursuant to a resolution passed by the Shareholders on 30 August 2022 for a period of 10 years commencing on the adoption date.

As at 31 March 2023 and 2022 there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed for the year ended 31 March 2023.

## 46. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

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

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

## 46. RETIREMENT BENEFITS SCHEMES (continued)

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

The Group makes contribution to defined benefit pay-as-you go system administrated by the Czech Social Security Administration for employees in Czech Republic, based on certain percentage of the salaries of the employees in Czech Republic.

Total retirement benefits expenses charged to profit or loss amounted to HK$46,266,000 in the current year (2022: HK$43,486,000).

The Group's contribution to the retirement benefit schemes for its employees in Hong Kong, the PRC, Malaysia, Singapore Australia, the United Kingdom and Czech are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the retirement benefit schemes that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 of the Listing Rules.

## 47. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

| | **2023** **HK$'000** | 2022 HK$'000 |
|---|---|---|
| **Financial assets** | | |
| Debt instruments as FVTOCI | **928,931** | 1,124,161 |
| Equity instruments at FVTOCI | **356,361** | 902,298 |
| Financial assets at FVTPL | **828,976** | 1,006,810 |
| Financial assets at amortised cost | **8,116,088** | 10,018,835 |
| Derivative financial instruments | **3,643** | 17,919 |
| | **10,233,999** | 13,070,023 |
| **Financial liabilities** | | |
| Derivative financial instruments | **7,964** | 25,922 |
| Financial liabilities at amortised cost | **33,993,655** | 32,784,490 |
| | **34,001,619** | 32,810,412 |

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies

The Group's major financial instruments included investment securities, borrowings, trade and other receivables, trade and other payables, cash and cash equivalents and notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Market risk*

*Interest rate risk*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, variable-rate loan receivables, borrowings and debt instruments. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

In addition, the Group is also exposed to fair value interest rate as most of the debt instruments are at fixed rate. The sensitivity analysis for fair value interest rate risk for debt instruments measured at fair value are presented under price risk.

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.

Interest rate sensitivity analysis

The sensitivity analysis considers only loan receivables and borrowings which have significant impact on the consolidated financial statements and loan receivables outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period for borrowing and loan receivables.

If interest rates had been increased/decreased by 50 basis points (2022: 50 basis points) and all other variables were held constant, the Group's profit after tax, due to the impact of variable-rate loan receivables and borrowings, would have decreased/increased by HK$50,219,000 (2022: HK$42,548,000) and the interest capitalised would have increased/decreased by HK$62,353,000 (2022: HK$64,452,000).

No analysis for the impact of interest rate risk on debt instruments at FVTOCI as the management expected the impact is not significant.

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

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Market risk* (continued)

*Foreign currency risk*

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| A$ | **279,612** | 613,779 | **336,422** | 933,120 |
| US$ | **1,223,900** | 2,250,182 | **4,297,584** | 4,755,518 |
| EUR | **179,742** | 199,312 | **11,494** | 9,577 |
| S$ | **216,331** | 257,446 | **–** | – |
| GBP | **1,221,543** | 1,337,789 | **1,328,963** | 803,740 |

Inter-company balances

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2023 HK$'000** | 2022 HK$'000 | **2023 HK$'000** | 2022 HK$'000 |
| A$ | **10,429,765** | 10,755,646 | **1,165,741** | – |
| RMB | **102,525** | 98,209 | **1,119,226** | 1,594,810 |
| EUR | **294,418** | 364,344 | **–** | – |
| S$ | **360,106** | 165,881 | **584,848** | – |
| GBP | **4,281,636** | 3,631,692 | **–** | – |

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Market risk* (continued)

*Foreign currency risk* (continued)

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than USD for the individual group entity in Hong Kong since under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and USD. The following tables details the Group's sensitivity to a 10% (2022: 10%) weakening in the functional currencies of group entities against the relevant foreign currencies of respective group entities, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at the year end. For a 10% strengthening of the functional currencies of group entities against the relevant foreign currencies, these would be an equal and opposite impact on profit and other comprehensive income.

| | (Decrease) increase in profit after tax | |
|---|---|---|
| | **2023** | 2022 |
| | **HK$'000** | HK$'000 |
| A$ | **(4,744)** | (26,665) |
| RMB | **(256,653)** | (209,196) |
| EUR | **14,049** | 15,843 |
| S$ | **18,064** | 21,497 |
| GBP | **(8,970)** | 44,593 |

| | Increase (decrease) in other comprehensive income | |
|---|---|---|
| | **2023** | 2022 |
| | **HK$'000** | HK$'000 |
| A$ | **926,402** | 1,075,565 |
| RMB | **(101,670)** | (149,660) |
| EUR | **29,442** | 36,434 |
| S$ | **(22,474)** | 16,588 |
| GBP | **428,164** | 363,169 |

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

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Market risk* (continued)

*Price risk*

The Group is exposed to equity price risk and other price risk arising from financial assets at FVTPL and financial assets at FVTOCI.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt price risk at the end of the reporting period.

If the price of the respective equity and investment funds have been 5% (2022: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$1,361,000 (2022: HK$2,350,000) as a result of the changes in fair value of equity securities at FVTPL.

- profit after tax would have increased/decreased by HK$31,327,000 (2022: HK$28,198,000) as a result of the changes in fair value of investment funds at FVTPL.

- FVTOCI reserve would have increased/decreased by HK$17,818,000 (2022: HK$37,671,000) as a result of the changes in fair value of securities at FVTOCI.

The management considered that the fluctuation of price on structured notes is not significant and no sensitivity analysis is presented.

No analysis for the impact of credit risk exposure and market interest rate exposure on fixed rate debt securities as the management expected the impact is not significant.

*Credit risk and impairment assessment*

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, pledged bank deposits, bank balances, amounts due from related parties, other receivables, loan receivables, customers' deposits under escrow, debt instruments at FVTPL and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables are mitigated because they are secured over properties.

Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

For the Group's investments in debt securities, the investment committee are responsible for the credit risk assessment and give advance to the board of directors. The investment committee also assesses the financial performance of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. Failure to repay may result in collateral liquidation, if any, and/or legal actions against the issuers. The Group also monitors the credit rating and market news of the issuers of the respective debts securities for any indication of potential credit deterioration.

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Credit risk and impairment assessment* (continued)

The Group concentration of credit risk mainly on amounts due from an investee company, amount due from a shareholder of a non-wholly owned subsidiary, amounts due from associates which is mainly due from two associates (2022: two associates), and amounts due from joint ventures which is mainly due from eight joint ventures (2022: six joint ventures). The Group actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on the outstanding balances.

The Group invests in rated and unrated debt securities as well as investment grade debt securities. The management regularly reviews and monitors the portfolio of debt securities. Summary of the fair value and principal amount of debt securities at FVTPL are set out below.

*Debt securities at FVTPL*

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Fair value HK$'000** | **Principal amount HK$'000** | Fair value HK$'000 | Principal amount HK$'000 |
| AA- to BBB- | – | – | 73,388 | 90,900 |
| BB+ to B | – | – | 74,809 | 80,116 |
| Unrated | **46,030** | **46,373** | 4,654 | 4,676 |
| | **46,030** | **46,373** | 152,851 | 175,692 |

*Trade debtors arising from contracts with customers as well as lease receivables*

In order to minimise the credit risk, the management of the Group has policies in place to ensure the sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade debtors including lease receivables individually or collectively based on the Group's internet credit rating.

*Loan receivables/amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company/bank balances and deposits*

The credit risk of loan receivables and amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company consider that the probability of default is minimal after assessing the counter-parties financial background and underlying assets held by the related parties.

Loan receivables represent mortgage loans secured by the properties of the borrowers.

In determining the recoverability of loan receivables, the Group considers any change in the credit quality of the borrowers, the value of the underlying properties under mortgage, historical settlements of loan interests and other forward-looking information.

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Credit risk and impairment assessment* (continued)

*Debt instruments at FVTOCI*

The Group only invests in debt securities with credit rating of B or above issued by Moody's or Standard & Poor's. The directors of the Company focus on the investment diversification and their credit ratings changes. During the year, the credit rating of certain debt securities which are issued by PRC property developers, have been down-graded to CCC triggered by default events.

The directors of the Company access ECL on the debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debt instruments credit grades. Summary of the fair value and principal amount of debt securities at FVTOCI are set out below.

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Fair value HK$'000** | **Principal amount HK$'000** | Fair value HK$'000 | Principal amount HK$'000 |
| AA- to BBB- | **145,638** | **191,175** | 106,817 | 116,534 |
| BB+ to B | **131,546** | **156,892** | 476,190 | 523,286 |
| CCC | **195,607** | **247,483** | 79,769 | 109,480 |
| Unrated | **456,140** | **460,602** | 461,385 | 466,830 |
| | **928,931** | **1,056,152** | 1,124,161 | 1,216,130 |

During the year ended 31 March 2023, as certain issuers, which are PRC property developers, were determined to be credit-impaired, the credit loss allowances on those individual debt instruments are measured on lifetime ECL basis. For the purpose of ECL assessment, the Group considers the gross principal amount and the related contracted interests of the debt instruments. The Group assesses ECL for debt instruments at FVTOCI by reference to the credit rating of the debt instruments announced by external credit rating agencies, the macroeconomic factors affecting each issuer, and the probability of default and loss given default of each debt instrument.

During the year ended 31 March 2023, the impairment loss on debt instruments at FVTOCI amounting to HK$nil (2022: HK$78,258,000) was recognised in profit or loss.

The credit risks on pledged deposits, bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

# 47. FINANCIAL INSTRUMENTS (continued)

## b. Financial risk management objectives and policies (continued)

*Credit risk and impairment assessment* (continued)

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

| Internal credit rating | Description | Trade and leases receivables/ | Other financial assets |
|---|---|---|---|
| Low risk | The counterparty has a low risk of default and does not have any past-due amounts | Lifetime ECL – not credit-impaired | 12-month ECL |
| Watch list | Debtor frequently repays after due dates but usually settle in full | Lifetime ECL – not credit-impaired | 12-month 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 |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

# 47. FINANCIAL INSTRUMENTS (continued)

## b. Financial risk management objectives and policies (continued)

*Credit risk and impairment assessment* (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment:

| | Notes | External credit rating | Internal credit rating | 12-month or lifetime ECL | 2023 Gross carrying amount HK$'000 | 2022 Gross carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| **Debt instruments at FVTOCI** | | | | | | |
| Investment in debt securities | 20 | AA– to B | N/A | 12-month ECL | **277,184** | 583,007 |
| | | Unrated | Low risk | 12-month ECL | **456,140** | 461,385 |
| | | CCC | N/A | Lifetime ECL – credit-impaired | **195,607** | 79,769 |
| **Financial assets at amortised cost** | | | | | | |
| Trade debtors (contract with customers) | 24(a) | N/A | Low risk (Note 1) | Lifetime ECL (not credit impaired) | **233,202** | 391,667 |
| | | N/A | Loss | Credit-impaired | **62,405** | 56,687 |
| Loan receivables | 21 | N/A | Low risk (Note 2) | 12-month ECL | **227,967** | 187,635 |
| Amounts due from related parties and a shareholder of a non-wholly owned subsidiary | 33 & 44 | N/A | Low risk (Note 2) | 12-month ECL | **2,234,567** | 1,285,809 |
| Pledged deposits | 22 | above A- (Note 3) | N/A | 12-month ECL | **708,739** | 893,962 |
| Bank balances | 22 | above A- (Note 3) | N/A | 12-month ECL | **4,431,485** | 6,902,605 |
| Other receivables | 24(a) | N/A | Low risk (Note 2) | 12-month ECL | **149,246** | 145,833 |
| Customers' deposits under escrow | 25 | N/A | Low risk (Note 2) | 12-month ECL | **389,175** | 468,696 |
| **Others** | | | | | | |
| Lease receivables | 24(a) | N/A | Low risk (Note 1) | Lifetime ECL (not credit impaired) | **64,854** | 59,693 |
| Contract assets | 24(b) | N/A | Low risk (Note 1) | Lifetime ECL (not credit impaired) | **233,410** | – |
| Undrawn amount of loan commitment | 41 | N/A | Lower risk (Note 2) | 12-month ECL | **75,227** | 80,580 |

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Credit risk and impairment assessment* (continued)

Notes:

1. Trade debtors, lease receivables and contract assets
For trade debtors, lease receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors and contract assets, which are assessed individually, the Group determines the expected credit losses on trade and lease receivables collectively based on shared credit risk characteristics by reference to the Group's internal credit ratings.

   As at 31 March 2023, the Group provided HK$9,253,000 (2022: HK$9,253,000) impairment allowance for trade debtors, based on the collective assessment. Impairment allowance of HK$62,405,000 (2022: HK$56,687,000) were made on credit impaired debtors on an individual basis. The increase of impairment allowance made on credit impaired debtors was due to increase of long outstanding debtors in particular to car park segment.

2. Loan receivables, loan commitment, amounts due from related parties, customers' deposits under escrow and other receivables
For the purposes of internal credit risk management, the Group uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

   For loan commitment to a joint venture and amounts due from related parties. The directors of the Company consider the exposure to credit risk of these loan receivables is low after taking into account the value of the collateral, historical settlements of loan interests and principal and other forward-looking information. The fair value of the collateral is higher than the outstanding amount of these receivables at the end of the reporting period. The loss given default and 12-month ECL of these loan receivables is considered as insignificant to the Group, and no allowance of expected credit loss is provided for these loan receivables.

   For loan commitment to a joint venture and amounts due from related parties, the directors of the Company consider the exposure to credit risk of these amounts is low after taking into consideration of the fair values of the underlying assets held by the related parties, the outlook of their future operations and the expected operating cash flows of the related parties.

   Customers' deposits under escrow represents the portion of the sale proceeds being held in the escrow accounts. The funds are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities. The directors consider the exposure of credit risk is low.

   For other receivables, the directors of the Company consider the exposure of credit risk, historical settlement and other forward-looking information. The loss under of 12-month ECL of the other receivables are insignificant to be recognised.

3. For pledged deposits and bank balances, the ECL is assessed by reference to probability of default and loss credit rating grade published by international credit agencies.

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Liquidity risk*

The Group's liquidity position and its compliance with lending covenants are monitored periodically by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The rolling forecasts of the Group's liquidity reserve comprise undrawn facilities of bank loans (note 31) and cash and bank balances (note 22) on the basis of expected cash flow. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available. In preparing the consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity of the Group. In the opinion of the directors of the Company, the Group will be able to continue as a going concern in the coming twelve months from the date of this report taking into consideration the working capital estimated to be generated from operating activities and the undrawn facilities of bank loans. Based on this, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Company consider that it is appropriate to prepare these consolidated financial statements on a going concern basis. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its 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 their rights.

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Liquidity risk* (continued)

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.

| | Weighted average interest rate % | On demand or within one year HK$'000 | One to three years HK$'000 | Three to five years HK$'000 | Over five years HK$'000 | Total undiscounted cash flow HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|
| *At 31 March 2023* | | | | | | | |
| Creditors and accruals | N/A | 1,537,857 | - | - | - | 1,537,857 | 1,537,857 |
| Other liabilities | 3.0 | - | 5,109 | - | - | 5,109 | 4,960 |
| Amount due to a related company | N/A | 953 | - | - | - | 953 | 953 |
| Amounts due to associates | N/A | 7,848 | - | - | - | 7,848 | 7,848 |
| Amounts due to shareholders of non-wholly owned subsidiaries | N/A | 168,084 | - | - | - | 168,084 | 168,084 |
| Bank and other borrowings | 4.09 | 17,931,459 | 6,272,303 | 4,543,891 | 519,527 | 29,267,180 | 27,811,308 |
| Lease liabilities | 2.97 | 68,271 | 99,418 | 61,544 | 230,372 | 459,605 | 380,154 |
| Notes | 4.97 | 4,350,352 | 49,760 | 152,326 | 454,531 | 5,006,969 | 4,462,645 |
| | | 24,064,824 | 6,426,590 | 4,757,761 | 1,204,430 | 36,453,605 | 34,373,809 |
| Loan commitment | | 75,227 | - | - | - | 75,227 | 75,227 |
| Derivatives financial instrument – net settled | | | | | | | |
| Interest rate/currency swap contracts | | 7,964 | - | - | - | 7,964 | 7,964 |

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Liquidity risk* (continued)

| | Weighted average interest rate % | On demand or within one year HK$'000 | One to three years HK$'000 | Three to five years HK$'000 | Over five years HK$'000 | Total undiscounted cash flow HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|
| *At 31 March 2022* | | | | | | | |
| Creditors and accruals | N/A | 1,404,211 | – | – | – | 1,404,211 | 1,404,211 |
| Other liabilities | 3.0 | 3,628 | 2,249 | 2,249 | 209 | 8,335 | 6,086 |
| Amount due to a related company | N/A | 858 | – | – | – | 858 | 858 |
| Amounts due to associates | N/A | 7,245 | – | – | – | 7,245 | 7,245 |
| Amounts due to shareholders of non-wholly owned subsidiaries | N/A | 171,548 | – | – | – | 171,548 | 171,548 |
| Bank and other borrowings | 1.71 | 11,133,518 | 11,368,802 | 4,351,697 | 559,441 | 27,413,458 | 26,590,414 |
| Lease liabilities | 3.08 | 93,386 | 151,595 | 97,160 | 400,442 | 742,583 | 609,736 |
| Notes | 4.96 | 231,211 | 4,364,198 | 74,640 | 557,097 | 5,227,146 | 4,604,128 |
| | | 13,045,605 | 15,886,844 | 4,525,746 | 1,517,189 | 34,975,384 | 33,394,226 |
| Loan commitment | | 80,580 | – | – | – | 80,580 | 80,580 |
| Derivatives financial instrument – net settled | | | | | | | |
| Interest rate/currency swap contracts | | 25,922 | – | – | – | 25,922 | 25,922 |

Bank borrowings with a repayment on demand clause or become repayable on demand as a result of breach of covenants are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2023 and 31 March 2022, the carrying amounts of these bank borrowings amounted to HK$13,003,001,000 and HK$5,032,785,000 respectively. Taking into account the Group's financial position and the bankers had either agreed not to demand immediate repayment or the directors of the Company have reached successful conclusion with relevant bankers for the negotiation of the terms, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

| | Within one year HK$'000 | One to three years HK$'000 | Three to five years HK$'000 | Over five years HK$'000 | Total undiscounted cash flow HK$'000 | Carrying amount HK$'000 |
|---|---|---|---|---|---|---|
| *At 31 March 2023* | | | | | | |
| Bank and other borrowings | **9,223,666** | **2,551,680** | **1,967,005** | **71,129** | **13,813,480** | **13,003,001** |
| *At 31 March 2022* | | | | | | |
| Bank and other borrowings | 3,947,823 | 1,041,951 | 21,817 | 76,730 | 5,088,321 | 5,032,785 |

The cash flows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Interest rate benchmark reform*

As listed in notes 20, 27 and 31, the Group's unlisted debt instruments, bank borrowings and interest rate swaps which are indexed to SOR and the 3-month USD LIBOR will mature before the cessation of SOR and 3-month USD LIBOR as mentioned below. In addition, several of the Group's bank borrowings which are indexed with BBSW and HIBOR, BBSW and HIBOR will co-exist with AUD Overnight Index Average ("AONIA") and Hong Kong Dollar Overnight Index Average ("HONIA") respectively. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

*LIBOR*

The LIBOR settings in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings ceased immediately after 31 December 2021.

The Financial Conduct Authority has confirmed the remaining LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after 30 June 2023, in the case of the remaining US dollar settings.

*BBSW*

The Reserve Bank of Australia has indicated a multi-rate approach to be adopted in Australia, where AONIA has been identified as an alternative to BBSW and there is no plan to discontinue BBSW. Therefore, BBSW will co-exist with AONIA.

For the floating rate bank borrowings that are linked to BBSW, the management expects the BBSW will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

*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.

For the floating rate bank borrowings that are linked to HIBOR, the management expects the HIBOR will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

*SOR*

The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee have confirmed that SOR will cease to be provided by any administrator or no longer be representative immediately after 30 June 2023 and identified the Singapore Overnight Rate Average ("SORA") as the alternative interest rate benchmark for SOR and have set out a roadmap for this transition.

## 47. FINANCIAL INSTRUMENTS (continued)

### b. Financial risk management objectives and policies (continued)

*Interest rate benchmark reform* (continued)

*Risks arising from the interest rate benchmark reform*

Except for the bank borrowings indexed with HIBOR and BBSW, 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 and other index rates that are relevant to the Group, 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 inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

*Progress towards implementation of alternative benchmark interest rates*

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, all contracts which are linked to GBP LIBOR have been transitioned to SONIA. For the floating rate bank borrowings that are linked to HIBOR and BBSW, the management expects the contracts will continue to maturity and the Group does not intend to transition the contracts to HONIA and AONIA respectively.

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 2023. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

# 47. FINANCIAL INSTRUMENTS (continued)

## b. Financial risk management objectives and policies (continued)

*Interest rate benchmark reform* (continued)

*Progress towards implementation of alternative benchmark interest rates* (continued)

| Financial instruments | Maturing in | Carrying amounts/ notional amounts HK$'000 | Transition progress |
|---|---|---|---|
| *Non-derivative financial asset* | | | |
| Unlisted debt instruments at FVTOCI linked to BBSW | 2024 | 222,380 | AONIA will co-exist with BBSW. The management expects the BBSW will continue to maturity. |
| *Non-derivative financial liabilities* | | | |
| Bank loans linked to HIBOR | 2023 to 2028 | 17,663,026 | HONIA will co-exist with HIBOR. The management expects the HIBOR will continue to maturity. |
| Bank loans linked to SOR | 2023 to 2024 | 1,845,287 | The contract will mature before the cessation of SOR. |
| Bank loans linked to BBSW | 2025 | 4,425,238 | AONIA will co-exist with BBSW. The management expects the BBSW will continue to maturity. |

Note: No detailed fallback clauses for the above contracts.

## 47. FINANCIAL INSTRUMENTS (continued)

### c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments 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.

| Financial assets (liabilities) included in the consolidated statement of financial position | | Fair value as at | | Fair value hierarchy | Valuation technique and key inputs |
|---|---|---|---|---|---|
| | | **31.3.2023 HK$'000** | 31.3.2022 HK$'000 | | |
| 1a) | Listed equity securities classified as financial assets at FVTPL | **15,465** | 42,617 | Level 1 | Quoted bid prices in an active market |
| 1b) | Listed equity securities classified as equity instrument at FVTOCI | **356,361** | 902,298 | Level 1 | Quoted bid prices in an active market |
| 1c) | Unlisted equity securities classified as financial assets at FVTPL | **17,136** | 13,662 | Level 2 | Recent transaction price of equity securities issued to third parties |
| 2a) | Listed debt securities classified as financial assets at FVTPL | **46,030** | 152,851 | Level 1 | Quoted bid prices in an active market |
| 2b) | Unlisted debt securities classified as financial assets at FVTOCI | **447,031** | 419,604 | Level 2 | Reference to market value provided by brokers/financial institution |
| 2c) | Listed debt securities classified as financial assets at FVTOCI | **481,900** | 704,557 | Level 1 | Quoted bid prices in an active market |
| 3a) | Investment funds classified as financial assets at FVTPL | **446,585** | 427,873 | Level 2 | Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds |
| 3b) | Investment funds classified as financial assets at FVTPL | **303,760** | 247,526 | Level 3 | Reference to the net asset value of the unlisted equity investment provided by the external counterparties. Discount of 15.8% (2022: 15.8%) for lack of marketability |

## 47. FINANCIAL INSTRUMENTS (continued)

### c. Fair value measurements of financial instruments (continued)

| | Financial assets (liabilities) included in the consolidated statement of financial position | Fair value as at | | Fair value hierarchy | Valuation technique and key inputs |
|---|---|---|---|---|---|
| | | **31.3.2023 HK$'000** | 31.3.2022 HK$'000 | | |
| 4) | Convertible bond classified as financial assets at FVTPL | **–** | 122,281 | Level 3 | Binomial Option Pricing Model<br><br>The fair value is estimated based on the risk free rate, conversion price, underlying share price, expected volatility of the underlying share price, expected dividend yield and discount rate. |
| 5a) | Cross currency swap contracts classified as derivative financial instruments | **Assets – –<br>Liabilities – (7,964)** | Assets – 4,084<br>Liabilities – (1,911) | Level 2 | Discounted cash flow<br><br>Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties. |
| 5b) | Interest rate swap contracts classified as derivative financial instruments | **Assets – 3,643<br>Liabilities – –** | Assets – 13,835<br>– | Level 2 | Discounted cash flow<br><br>Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties. |
| 6) | Liabilities arising from profit guarantee arrangement | **Liabilities – –** | Liabilities – (24,011) | Level 3 | Income approach<br><br>Future cash flows are estimated based on the contractual terms to be payable by the Group, discounted using an appropriate discount rate. |

There were no transfers between Levels 1, 2 and 3 during the years ended 31 March 2023 and 31 March 2022.

## 47. FINANCIAL INSTRUMENTS (continued)

### c. Fair value measurements of financial instruments (continued)

*Reconciliation of Level 3 fair value measurements of financial assets and liabilities*

| | Investment funds classified as financial assets at FVTPL HK$'000 | Liabilities arising from profit guarantee arrangement HK$'000 | Convertible bonds classified as financial assets at FVTPL HK$'000 |
|---|---|---|---|
| At 1 April 2021 | 114,637 | – | – |
| Addition | 111,224 | 56,406 | 129,500 |
| Redemption | – | – | (2,660) |
| Unrealised fair value change recognised in profit or loss | 23,528 | (32,667) | (4,559) |
| Exchange realignment | (1,863) | 272 | – |
| At 31 March 2022 | 247,526 | 24,011 | 122,281 |
| Addition | 43,095 | – | – |
| Disposal | (12,087) | – | – |
| Redemption | – | – | (110,500) |
| Unrealised fair value change recognised in profit or loss | 25,706 | (23,329) | (11,781) |
| Exchange realignment | (480) | (682) | – |
| At 31 March 2023 | 303,760 | – | – |

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable inputs for any of the level 3 financial instruments of the Group, as the management considers that the exposure is insignificant to the Group.

### d. Financial instruments subject to enforceable master netting arrangements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. No further disclosure is provided as the effects are considered insignificant.

## 48. 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.

| | Bank and other borrowings HK$'000 (note 31) | Notes HK$'000 (note 34) | Dividend payable HK$'000 | Amounts due to related companies HK$'000 (note 44) | Amounts due to associates HK$'000 (note 44) | Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (note 33) | Lease liabilities HK$'000 (note 32) | Other liabilities HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|---|---|---|
| At 1 April 2021 | 22,357,765 | 5,218,916 | – | 807 | 51,326 | 168,997 | 726,897 | 6,332 | 28,531,040 |
| New lease entered | – | – | – | – | – | – | 12,102 | – | 12,102 |
| Termination of lease contracts | – | – | – | – | – | – | (15,194) | – | (15,194) |
| Disposal of subsidiaries | (588,154) | – | – | – | – | – | – | – | (588,154) |
| Financing cash flows | 4,598,828 | (835,432) | (386,923) | 51 | (44,250) | – | (133,503) | – | 3,198,771 |
| Non-cash changes (note) | (211,195) | (54,438) | (68,855) | – | – | – | (180) | – | (334,668) |
| Finance costs | 569,185 | 248,234 | – | – | – | – | 20,246 | – | 837,665 |
| Dividends recognised as distribution | – | – | 455,778 | – | – | – | – | – | 455,778 |
| Foreign exchange translation | (136,015) | 26,848 | – | – | 169 | 2,551 | (632) | (84) | (107,163) |
| At 31 March 2022 | 26,590,414 | 4,604,128 | – | 858 | 7,245 | 171,548 | 609,736 | 6,248 | 31,990,177 |
| New lease entered | – | – | – | – | – | – | 49,593 | – | 49,593 |
| Termination of lease contracts | – | – | – | – | – | – | (157,355) | – | (157,355) |
| Financing cash flows | 761,700 | (344,587) | (404,666) | 95 | 603 | 132,677 | (99,350) | – | 46,472 |
| Non-cash changes (note) | – | (41,417) | (90,018) | – | – | – | – | – | (131,435) |
| Finance costs | 1,074,923 | 234,224 | – | – | – | – | 12,914 | – | 1,322,061 |
| Dividends recognised as distribution | – | – | 494,684 | – | – | 16,525 | – | – | 511,209 |
| Proceeds on disposal of partial interest in a subsidiary | – | – | – | – | – | (156,800) | – | – | (156,800) |
| Foreign exchange translation | (615,729) | 10,297 | – | – | – | 4,134 | (35,384) | (1,126) | (637,808) |
| At 31 March 2023 | 27,811,308 | 4,462,645 | – | 953 | 7,848 | 168,084 | 380,154 | 5,122 | 32,836,114 |

Note: During the year ended 31 March 2022, the non-cash changes mainly represented settlement of bank loan by the Purchaser amounting to HK$211,195,000 as disclosed in note 39. During the current year, the non-cash changes mainly represented accrued interest payables of HK$41,417,000 (2022: HK$54,438,000) included in "other payables and accrued charges" as disclosed in note 28, and issuance of shares in lieu of cash dividend amounting to HK$90,018,000 (2022: HK$68,855,000) as disclosed in note 38.

In addition, the Group has made distributions of HK$207,890,000 (2022: HK$189,191,000) to owners of perpetual capital notes during the year ended 31 March 2023.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

# 49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | 2023 HK$'000 | 2022 HK$'000 |
|---|---|---|
| **Non-current Asset** | | |
| Interests in subsidiaries | **6,379,003** | 6,117,754 |
| **Current Asset** | | |
| Bank balances, deposits and cash | **6,505** | 7,748 |
| **Current Liabilities** | | |
| Creditors and accrued charges | **23,842** | 25,137 |
| 2023 Notes (note 34) | **1,033,087** | – |
| | **1,056,929** | 25,137 |
| **Net Current Liabilities** | **(1,050,424)** | (17,389) |
| **Total Assets Less Current Liabilities** | **5,328,579** | 6,100,365 |
| **Capital and Reserves** | | |
| Share capital | **270,591** | 241,962 |
| Share premium | **4,712,161** | 4,650,772 |
| Reserves | **345,574** | 101,004 |
| | **5,328,326** | 4,993,738 |
| **Non-current Liabilities** | | |
| 2023 Notes (note 34) | **–** | 1,106,374 |
| Deferred tax liabilities | **253** | 253 |
| | **253** | 1,106,627 |
| | **5,328,579** | 6,100,365 |

Note:

The movement of equity is as follows:

| | Share capital HK$'000 | Share premium HK$'000 | Capital redemption reserve HK$'000 | Other reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| At 1 April 2021 | 239,508 | 4,584,371 | 35,964 | 628,830 | 893 | 5,489,566 |
| Loss and other comprehensive expense for the year | – | – | – | – | (108,905) | (108,905) |
| Dividends | – | – | – | (455,778) | – | (455,778) |
| Share issued in lieu of cash dividend | 2,454 | 66,401 | – | – | – | 68,855 |
| At 31 March 2022 | 241,962 | 4,650,772 | 35,964 | 173,052 | (108,012) | 4,993,738 |
| Profit and other comprehensive income for the year | – | – | – | – | 739,254 | 739,254 |
| Dividends | – | – | – | – | (494,684) | (494,684) |
| Share issued in lieu of cash dividend | 4,433 | 85,585 | – | – | – | 90,018 |
| Bonus issue of share | 24,196 | (24,196) | – | – | – | – |
| At 31 March 2023 | 270,591 | 4,712,161 | 35,964 | 173,052 | 136,558 | 5,328,326 |

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered and paid up capital | Proportion of nominal value of issued capital/ registered capital held by the Company 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|---|
| **Direct subsidiaries** | | | | | |
| Ample Bonus Limited | BVI/HK | 101 shares of US$1 | 100 | 100 | Investment holding |
| Pacific Growing Limited | HK | 1 share of HK$1 | 100 | 100 | Investment holding |
| Queens Wharf Holdings Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| The Fifth Apartments Pty Ltd | Australia | 100,000,001 share of A$1 | 100 | 100 | Property development |
| **Indirect subsidiaries** | | | | | |
| 19 Bank Street Pty Ltd | Australia | 10,000 shares of A$121.78 | 77.75 | 77.75 | Car park operation |
| 344 Queen Car Park Pty Ltd | Australia | 10,000 shares of A$121.78 | 77.75 | 77.75 | Car park operation |
| All Greatness Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Property development |
| Amphion Investment Limited | HK | 2 shares of HK$1 | 100 | 100 | Investment holding |
| Angel Meadows (FEC) Limited | UK | 100 shares of £1 | 100 | 100 | Property development |
| Annick Investment Limited | HK | 2 shares of HK$1 | 100 | 100 | Property investment |
| Apexwill Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Arvel Company Limited | HK | 10,000 shares of HK$1 | 100 | 100 | Property investment |
| Asian Harvest Investments Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Treasury management |
| Ballarat Central Car Park Pty Ltd | Australia | 1,000 shares of A$121.78 | 77.75 | 77.75 | Car park operation |
| Boundary Farm Car Park Ltd | BVI | 2 shares of US$1 | 88.88 | 88.88 | Car park operation |
| Bournemouth Estates Limited | HK | 2 shares of HK$10 | 100 | 100 | Property development |
| Bravo Trade Holdings Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Property development |
| Bryce International Limited | BVI/HK | 100 shares of US$1 | 100 | 100 | Investment holding |
| Capital Fortune Investment Limited | HK | 2 shares of HK$1 | 100 | 100 | Investment holding |
| Care Park Finance Pty Ltd | Australia | 1,000 shares of A$121.78 | 77.75 | 77.75 | Car park operation |
| Care Park Holdings Pty Ltd | Australia | 1,000 shares of A$121.78 | 77.75 | 77.75 | Investment holding |
| Care Park Leasing Pty Ltd | Australia | 1,000 shares of A$121.78 | 77.75 | 77.75 | Car park operation |
| Care Park Properties Pty Ltd | Australia | 1,000 shares of A$121.78 | 77.75 | 77.75 | Investment holding |
| Care Park Group Pty Ltd | Australia | 1,000 shares of A$121.78 | 77.75 | 77.75 | Car park operation |
| Care Property Pty Ltd | Australia | 100 shares of A$1 | 77.75 | 77.75 | Car park operation |
| Carterking Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Cathay Motion Picture Studios Limited | HK | 30,000 shares of HK$100 | 100 | 100 | Property investment |
| Charter Joy Limited | HK | 2 shares of HK$1 | 100 | 100 | Hotel operation |
| Charter National International Limited | HK | 2 shares of HK$1 | 100 | 100 | Property development |
| Ching Chu (Shanghai) Real Estate Development Company Limited (i) | PRC | Registered and paid up capital of US$8,800,000 | 100 | 100 | Hotel management |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered and paid up capital | Proportion of nominal value of issued capital/ registered capital held by the Company 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|---|
| Chun Wah Holdings Limited | HK | 200 shares of HK$1 | 100 | 100 | Property development |
| City Sight Limited | HK | 1 share of HK$1 | 100 | 100 | Loan financing |
| Complete Delight Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Hotel operation |
| Cosmopolitan Hotel Limited | HK | 10,000 shares of HK$1 | 100 | 100 | Hotel operation |
| Crouch End (FEC) Limited | UK | 1 share of £1 | 100 | 100 | Property development |
| Dorsett Bukit Bintang Sdn. Bhd. | Malaysia | 2 shares of MYR1 | 100 | 100 | Property development |
| Dorsett Hospitality International Limited | Cayman Islands | 2,100,626,650 shares of HK$0.1 | 100 | 100 | Investment holding |
| Dorsett Hospitality International (M) Sdn Bhd | Malaysia | 2 shares of MYR2 | 100 | 100 | Investment holding |
| Dorsett Hospitality International (Singapore) Pte. Limited | Singapore | 1 share of S$1 | 100 | 100 | Hotel management and consultancy service |
| Dorsett Hospitality International Services Limited | HK | 2 shares of HK$1 | 100 | 100 | Hotel management |
| Dorsett Regency Hotel (M) Sdn. Bhd. | Malaysia | 5,000,000 shares of MYR1 | 100 | 100 | Hotel operation |
| Drakar Limited | Isle of Man/ UK | 1 share of £1 | 100 | 100 | Property development |
| Dunjoy Limited | HK | 2 shares of HK$1 | 100 | 100 | Investment holding |
| E-Cash Ventures Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Everkent Development Limited | HK | 2 shares of HK$1 | 100 | 100 | Hotel operation |
| Expert Vision Trading Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Far East Consortium (Australia) Pty Ltd. | Australia | 2 shares of A$1 | 100 | 100 | Property development |
| Far East Consortium (B.V.I.) Limited | BVI/HK | 50,000 shares of US$1 | 100 | 100 | Investment holding |
| Far East Consortium (Netherlands Antilles) N.V. | Curacao | 99,000 shares of US$1 | 100 | 100 | Investment holding |
| Far East Consortium China Investments Limited | HK | 6,000 shares of HK$100 | 100 | 100 | Investment holding |
| Far East Consortium Holdings (Australia) Pty Limited | Australia | 12 shares of A$1<br>235 redeemable preference shares of A$42.55 | 100 | 100 | Investment holding |
| Far East Consortium Limited | HK | 830,650,000 shares of HK$1 | 100 | 100 | Investment holding and property investment |
| Far East Consortium Real Estate Agency Limited | HK | 1 share of HK$1 | 100 | 100 | Sales agency service |
| Far East Real Estate and Agency (H.K.) Limited | HK | 60,000 shares of HK$100 | 100 | 100 | Investment holding and loan financing |
| Far East Vault Limited | HK | 1 share of HK$1 | 100 | 100 | Vault Service |

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered and paid up capital | Proportion of nominal value of issued capital/ registered capital held by the Company 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|---|
| FEC 640 Bourke Street Melbourne Pty Limited | Australia | 1 share of A$1 | 100 | 100 | Property development |
| FEC Care Park Holdings (Australia) Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Investment holding |
| FEC Care Park Holdings Pte Ltd | Singapore | 1 share of S$1 | 100 | 100 | Investment holding |
| FEC Development (Malaysia) Sdn. Bhd. | Malaysia | 2 shares of MYR1 | 100 | 100 | Investment holding |
| FEC Development Management Limited | UK | 1 share of £1 | 100 | 100 | Administrative services |
| FEC Finance (Australia) Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Corporate treasury management |
| FEC May22 Pty Ltd. | Australia | 1 share of A$1 | 100 | 100 | Property development |
| FEC Northern Gateway Development Limited | UK | 1 share of £1 | 100 | 100 | Property development |
| FEC QWB Integrated Resort Holdings Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| FEC Strategic Investments (Netherlands) B.V. | Amsterdam | 120,000 shares of DeFi Land ("DFL") 1 | 100 | 100 | Investment holding |
| FEC Suites Pte. Ltd | Singapore | 1 share of S$1 | 100 | 100 | Property development |
| Fortune Plus (M) Sdn. Bhd. | Malaysia | 935,000 shares of MYR1 | 100 | 100 | Property investment |
| Garden Resort Development Limited | HK | 100 shares of HK$1 | 100 | 100 | Property development |
| Gold Prime Group Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Grand Expert Limited | HK | 10,000 shares of HK$1 | 100 | 100 | Hotel operation |
| Hong Kong Hotel REIT Finance Company Limited | HK | 1 share of HK$1 | 100 | 100 | Loan financing |
| Jarton Limited | HK | 1 share of HK$1 | 100 | 100 | Property development |
| Kuala Lumpur Land Holdings Limited | Jersey/HK | 100 shares of £1 | 100 | 100 | Investment holding |
| Madison Lighters and Watches Company Limited | HK | 4 shares of HK$1 | 100 | 100 | Investment holding |
| Mass Perfect Limited | HK | 1 share of HK$1 | 100 | 100 | Investment holding |
| May21 Pty Ltd. | Australia | 1 share of A$1 | 100 | 100 | Property development |
| Mega Source Global Limited | HK | 500,000 shares of HK$1 | 100 | 100 | Property development |
| Merdeka Labuan Sdn. Bhd. | Malaysia | 105,000,000 MYR1 | 100 | 100 | Hotel operation |
| N.T. Horizon Realty (Jordan) Limited | HK | 2 shares of HK$100 | 100 | 100 | Property investment |
| New Time Plaza Development Limited | HK | 1,000 shares of HK$1 | 100 | 100 | Investment holding |
| New Union Investments (China) Limited | HK | 300 shares of HK$1 | 100 | 100 | Investment holding |
| Novel Orient Investments Limited | HK | 1 share of HK$1 | 100 | 100 | Hotel operation |
| Panley Limited | HK | 1 share of HK$1 | 100 | 100 | Hotel operation |

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered and paid up capital | Proportion of nominal value of issued capital/ registered capital held by the Company 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|---|
| Peacock Management Services Limited | HK | 2 shares of HK$1 | 100 | 100 | Administration services |
| Perth FEC Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Property development |
| Perth Hub One Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Property development |
| Perth Hub Three Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Property development |
| Perth Hub Seven Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Property development |
| Perth Hub Six Pty Ltd | Australia | 1 share of A$1 | 100 | 100 | Property development |
| Polyland Development Limited | HK | 2 shares of HK$1 | 100 | 100 | Property development |
| Quadrant Plaza Pty Ltd | Australia | N/A | 77.75 | 77.75 | Car park operation |
| Quadrant Plaza Unit Trust | Australia | N/A | 77.75 | 77.75 | Car park operation |
| Queens Wharf Holdings Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Richfull International Investment Limited | HK | 1 share of HK$1 | 100 | 100 | Bar operation |
| Ruby Way Limited | HK | 2 shares of HK$1 | 100 | 100 | Hotel operation |
| Sanon Limited | HK | 1 share of HK$1 | 100 | 100 | Property development and investment |
| Shanghai Chingchu Property Development Company Limited (ii) | PRC | Registered and paid up capital of US$35,000,000 | 98.2 | 98.2 | Property development and investment |
| Shepparton Car Park Pty Ltd | Australia | 10,050 shares of A$0.17093 | 77.75 | 77.75 | Car park operation |
| Singford Holdings Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Treasury management |
| Star Bridge Development Limited | HK | 2 shares of HK$1 | 100 | 100 | Investment holding |
| Subang Jaya Hotel Development Sdn Bhd | Malaysia | 245,000,000 shares of MYR1 | 100 | 100 | Hotel operation |
| Target Term Sdn. Bhd. | Malaysia | 2 shares of MYR1 | 100 | 100 | Car park operation |
| Tantix Limited | HK | 1 share of HK$1 | 100 | 100 | Property development |
| Teampearl Company Limited | HK | 5,001 A shares of HK$1<br>4,999 B shares of HK$1 | 100 | 100 | Property development |
| The Hotel of Lan Kwai Fong Limited | HK | 10,000 shares of HK$1 | 100 | 100 | Hotel operation |
| Topping Faithful Limited | HK | 1 share of HK$1 | 100 | 100 | Sales agency service |
| Tracia Limited | Isle of Man/ UK | 1 share of £1 | 100 | 100 | Investment holding |

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ establishment and operation | Issued and fully paid share capital/ registered and paid up capital | Proportion of nominal value of issued capital/ registered capital held by the Company 2023 % | 2022 % | Principal activities |
|---|---|---|---|---|---|
| Trans World Hotels & Entertainment, a.s. ("TWHE") | Czech Republic | 400 shares of CZK75,000 and 100 shares of CZK700,000 | 90 | 100 | Gaming and hotel operation |
| Trans World Hotels Austria GmbH | Austria | 1 share of EUR40,000 | 90 | 100 | Hotel operation |
| Trans World Hotels Germany GmbH | Germany | 1 share of EUR20,000 | 90 | 100 | Hotel operation |
| Venue Summit Sdn. Bhd. | Malaysia | 250,000 shares of MYR1 | 100 | 100 | Hotel operation |
| Victoria Land Pty Limited | Australia | 12 shares of A$1 | 100 | 100 | Management services |
| Well Distinct Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| Wing Mau Tea House Limited | HK | 100,000 shares of HK$1 | 100 | 100 | Property development |
| Zhongshan Developments Limited | BVI/HK | 1 share of US$1 | 100 | 100 | Investment holding |
| 武漢港澳中心物業管理有限公司(iii) | PRC | Registered and paid up capital of RMB500,000 | 100 | 100 | Property management |
| 武漢遠東帝豪酒店管理有限公司(i) | PRC | Registered and paid up capital US$29,800,000 | 100 | 100 | Hotel operation |
| 遠東帝豪酒店管理(成都)有限公司(i) | PRC | Registered and paid up capital US$38,000,000 | 100 | 100 | Property development |
| 上海帝盛酒店有限公司(iii) | PRC | Registered and paid up capital RMB500,000 | 100 | 100 | Hotel operation |

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

The above table lists the subsidiaries of the Group 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.

## Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

## 50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

### Details of subsidiaries that has material non-controlling interests

The table below shows details of subsidiaries of the Group that have material non-controlling interests as at 31 March 2023 and 2022.

| | Profit (loss) allocated to non-controlling interests/owners of perpetual capital notes | | Accumulated non-controlling interests/owners of perpetual capital notes | |
|---|---|---|---|---|
| | **2023** **HK$'000** | 2022 HK$'000 | **2023** **HK$'000** | 2022 HK$'000 |
| Owners of perpetual capital notes (Note) | **209,864** | 206,877 | **2,903,563** | 2,901,589 |
| Subsidiaries with individually immaterial non-controlling interests | **(1,837)** | 3,278 | **389,676** | 376,611 |

Note: FEC Finance Limited's issued ordinary shares are fully held by the Group. As disclosed in note 37, FEC Finance Limited issued perpetual capital notes which are classified as equity to parties outside the Group. Such non-controlling interests of FEC Finance Limited amounted to HK$2,903,563,000 (2022: HK$2,901,589,000) as at 31 March 2023.

## 51. CONTINGENT LIABILITIES

On 11 January 2022, Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC"), an associate of the Group, received a notification of a claim to be raised from the Multiplex D&C Subcontractor ("Multiplex") which seeks significant extensions of time and additional charge of costs due to delay. On 18 May 2022, Notice of Dispute was received from Multiplex, which essentially amalgamates all claims to date. No formal claim has been received yet, up to the end of the report period, legal advice has advised that the claim Multiplex purported is not strong and given the early status of the claim assessment process, DBC management have determined that as at 31 March 2023 there is no legal or constructive obligation (i.e. given no actual claim or supporting documents have been provided) nor is there a probability of cash outflow.

## 52. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in note 34 of the consolidated financial statements, the Group has the following events subsequent to the end of the reporting period:

On 2 June 2023, the Group announced the potential spin-off and separate listing of the Group's Czech gaming business (comprising the Group's three casinos and one ancillary hotel in Czechia) and German and Austrian hotel business (comprising the Group's three hotels in Germany and one hotel in Austria) which are currently held by TWHE, an indirect non-wholly owned subsidiary of the Company.

In June 2023, DGCI, a joint venture of the Group, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for A$192 million.

During the year ended 31 March 2021, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. On 27 June 2023, the case has reached approved judgment which the Group is liable for payments, the management of the Group consider the amount is insignificant and is preparing for appeal.

On 26 June 2023, FEC Care Park Holdings (Australia) Pty Ltd ("FEC Care Park"), an indirect wholly-owned subsidiary of the Group entered into the Settlement Deeds with, amongst others, the other Care Park Parties and the Belteky Parties, pursuant to which the parties thereunder have agreed to settle the Legal Proceedings on the terms set out in the Settlement Deeds. Pursuant to the Settlement Deeds, the parties agreed that, amongst others, the parties must procure their respective solicitors to sign on the minutes of proposed consent orders and to seek orders from the court to, amongst others, dismiss the claims under the Legal Proceedings, and Warmlink Pty Ltd ("Warmlink") shall transfer the 14% of the shares on issue in Care Park Group Pty Ltd ("CPG") held by Warmlink to FEC Care Park and Chartbridge Pty Ltd respectively. After the transfer, the Group's effective interest in CPG would increase from 77.75% to 90.41%. Details are set out in the Company's announcement dated 26 June 2023. Care Park Parties and Belteky Parties, amongst others, had some disputes, upon which the Care Park Parties commenced the Legal Proceedings. The Care Park Parties and the Belteky Parties, amongst others, have agreed to settle the Legal Proceedings on the terms set out in the Settlement Deeds. Capitalised terms used in this paragraph shall have the same meaning as those defined in the Company's announcement dated 26 June 2023.

# List of Principal Properties

## PROPERTY DEVELOPMENT/INVESTMENT PROPERTY

*Codes of "Types of Property":*

| | | | |
|---|---|---|---|
| O — Office | S — Shops | H — Hospitality and Gaming | F — Ancillary Facilities |
| R — Residential | CP — Car Park | A — Agricultural | |

| Name of property and location | Group's interest |
|---|---|
| **Shanghai** | |
| 1. 133 units of shoplots<br>in Jinqiu Xintiandi<br>Lane 809 Jinqiu Road<br>Baoshan District | 98.2% |
| 2. Jinqiu School, Club House<br>Kindergarten and Ancillary portion of<br>Area 17I<br>California Garden<br>Jinqiu Road<br>Baoshan District | 98.2% |
| 3. 2 car parking bays<br>Area 16<br>California Garden<br>Jinqiu Road<br>Baoshan District | 98.2% |
| 4. 272 car parking bays<br>California Garden<br>Jinqiu Road<br>Baoshan District | 98.2% |
| 5. King's Manor<br>Area 16<br>California Garden<br>Jinqiu Road<br>Baoshan District | 98.2% |
| 6. The Royal Crest II<br>Area 17 II<br>California Garden<br>Jinqiu Road<br>Baoshan District | 98.2% |

## List of Principal Properties

| Total (not attributable) approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 23,446 | S | Completed | Existing |
| 21,943 | F | Completed | Existing |
| 58 | CP | Completed | Existing |
| 11,147 | CP | Completed | Existing |
| 1,156 | R | Completed | Existing |
| 207 | R | Completed | Existing |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| 7. | Area 17A<br>California Garden<br>Jinqiu Road<br>Baoshan District | 98.2% |
| 8. | Land parcel no. E1B-01<br>Lot 47/6 Block 3<br>Qilian Town<br>Baoshan District | 98.2% |
| 9. | Land parcel no. E2A-01<br>Lot 93/8 Block 3<br>Qilian Town<br>Baoshan District | 98.2% |
| **Guangzhou** | | |
| 1. | New Times Plaza<br>Jian She Heng Road<br>Yue Xiu District | 50% |
| 2. | Royal Riverside<br>10 Miaoqianjie North, Chajiao<br>Li Wan District | 100% |
| 3. | 185 car parking bays<br>10 Miaoqianjie North, Chajiao<br>Li Wan District | 100% |
| **Hong Kong** | | |
| 1. | Star Ruby<br>Ground and 1st Floors<br>No. 1 San Wai Street<br>Hung Hom | 100% |
| 2. | 16th, 18th, 19th, 20th and 24th Floors<br>(including lavatories on<br>16th, 18th, 19th, 20th and 24th Floors<br>Flat Roof on 24th Floor)<br>Far East Consortium Building<br>121 Des Voeux Road Central | 100% |

## List of Principal Properties

| Total (not attributable) approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 834 | R | Completed | Existing |
| 53,301 | R | Under construction | 2027 |
| 73,013 | R | Planning stage | N/A |
| 21,343 | R | Planning stage | N/A |
| 6,377 | R & S | Completed | Existing |
| 2,339 | CP | Completed | Existing |
| 1,230 | S | Completed | Existing |
| 2,474 | O | Completed | Existing |

## List of Principal Properties

| Name of property and location | Group's interest |
|---|---|
| 3. Far East Consortium Building<br>204–206 Nathan Road<br>Tsim Sha Tsui | 100% |
| 4. Fung Lok Wai, Yuen Long | 25.33% |
| 5. Various shops on LG/F and UG/F<br>Tsuen Wan Gardens Phase 1<br>15–23 Castle Peak Road<br>Tsuen Wan | 100% |
| 6. Route TWISK, Chuen Lung<br>Tsuen Wan | 100% |
| 7. Manor Parc<br>No. 3 Tan Kwai Tsuen Lane<br>Yuen Long | 100% |
| 8. Various lots, Pak Kong<br>Sai Kung | 100% |
| 9. Yau Kam Tau, Tsuen Wan | 100% |
| 10. Basement to 5th Floor<br>Nos. 135–143, Castle Peak Road<br>Tsuen Wan | 100% |
| 11. Aspen Crest<br>Nos. 68–86A Wan Fung Street<br>Wong Tai Sin, Kowloon | 100% |
| 12. The Garrison<br>Mei Tin Road, Tai Wai, Shatin<br>New Territories | 100% |
| 13. Marin Point<br>No. 31 Shun Lung Street<br>Sha Tau Kok, New Territories | 100% |

## List of Principal Properties

| Total (not attributable) approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 3,597 | S & O | Completed | Existing |
| — | R | Planning stage | N/A |
| 3,822 | S | Completed | Existing |
| 5,232 | Planning | Planning stage | N/A |
| 4,277 | R | Completed | Existing |
| — | A | Planning stage | N/A |
| — | A | Planning stage | N/A |
| 3,469 | S & O | Completed | Existing |
| 923 | S | Completed | Existing |
| 516 | S | Completed | Existing |
| 5,347 | R & S | Completed | Existing |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| 14. | Mount Arcadia<br>8388 Tai Po Road<br>Sha Tin Heights<br>New Territories | 100% |
| 15. | Bakerview<br>66 Baker Street<br>Hung Hom<br>Kowloon | 100% |
| 16. | Kai Tak Commercial Plot<br>Shing Kai Road, Kai Tak<br>New Kowloon Inland Lot No. 6607 | 100% |
| 17. | Lots in D.D. 130 San Hing Tsuen<br>Lam Tei, Tuen Mun | 100% |
| 18. | Lot No. 2195 in D.D. 244<br>Ho Chung, Sai Kung | 33.3% |
| 19. | Kai Tak Area 4B site<br>New Kowloon Inland Lot No. 6591 | 50% |
| 20. | 1L 9081, Des Voeux Road West<br>and Kwai Heung Street, Sai Ying Pun | 100% |
| **Australia** | | |
| 1. | The FIFTH<br>605–611 Lonsdale Street<br>Melbourne, Victoria | 100% |
| 2. | The Towers at Elizabeth Quay<br>Edge of CBD and Swan River<br>along the Eastern Promenade<br>on Barrack Street<br>Perth, Western Australia | 100% |
| 3. | West Side Place<br>250 Spencer Street<br>Melbourne, Victoria | 100% |
| 4. | Perth Hub<br>600 Wellington Street<br>Perth, Western Australia | 100% |

## List of Principal Properties

| Total (not attributable) approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 6,793 | R | Completed | Existing |
| 578 | S | Completed | Existing |
| 17,660 | S & O | Planning stage | 2025 |
| 19,650 | R | Planning | N/A |
| 5,419 | R | Planning | N/A |
| 47,206 | R | Under construction | 2026/2027 |
| 7,216 | R & S | Under construction | 2028 |
| 286 | S | Completed | Existing |
| 8,125 | R | Completed | Existing |
| 146,621 | R & S | Under construction | 2023 and onwards |
| 22,019 | R & S | Under construction | 2025 |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| 5. | Queen's Wharf Brisbane<br>Brisbane, Queensland | |
| | – Tower 4 | 50% |
| | – Tower 5 | 50% |
| | – Tower 6 | 50% |
| 6. | The Star Residences<br>Casino Drive, Broadbeach Island<br>Gold Coast, Queensland | |
| | – Tower 2 – Epsilon | 33.3% |
| | – Towers 3 to 5 | 33.3% |
| 7. | Monument<br>640 Bourke Street<br>Melbourne | 100% |
| 8. | Rebecca Walk<br>Flinders Street<br>Melbourne, Victoria | 100% |
| 9. | Upper West Side<br>313–349 Lonsdale Street<br>Melbourne, Victoria | 100% |
| 10. | Northbank<br>Flinders Street<br>Melbourne, Victoria | 100% |
| **Malaysia** | | |
| 1. | Mukim of Kerling<br>District of Hulu Selangor<br>Selangor Darul Ehsan | 90% |
| 2. | Dorsett Bukit Bintang<br>Lot 470, Jalan Imbi<br>Kuala Lumpur | 100% |
| 3. | Dorsett Place Waterfront Subang<br>Jalan SS 12/1, 47500 Subang Jaya, Selangor | 50% |

## List of Principal Properties

| Total (not attributable) approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 138,460 | R & S | Under construction | 2025 |
| | R & S | Under construction | 2026 |
| | O & S | Planning stage | N/A |
| 134,633 | R | Under construction | 2025 |
| | | Planning stage | N/A |
| 55,894 | R & S | Planning Stage | N/A |
| 512 | S | Completed | Existing |
| 2,751 | S | Completed | Existing |
| 45 | S | Completed | Existing |
| 422,896[i] | A | Planning stage | N/A |
| 2,501 | R | Completed | Existing |
| 72,609 | R | Under construction | 2025 |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| **Singapore** | | |
| 1. | Hyll on Holland<br>Holland Road<br>District 10, Singapore | 80% |
| 2. | Cuscaden Road<br>District 9, Singapore | 10% |
| **UK** | | |
| 1. | Aspen at Consort Place<br>50 Marsh Wall<br>London | 100% |
| 2. | Hornsey Town Hall<br>The Broadway, Crouch End<br>London | 100% |
| 3. | MeadowSide<br>Angel Meadows, Aspin Lane<br>Manchester | |
| | – Plots 2&3<br>– Plot 4 | 100% |
| 4. | Victoria North<br>Manchester | |
| | – New Cross Central | 100% |
| | – Victoria Riverside | 100% |
| | – Collyhurst | 100% |
| | – Network Rail | 100% |
| | – Others | 100% |
| 5. | Ensign House<br>Admirals Way, Isle of Dogs<br>London | 100% |

## List of Principal Properties

| Total (not attributable) approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 22,473 | R | Under construction | 2024 |
| 15,835 | R | Under construction | 2025 |
| 44,728 | R & S | Under construction | 2025 |
| 8,922 | R & O | Under construction | 2024 |
| 27,429 | R & S | Completed | Existing |
| | R & S | Planning stage | N/A |
| 3,503 | R | Completed | Existing |
| 43,852 | R & S | Under construction | 2025 |
| 23,844 | R | Under construction | 2024-2026 |
| 142,328 | Planning | Planning stage | N/A |
| 111,655 | Planning | Planning stage | N/A |
| 30,312 | R & S | Planning Stage | N/A |

## List of Principal Properties

# HOSPITALITY AND GAMING

| | Name of property and location | Group's interest |
|---|---|---|
| **Hong Kong** | | |
| 1. | Dorsett Wanchai, Hong Kong<br>Nos. 387–397 Queen's Road East<br>Wan Chai | 100% |
| 2. | Cosmo Hotel Hong Kong<br>Nos. 375–377 Queen's Road East<br>Wan Chai | 100% |
| 3. | Lan Kwai Fong Hotel@Kau U Fong<br>No. 3 Kau U Fong<br>Central | 100% |
| 4. | Silka Far East, Hong Kong<br>Nos. 135–143 Castle Peak Road<br>Tsuen Wan | 100% |
| 5. | Silka Seaview, Hong Kong<br>No. 268 Shanghai Street<br>Yau Ma Tei | 100% |
| 6. | Dorsett Mongkok, Hong Kong<br>No. 88 Tai Kok Tsui Road<br>Tai Kok Tsui | 100% |
| 7. | Dorsett Kwun Tong, Hong Kong<br>No. 84 Hung To Road<br>Kwun Tong | 100% |
| 8. | Dorsett Tsuen Wan, Hong Kong<br>No. 28 Kin Chuen Street<br>Kwai Chung | 100% |
| 9. | Silka Tsuen Wan, Hong Kong<br>No. 119 Wo Yi Hop Road<br>Kwai Chung | 100% |
| 10. | Dorsett Kai Tak<br>Shing Kai Road, Kai Tak<br>New Kowloon Inland<br>Lot No. 6007 | 100% |

## List of Principal Properties

| Approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 15,895 | H | Completed | Existing |
| 5,546 | H | Completed | Existing |
| 5,344 | H | Completed | Existing |
| 5,180 | H | Completed | Existing |
| 6,065 | H | Completed | Existing |
| 6,225 | H | Completed | Existing |
| 11,147 | H | Completed | Existing |
| 21,467 | H | Completed | Existing |
| 12,688 | H | Completed | Existing |
| 15,861 | H & S | Under construction | 2024/2025 |

## List of Principal Properties

| Name of property and location | Group's interest |
|---|---|
| **China** | |
| 1. Dorsett Grand Chengdu<br>No. 168 Xiyulong Street<br>Qingyang District<br>Chengdu<br>Sichuan Province | 100% |
| 2. Dorsett Wuhan<br>Hong Kong & Macao Centre<br>No. 118 Jianghan Road<br>Hankou Wuhan<br>Hubei Province | 100% |
| 3. Dorsett Shanghai<br>No. 800 Hua Mu Road<br>Pudong New Area<br>Shanghai | 100% |
| 4. Lushan Resort<br>Wenquan Zhen<br>Xingzi Xian<br>Jiujiang City<br>Jiangxi Province | 100% |
| **Malaysia** | |
| 1. Dorsett Kuala Lumpur<br>172, Jalan Imbi<br>55100<br>Kuala Lumpur<br>Malaysia | 100% |
| 2. Dorsett Grand Subang<br>Jalan SS 12/1, 47500 Subang Jaya<br>Selangor Darul Ehsan<br>Malaysia | 100% |
| 3. Dorsett Grand Labuan<br>462, Jalan Merdeka, 87029<br>Federal Territory of Labuan<br>Malaysia | 100% |
| 4. Silka Maytower Kuala Lumpur<br>No 7 Jalan Munshi Abdullah<br>50100 Kuala Lumpur<br>Malaysia | 100% |

| Approximate floor area (m²) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 67,617 | H | Completed | Existing |
| 67,421 | H & S | Completed | Existing |
| 18,149 | H & S | Completed | Existing |
| 35,220 | H | Completed | Existing |
| 27,753 | H | Completed | Existing |
| 46,553 | H | Completed | Existing |
| 21,565 | H | Completed | Existing |
| 4,745 | H | Completed | Existing |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| 5. | Silka Johor Bahru<br>Lot 101375 Jalan Masai Lama<br>Mukim Plentong<br>81750 Johor<br>Malaysia | 100% |
| 6. | Dorsett Residences Bukit Bintang<br>172 A Jalan Imbi<br>55100 Bukit Bintang<br>Kuala Lumpur, Malaysia | 100% |
| 7. | J-Hotel by Dorsett<br>Jalan Jati<br>Off Jalan Imbi, 55100<br>Kuala Lumpur, Malaysia | 100% |
| **Singapore** | | |
| 1. | Dorsett Singapore<br>333 New Bridge Road<br>088 765 Singapore | 100% |
| 2. | Dao by Dorsett AMTD Singapore<br>6 Shenton Way, OUE Downtown #07-01<br>068809 Singapore | 49% |
| **UK** | | |
| 1. | Dorsett Shepherds Bush, London<br>58 Shepherd's Bush Green<br>London | 100% |
| 2. | Dao by Dorsett West London<br>56 Shepherd's Bush Green<br>London | 100% |
| 3. | Dorsett Canary Wharf, London<br>63-69 Manilla Street & 50 Marsh Wall<br>London | 100% |
| 4. | Dao by Dorsett Hornsey<br>The Broadway<br>Crouch End<br>London | 100% |

## List of Principal Properties

| Approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 8,899 | H | Completed | Existing |
| 8,203 | H | Completed | Existing |
| 5,349 | H | Completed | Existing |
| 16,226 | H & S | Completed | Existing |
| 25,054 | H | Completed | Existing |
| 14,651 | H | Completed | Existing |
| 4,330 | H | Under construction | 2023 |
| 10,107 | H | Under construction | 2025 |
| 2,746 | H | Under construction | 2023 |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| **Australia** | | |
| 1. | The Ritz-Carlton, Melbourne<br>650 Lonsdale Street, Melbourne<br>Australia | 100% |
| 2. | The Ritz-Carlton, Perth<br>1 Barrack Street, Perth<br>Australia | 100% |
| 3. | Queen's Wharf<br>Brisbane<br>Australia | 25% |
| 4. | Sheraton Grand Mirage Resort<br>71 Sea World Drive, Main Beach<br>Gold Coast, Queensland | 25% |
| 5. | Dorsett Melbourne<br>615 Little Lousdale Street, Melbourne<br>Australia | 100% |
| 6. | Dorsett at Perth City Link<br>City Link, Perth<br>Australia | 100% |
| 7. | Dorsett Gold Coast<br>Casino Drive, Broadbeach<br>Queensland, Australia | 33.3% |
| 8. | The Star Residences – Epsilon<br>Casino Drive, Broadbeach Island<br>Broadbeach, Queensland | 33.3% |

## List of Principal Properties

| Approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 36,817 | H | Completed | Existing |
| 31,350 | H | Completed | Existing |
| 110,412 | H & S | Under construction | 2024 |
| 31,483 | H | Completed | Existing |
| 19,516 | H | Under construction[i] | 2024[i] |
| 16,490 | H | Planning stage | 2025 |
| 12,056 | H | Completed | Existing |
| 9,627 | H | Under construction | 2024 |

Note:

(i) Dorsett Melbourne was completed and opened in April 2023.

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| **Europe** | | |
| 1. | Hotel Columbus<br>Seligenstadt, Germany | 100% |
| 2. | Hotel Freizeit Auefeld<br>Hann Münden, Germany | 100% |
| 3. | Hotel Kranichhöhe<br>Much, Germany | 100% |
| 4. | Hotel Donauwelle<br>Linz, Austria | 100% |
| 5. | Hotel Savannah<br>Czech-Austrian Border | 100% |
| 6. | Ceska Kubice<br>Czech-German Border | 100% |
| 7. | Dolni Dvoriste<br>Czech-Austrian Border | 100% |
| 8. | Hate Casino<br>Czech-Austrian Border | 100% |

## List of Principal Properties

| Approximate floor area ($m^2$) | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 6,845 | H | Completed | Existing |
| 11,379 | H | Completed | Existing |
| 12,009 | H | Completed | Existing |
| 10,782 | H | Completed | Existing |
| 9,240 | H | Completed | Existing |
| 2,765 | H | Completed | Existing |
| 3,445 | H | Completed | Existing |
| 3,438 | H | Completed | Existing |

## List of Principal Properties

# CAR PARK PROPERTY

| Name of property and location | Group's interest |
|---|---|
| **Australia** | |
| 1. 12 Blyth Street/13–19 Bank Street<br>Adelaide, South Australia<br>Australia | 77.75% |
| 2. Central Square<br>25 Doveton Street South<br>Ballarat, Victoria<br>Australia | 77.75% |
| 3. Hub Arcade<br>15–23 Langhorne Street<br>Dandenong, Victoria<br>Australia | 77.75% |
| 4. Northbank Place<br>507–581 Flinders Street<br>Melbourne, Victoria<br>Australia | 77.75% |
| 5. Quadrant Plaza<br>94 York Street<br>Launceston, Tasmania<br>Australia | 77.75% |
| 6. Dell Lane<br>Launceston, Tasmania<br>Australia | 77.75% |
| 7. 344 Queen Street<br>Brisbane, Queensland<br>Australia | 77.75% |
| 8. Toorak Place<br>521 Toorak Road<br>Toorak, Victoria<br>Australia | 77.75% |
| 9. Watergate<br>767 Bourke Street<br>Docklands, Victoria<br>Australia | 77.75% |

## List of Principal Properties

| Site area or no. of car parking bay | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 350 car parking bays | CP | Completed | Existing |
| 634 car parking bays | CP | Completed | Existing |
| 189 car parking bays | CP | Completed | Existing |
| 200 car parking bays | CP | Completed | Existing |
| 369 car parking bays | CP | Completed | Existing |
| 4 car parking bays | CP | Completed | Existing |
| 51 car parking bays | CP | Completed | Existing |
| 48 car parking bays | CP | Completed | Existing |
| 111 car parking bays | CP | Completed | Existing |

## List of Principal Properties

| Name of property and location | Group's interest |
| --- | --- |
| 10. 9 Yarra Street<br>South Yarra, Victoria<br>Australia | 77.75% |
| 11. Festival Car Park<br>53 Charlotte Street<br>Brisbane, Australia | 19.44% |
| 12. Eden<br>677 Victoria Street Abbotsford, Victoria<br>Australia | 77.75% |
| 13. Monkey Bar<br>20 Endeavour Street<br>Chatswood, New South Wales, Australia | 77.75% |
| 14. Bianca<br>120 Bay Street, Port Melbourne, Victoria<br>Australia | 77.75% |
| 15. Tip Top<br>Edward Street, East Brunswick<br>Melbourne, Australia | 77.75% |
| 16. EXO Car Park<br>55 Merchant Street, Docklands<br>Victoria, Australia | 77.75% |
| **Malaysia** | |
| 1. Plaza Damas, Sri Hartamas<br>Kuala Lumpur<br>Malaysia<br>(Basement car park) | 100% |
| 2. Windsor Tower<br>Service Apartments<br>Sri Hartamas<br>Kuala Lumpur, Malaysia | 100% |

## List of Principal Properties

| Site area or no. of car parking bay | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 100 car parking bays | CP | Completed | Existing |
| 383 car parking bays | CP | Completed | Existing |
| 121 car parking bays | CP | Completed | Existing |
| 250 car parking bays | CP | Completed | Existing |
| 141 car parking bays | CP | Completed | Existing |
| 40 car parking bays | CP | Completed | Existing |
| 322 car parking bays | CP | Completed | Existing |
| 2,066 car parking bays | CP | Completed | Existing |
| 170 car parking bays | CP | Completed | Existing |

## List of Principal Properties

| Name of property and location | | Group's interest |
|---|---|---|
| **New Zealand** | | |
| 1. | Knox Street<br>41 Hood Street<br>Hamilton | 77.75% |
| **UK** | | |
| 1. | Car Park at Manchester Airport<br>Boundary Farm<br>Styal Road<br>Manchester | 88.88% |
| **Hungary** | | |
| 1. | Akacfa Parkolohaz<br>12–14 Akácfa Street<br>District VII, Budapest | 77.75% |
| 2. | Gozsdu (Hollo) Parkolohaz<br>6 Holló Street<br>District VII, Budapest | 77.75% |
| 3. | Kertesz Parkolohaz<br>24–28 Kertész Street<br>District VII, Budapest | 77.75% |
| 4. | Szekely Parkolohaz<br>3 Székely Mihály Street<br>District VI, Budapest | 77.75% |
| 5. | Opera (Zichy) Parkolohaz<br>9 Zichy Jenö Street<br>District VI, Budapest | 77.75% |

| Site area or no. of car parking bay | Types of property | Stage of completion | Expected completion (financial year) |
|---|---|---|---|
| 443 car parking bays | CP | Completed | Existing |
| 1,800 car parking bays | CP | Completed | Existing |
| 100 car parking bays | CP | Completed | Existing |
| 259 car parking bays | CP | Completed | Existing |
| 187 car parking bays | CP | Completed | Existing |
| 273 car parking bays | CP | Completed | Existing |
| 388 car parking bays | CP | Completed | Existing |

# Glossary

| | |
|---|---|
| **"2022 AGM"** | the annual general meeting of the Company held on Tuesday, 30 August 2022. |
| **"2023 AGM"** | the forthcoming annual general meeting of the Company to be held on Wednesday, 30 August 2023 at 11:30 a.m. at Xinhua Room, Mezzanine Floor, Dorsett Wanchai, Hong Kong, 387-397 Queen's Road East, Wan Chai, Hong Kong. |
| **"ARR"** | average room rate. |
| **"Articles"** | Articles of Association of the Company, as amended from time to time. |
| **"Associate"** | has the meaning ascribed to it under the Listing Rules. |
| **"AUD" or "A$"** | Australian Dollars, the lawful currency of Australia. |
| **"AUM"** | assets under management. |
| **"BC Group" or "BC Invest"** | BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited), a company incorporated in the Cayman Islands with limited liability and which is the holding company of BC Securities following the "reorganisation" referred to in the announcement of the Company dated 21 February 2019. |
| **"BC Securities"** | BC Securities Pty. Ltd., BC Finance Services Pty. Ltd., BC Investment Group Pty. Ltd., BC Investment Group (HK) Limited, BC Securities (HK) Limited and their respective subsidiaries, whose principal business is the provision of regulated first mortgage finance to international buyers of residential properties. |
| **"Board"** | the board of Directors. |
| **"BVI"** | the British Virgin Islands. |
| **"CAGR"** | compound annual growth rate. |
| **"Care Park"** | Care Park Group Pty. Ltd., a company incorporated in Australia with limited liability, an indirect non wholly-owned Subsidiary. |
| **"CBD"** | central business district. |
| **"CG Code"** | Corporate Governance Code contained in Appendix 14 to the Listing Rules. |
| **"Companies Act"** | Companies Act of the Cayman Islands, as consolidated and revised from time to time. |
| **"Company" or "FEC" or "FECIL"** | Far East Consortium International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 035). |
| **"Controlling Shareholder"** | has the meaning ascribed to it under the Listing Rules. |
| **"CTF"** | Chow Tai Fook Group. |
| **"Czech"** | the Czech Republic. |
| **"CZK"** | Czech Koruna, the lawful currency of Czech. |
| **"Director(s)"** | the director(s) of the Company. |

## Glossary

| | |
|---|---|
| **"Dorsett"** | Dorsett Hospitality International Limited (formerly know as Kosmopolito Hotels International Limited), a company incorporated in the Cayman Islands with limited liability and a listed subsidiary of the Company until it was privatised (the then stock code: 2266) and became an indirect wholly-owned Subsidiary in October 2015. |
| **"Dorsett Group"** | Dorsett and its subsidiaries. |
| **"ESG"** | Environmental, Social and Governance. |
| **"EUR"** | Euro, the lawful currency of the eurozone. |
| **"FECIL Share Option Schemes"** | the share option schemes of the Company adopted pursuant to the resolutions passed by the Shareholders on 28 August 2002, 31 August 2012 and 30 August 2022. |
| **"FY"** | financial year ended/ending 31 March. |
| **"GBP" or "£"** | pounds sterling, the lawful currency of the United Kingdom. |
| **"GDV"** | gross development value. |
| **"Group"** | the Company and its Subsidiaries. |
| **"HK$"** | Hong Kong Dollars, the lawful currency of Hong Kong. |
| **"HKICPA"** | the Hong Kong Institute of Certified Public Accountants. |
| **"HKIRA"** | the Hong Kong Investor Relations Association. |
| **"Hong Kong" or "HK" or "HKSAR"** | the Hong Kong Special Administrative Region of the PRC. |
| **"JV"** | joint venture. |
| **"LC"** | local currency. |
| **"Listing Rules"** | the Rules Governing the Listing of Securities on the Stock Exchange. |
| **"Mayland"** | Malaysia Land Properties Sdn. Bhd.. |
| **"MCC"** | Manchester City Council. |
| **"Model Code"** | Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. |
| **"Mortgageport"** | Mortgageport Management Pty. Ltd.. |
| **"MYR"** | Malaysian Ringgit, the lawful currency of Malaysia. |
| **"Notes"** | the notes issued under the US$2,000,000,000 medium term note programme of FEC Finance Limited unconditionally and irrevocably guaranteed by the Company. |
| **"OCC"** | overall occupancy rate. |
| **"PALASINO"** | brand for gaming business under TWHE. |
| **"Perpetual Capital Notes"** | the senior perpetual capital notes issued under the US$2,000,000,000 medium term note programme of FEC Finance Limited unconditionally and irrevocably guaranteed by the Company. |

## Glossary

| | |
|---|---|
| **"PRC" or "Mainland China" or "China"** | other regions in the People's Republic of China, and for the purpose of this annual report and unless otherwise stated, references in this annual report to the PRC, Mainland China or China do not include Taiwan, Hong Kong or Macau Special Administrative Region of the PRC. |
| **"QWB Project"** | Queen's Wharf Project in Brisbane. |
| **"RevPAR"** | revenue per available room. |
| **"RMB"** | Chinese Yuan, Renminbi, the lawful currency of the PRC. |
| **"RMBS"** | residential mortgage-backed securities. |
| **"Securities"** | as the securities as defined in Schedule 1 to the SFO. |
| **"SFO"** | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). |
| **"SGD" or "S$"** | Singapore Dollars, the lawful currency of Singapore. |
| **"Share(s)"** | ordinary share(s) of HK$0.10 each in the share capital of the Company. |
| **"Shareholder(s)"** | holder(s) of Share(s). |
| **"sq. ft."** | square feet. |
| **"sq. m."** | square meter. |
| **"Stock Exchange"** | The Stock Exchange of Hong Kong Limited. |
| **"Subsidiary(ies)"** | the subsidiary(ies) of the Company. |
| **"The Star"** | The Star Entertainment Group Limited. |
| **"TWHE"** | Trans World Hotels & Entertainment, a.s.. |
| **"TWHE Hotel Group"** | hotels under TWHE. |
| **"UK"** | the United Kingdom. |
| **"URA"** | Urban Renewal Authority. |
| **"USD" or "US$"** | United States Dollars, the lawful currency of the United States of America. |
| **"Year" or "FY2023"** | the financial year of the Company from 1 April 2022 to 31 March 2023. |
| **"%"** | per cent. |

This annual report, in both English and Chinese versions, is available on the Company's website at *www.fecil.com.hk*.

Shareholders who have chosen to receive the corporate communications of the Company (the "Corporate Communications") in either English or Chinese version may request for a copy in the other language. The annual report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's share registrar in Hong Kong, Tricor Standard Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

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