Hon Kwok Land Investment Company, Limited

Stock Code: 160

Annual Report 2021/22

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CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam
Janie Fong*
David Tak-Wai Ma*
James C. Chen*

* *Independent non-executive directors*

AUDIT COMMITTEE

James C. Chen *(Chairman)*
Janie Fong
David Tak-Wai Ma

REMUNERATION COMMITTEE

David Tak-Wai Ma *(Chairman)*
Philip Bing-Lun Lam
Janie Fong

NOMINATION COMMITTEE

Janie Fong *(Chairman)*
David Tak-Wai Ma
James C. Chen
James Sing-Wai Wong
Philip Bing-Lun Lam

COMPANY SECRETARY

Ka-Yee Wan

PRINCIPAL BANKERS

The Bank of East Asia, Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
Industrial and Commercial Bank of China Limited
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Commercial Bank Limited

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road, Quarry Bay
Hong Kong

REGISTRAR

Tricor Tengis Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong
(will be relocated to 17th Floor,
Far East Finance Centre,
No.16 Harcourt Road, Hong Kong
with effect from 15 August 2022)

REGISTERED OFFICE

23rd Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Tel	:	(852) 2523 7177
Fax	:	(852) 2845 1629
E-mail	:	general@chinneyhonkwok.com

STOCK CODE

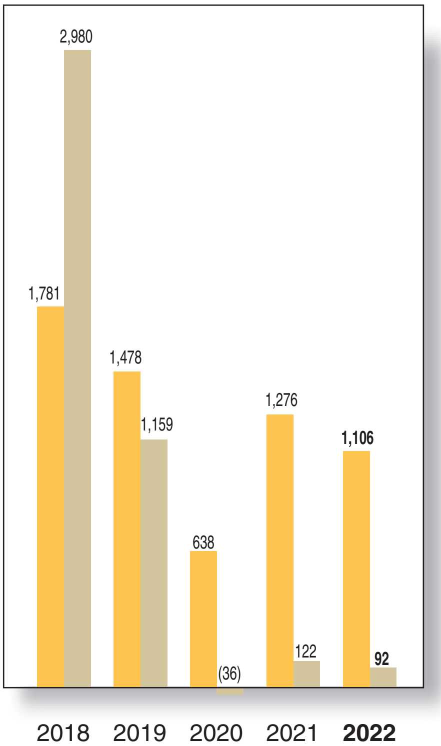
SEHK 160

WEBSITE

http://www.honkwok.com.hk

Revenue/ Net Profit/(Loss)

HK$ Million



Revenue

Net profit/(loss) attributable to shareholders

Shareholders' Funds/Net Assets per Share

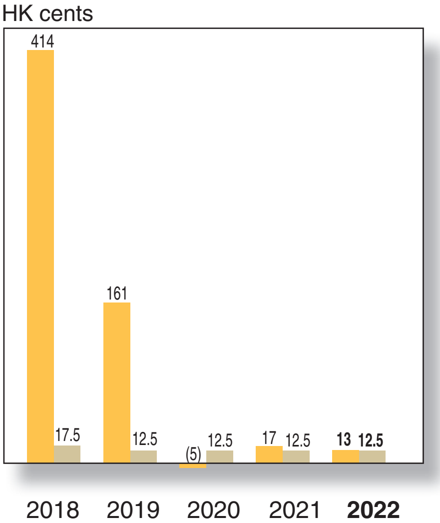
HK$ Million/HK$

Shareholders' funds

Net assets per share (HK$)

Earnings/(Loss)/ Dividend per Share

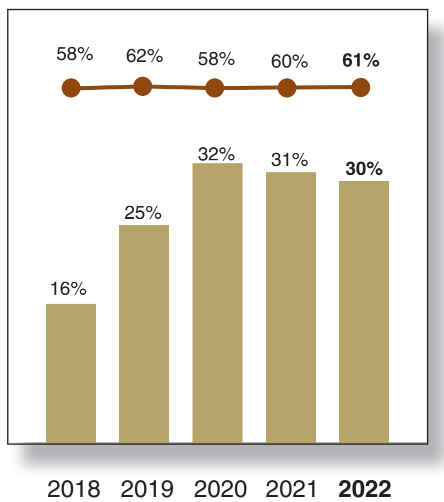
HK cents



Earnings/(loss) per share

Dividend per share

Gearing/Equity Funding



Gearing ratio (*)

% of total assets financed by equity

(*) Representing ratio of "bank borrowings + lease liabilities – bank balances" to "shareholders' funds + non-controlling interests".

LOCATION OF PROPERTY PROJECTS IN MAINLAND CHINA

Projects under Development

1 Development site at 45-65 Beijing Nan Road
2 Development site at 67-107 Beijing Nan Road

Completed Projects

3 Millennium Oasis 城市綠洲花園Phase I [2001], Phases II & III [2002]
4 City Square 城市天地廣場 [2005]
5 Chongqing Hon Kwok Centre 重慶漢國中心 [2009], held as investment property
6 No. 5 Residence 北京路5號公館 [2009]
7 Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心 [2016], held as investment property
8 Botanica 寶翠園 [2016]
9 Hon Kwok City Commercial Centre 漢國城市商業中心 [2018], held as investment property
10 Enterprise Square 僑城坊 [2018]
11 Metropolitan Oasis 雅瑤綠洲, Nanhai [2020] (not shown above)

Hotel/Serviced Apartments

12 City Suites 寶軒公寓, held as investment property
13 The Bauhinia Hotel (Shenzhen) 寶軒酒店（深圳）, held as investment property

Acquired Property

14 Ganghui Dasha 港滙大廈, held as investment property

FINANCIAL RESULTS

For the year ended 31 March 2022, the Group's consolidated revenue was HK$1,106 million (2021: HK$1,276 million) with a net profit attributable to shareholders of HK$92 million (2021: HK$122 million). The underlying net profit attributable to shareholders will be HK$172 million (2021: HK$133 million) after excluding the fair value losses of investment properties (net of deferred taxation) of HK$80 million (2021: HK$11 million). The decline in revenue was mainly due to a decrease in property sales recognised during the year. The increase in underlying profit was attributable to the growth in property rental income contribution upon lease commencement of the fully-leased data centre in Hong Kong, coupled with an improvement in overall occupancy of the Group's investment properties. Basic earnings per share was HK$0.13 (2021: HK$0.17).

As at 31 March 2022, shareholders' equity amounted to HK$12,264 million (as at 31 March 2021: HK$11,976 million) and net assets per share attributable to shareholders stood at HK$17.02 (as at 31 March 2021: HK$16.62). The increase in shareholders' equity at year end resulted from net profits attributable to shareholders less dividend paid, and the exchange rate difference caused by the appreciation of Renminbi against Hong Kong Dollars during the year.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2022 (2021: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 2 September 2022. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 22 September 2022.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 25 August 2022. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 August 2022 to 25 August 2022 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not later than 4:30 p.m. on 19 August 2022.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2022 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 1 September 2022 to 2 September 2022, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 29 August 2022. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not later than 4:30 p.m. on 31 August 2022.

BUSINESS REVIEW

Property Development and Investment – Mainland China

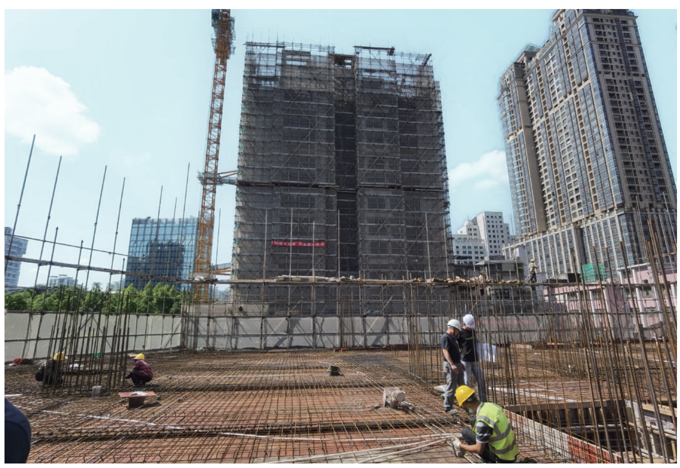
Guangzhou, PRC

Ganghui Dasha 港滙大廈 is situated at the junction of Beijing Road, Nanti Er Road and Baqi Er Road, Yue Xiu District. This 20-storey commercial/office building with a total gross floor area of approximately 13,000 sq.m. earned stable rental income and reached an average occupancy rate of about 98% during the year (2021: 74%).

Our development site at **45-107 Beijing Nan Road**, Yue Xiu District, with a site area of approximately 9,500 sq.m., is in close proximity to the Beijing Road Pedestrian Street and to the Pearl River. It is designated for mixed-use development, including a 30-storey commercial/residential building and a 32-storey commercial/office building with an aggregate gross floor area of approximately 77,000 sq.m.. The development site is adjacent to the Group’s former projects, No. 5 Residence and Ganghui Dasha.

Beijing Nan Road project – architect perspective

Upon completion, these three developments will form a large-scale mixed-use complex consisting of office, residential and retail components along Beijing Road. This modern “live-work-play” development includes a commercial complex with integrated features of shopping, dining and leisure, plus residential and office buildings offering unobstructed waterfront views of the Pearl River. Pre-sales of the residential portion is scheduled to be launched in 2023 while the office portion will be held primarily as investment property for earning recurrent rental income. Construction works are in progress with completion expected in the financial year 2023/2024.



Beijing Nan Road project – current development site

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Nanhai, Foshan, PRC

Metropolitan Oasis 雅瑤綠洲, situated in Da Li District, Nanhai with a total gross floor area of approximately 273,000 sq.m., was developed in three phases. The final phase of the project, comprising 19 blocks of high-rise apartments of approximately 550 units, was completed in December 2020. For the year ended 31 March 2022, the Group recorded revenue of HK$633 million (2021: HK$957 million) from the property units of Phase 2 and Phase 3 delivered during the year. As at 31 March 2022, the contracted property sales but revenue not yet booked amounted to RMB478 million, which is expected to be recognised in the financial year 2022/2023 and the subsequent year.

Part of Metropolitan Oasis project

Metropolitan Oasis project – Inner garden view

Shenzhen, PRC

Hon Kwok City Commercial Centre 漢國城市商業中心, the Group's investment property, with a total gross floor area of approximately 128,000 sq.m., is situated at the junction of Shen Nan Zhong Road and Fu Ming Road, in the core area of the Futian District. This signature 75-storey high commercial/office tower above ground with a 5-level basement, offers high-quality Grade A office and retail components. The building was completed in 2018 and delivered for leasing in 2019. Throughout the year under review, it exhibited satisfactory and steady growth in occupancy rate. As at 31 March 2022, 58% of the office space (2021: 30%) and 95% of the retail space (2021: 91%) were leased, with overall occupancy rate achieved 64% (2021: 39%).

Hon Kwok City Commercial Centre

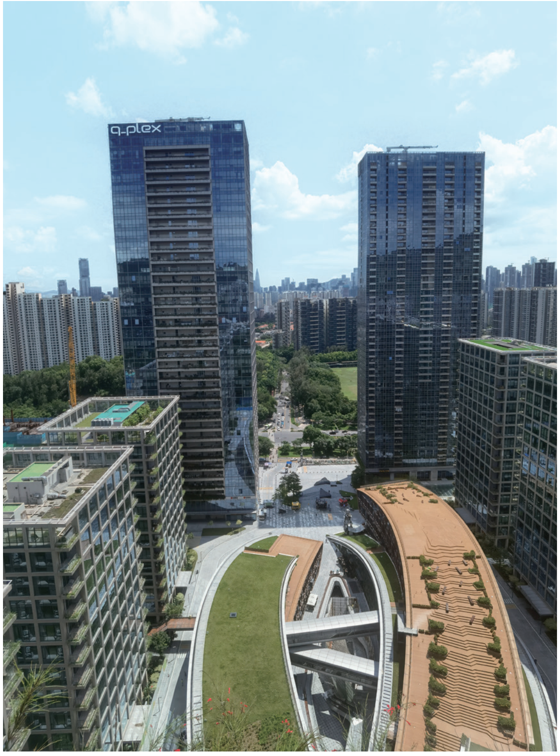
BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Shenzhen, PRC *(Continued)*

City Square 城市天地廣場, situated at Jia Bin Road, Luo Hu District, is a 5-storey commercial podium occupied by retail shops at ground level and the first floor, along with a 162-room hotel on the three upper floors. During the year under review, the hotel sector continued to be negatively impacted by stringent travel restrictions imposed during sporadic Covid-19 outbreaks on the Mainland. For this reason, **The Bauhinia Hotel (Shenzhen)** 寶軒酒店（深圳）, had a relatively low level of occupancy. Fortunately, the average occupancy rate of **City Suites** 寶軒公寓, a 64-unit serviced apartment on top of the podium, remained relatively stable and stood at around 90%.

Enterprise Square 僑城坊, in which the Group owns a 20% interest, is situated at Qiaoxiang Road North, in Nanshan District, covering a site area of approximately 49,000 sq.m. and a total gross floor area of approximately 224,500 sq.m.. Completed in 2018, the development consists of a commercial complex comprising office towers, a residential apartment tower and a commercial mall. Majority portion of the office towers and a portion of residential apartments have been sold. Meanwhile, the commercial mall and an office tower are held as investment property for earning recurrent rental income. For the year ended 31 March 2022, property sales of residential apartment units realised revenue of RMB341 million (2021: RMB351 million) from units delivered. As at 31 March 2022, the property sales contracted but revenue not yet booked amounted to RMB100 million. Net profit attributable to the Group in respect of Enterprise Square, including changes in fair value of the office tower and commercial mall classified as investment properties, amounted to HK$36 million (2021: HK$67 million) for the year ended 31 March 2022.



Enterprise Square

BUSINESS REVIEW *(Continued)*

Property Development and Investment – Mainland China *(Continued)*

Chongqing, PRC

Chongqing Hon Kwok Centre 重慶漢國中心, located in Bei Bu Xin Qu, is a 21-storey twin-tower office building complex atop a 4-storey retail/commercial podium. With a total gross floor area of approximately 108,000 sq.m., it achieved an average occupancy rate of 88% during the year under review (2021: 88%).

Left: Chongqing Hon Kwok Centre
Right: Chongqing Jinshan Shangye Zhongxin

Chongqing Jinshan Shangye Zhongxin 重慶金山商業中心, is another twin-tower project located in Bei Bu Xin Qu and adjacent to the above Chongqing Hon Kwok Centre. With a total gross floor area of approximately 173,000 sq.m., it comprises a 41-storey office tower and a 42-storey hotel and office composite tower, each with its respective 4-storey retail/commercial podium. As at 31 March 2022, occupancy rate of the office tower was 84% (2021: 84%), while occupancy rate of the hotel/office tower was 62% (2021: 64%). Overall average occupancy rate was 75% during the year (2021: 74%).

Property Investment – Hong Kong

Digital Realty Kin Chuen (HKG11), is situated at Kin Chuen Street, Kwai Chung, New Territories. This newly completed data centre represents a significant milestone of the Group in diversifying its property portfolio strategically. With a gross floor area of approximately 228,000 sq.ft., the building is 12-storeys above ground with a 2-level basement. Designed to a high-level UTI Tier III data centre standard with BEAM Plus certification, the data centre provides the highest quality facility in Hong Kong. Delivered for occupation in 2021, the property has been fully let to a renowned international data centre operator on a long-term lease. The property generates stable and satisfactory rental income.


Digital Realty Kin Chuen (HKG11)

BUSINESS REVIEW *(Continued)*

Property Investment – Hong Kong *(Continued)*

During the year ended 31 March 2022, the average occupancy rate of **The Bauhinia Hotel (Central)** 寶軒酒店（中環）, a 42-room boutique hotel situated at four podium floors of a hotel/serviced apartment building at Connaught Road Central and Des Voeux Road Central was about 82% (2021: 71%). **The Bauhinia** 寶軒, a 171-room serviced apartment residence atop the above hotel, had an average occupancy rate of about 75% (2021: 75%). Difficult business conditions continued for the hotel sector due to lingering impacts of the Covid-19 pandemic. In preparation for a rebound in tourism industry and to enhance our competitiveness, we are updating our brand and refurbishing the apartments. At present, planning and design works are in progress.

The Bauhinia Hotel (TST) 寶軒酒店（尖沙咀）, located in Observatory Court, Tsim Sha Tsui, is a 98-room boutique hotel occupying a total of 20 floors of a 23-storey commercial/office building. The average occupancy rate was about 64% for the year ended 31 March 2022 (2021: 66%). Remaining floors of the above building are leased for commercial use. To expand our target market, we collaborated with an international serviced living operator. During the year, a portion of our hotel rooms were operated under the brand "DASH LIVING" to provide co-living services. Management continues to explore new business opportunities, as well as adopt cost control measures amid the current challenging business environment.

Hon Kwok Jordan Centre 漢國佐敦中心, with a gross floor area of approximately 62,000 sq.ft., is a 23-storey commercial/office building situated at Hillwood Road, Tsim Sha Tsui. During the year ended 31 March 2022, the average occupancy rate gradually increased to 88% (2021: 69%).

Property and carpark management

For the year ended 31 March 2022, the property and carpark management division reported revenue of HK$35 million as compared with HK$29 million in last year. The Group's carpark management business maintained steady growth amid the unfavourable operating environment of the Covid-19 pandemic. To support carpark operators, the government granted rental concessions to operators managing public carparks, which helped to reduce operating costs. As at 31 March 2022, the Group managed 23 car parks (31 March 2021: 17 car parks) with approximately 2,050 parking spaces (31 March 2021: 2,200 parking spaces).

Property Investment – Valuation

The Group's investment property portfolio measured on a fair value basis, is valued at HK$15,309 million as at 31 March 2022 (as at 31 March 2021: HK$15,057 million), comprised of a Mainland China portfolio of HK$10,250 million and Hong Kong portfolio of HK$5,059 million. Taking into account additions to the investment property portfolio of HK$133 million and the effect of exchange rate differences, fair value losses of investment properties (net of deferred taxation) amounted to HK$80 million for the year ended 31 March 2022 (2021: HK$11 million). This was mainly attributed to downward pressure in Mainland China's property market.

OUTLOOK

During 2022, adverse impacts of the Covid-19 pandemic continued to hinder global recovery. Global supply chains were severely disrupted by stringent travel restrictions and city lockdowns. As more countries gradually open up their borders, the impact of the pandemic may be mitigated. Yet, there are significant differences among countries in their pace of recovery. Looking forward, the global economic outlook remains clouded by uncertainties, including anticipated aggressive interest rate hikes in the US, rising inflation, geopolitical conflict, oil price fluctuations, along with continuing China-US tensions. Therefore, the global political and economic landscape remains unstable.

On the Mainland, the Chinese government adhered to a state policy of maintaining stability in the real estate industry, and focused on safeguarding healthy development of the property market. Earlier this year, economic recovery was hampered by sporadic outbreaks of Covid-19 which led to localised lockdowns in some cities. To shore up a slowing property market, the Chinese government stepped up policy measures to support the economy and introduced easing measures such as reduced housing mortgage rates and relaxation in lending to boost property sales. It is anticipated that further stimulus measures will be introduced in the near term, and that the domestic market will be on track for recovery amid prevailing localised policies in top-tier cities.

In Hong Kong, an outbreak of the fifth wave of Covid-19 in the first quarter of 2022 posed challenges to the local economy. Implementation of stringent social distancing restrictions and cross border closures severely hit domestic consumption, resulting in a year-on-year decline of 4.5% in GDP in the first quarter. Fortunately, the pandemic was primarily brought under control in the second quarter, and together with the introduction of a series of government relief measures, it is believed that the local economy will progressively regain momentum. However, the Hong Kong economy is still vulnerable to external factors, in particular, the magnitude and pace of interest rate hikes in the US and ongoing China-US tensions. We remain cautiously optimistic about the economy and will remain vigilant to fluctuations in global markets.

Finally, I would like to thank my fellow directors for their support and valuable advice and all staff members for their efforts during the year under review.

James Sai-Wing Wong
Chairman

Hong Kong, 28 June 2022

DIRECTORS

James Sai-Wing Wong

Aged 84, was appointed as the Managing Director of the Company in 1985 and became the Chairman in 1990. James Sai-Wing Wong ("Dr. Wong") is the Chairman of Chinney Investments, Limited ("Chinney Investments") (Stock Code: 216), a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), all being substantial shareholders of the Company, and a director of Chinney Capital Limited ("Chinney Capital") which is a shareholder of the Company. He is also the Chairman of Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385). Both Chinney Investments and Chinney Alliance are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He is also a director of certain subsidiaries of the Company. He was appointed a Justice of the Peace for Hong Kong in 1987.

James Sing-Wai Wong

Aged 58, an executive director of the Company. He was first appointed as a non-executive director of the Company in August 2017 and subsequently re-designated as an executive director of the Company in July 2018. He graduated from the University of Washington with a bachelor's degree with honors in Economics. He also holds a Juris Doctor degree from the University of California Hastings College of Law, and a master's degree in Systems Engineering and Information Systems from the Florida Institute of Technology. He is licensed to practice law in the United States of America ("United States" or "USA" or "U.S.") and the State of California, where he also holds a Real Estate Broker's License. He has accumulated over 30 years of experience in economics, law, management, and information systems in Hong Kong, United States, Canada, the United Kingdom, and the Mainland China.

Mr. Wong is a director of Chinney Holdings and Lucky Year, both of which are substantial shareholders of the Company, and a director of Chinney Capital which is a shareholder of the Company. Mr. Wong was a non-executive director of Chinney Investments during the period from June 2013 to August 2017 and subsequently appointed as an executive director of Chinney Investments in August 2018. He is also an executive director of Chinney Alliance and Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556). Chinney Investments, Chinney Alliance and Chinney Kin Wing are all listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He is the son of Dr. Wong who is the Chairman and a substantial shareholder of the Company.

Xiao-Ping Li

Aged 70, joined the Group in 1999 and was appointed as an executive director of the Company in 2009. He is also a director of certain subsidiaries of the Company. He has over 40 years of experience in economics and management in the People's Republic of China (the "PRC"). He has obtained a senior economist qualification certificate of PRC. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society.

DIRECTORS *(Continued)*

Philip Bing-Lun Lam

Aged 79, was appointed as an executive director of the Company in April 2019. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined the University of Hong Kong ("HKU") in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In December 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012. He was then asked by the Vice-Chancellor of HKU to be his Senior Advisor for financial, investment and fund-raising matters until June 2014, and had been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research until end of 2019. Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1974. He is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants and an associate of The Certified Management Accountants (Canada), The Chartered Governance Institute (UK) (formerly The Institute of Chartered Secretaries and Administrators (UK)) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and served as a member on the Board of Review (Inland Revenue Ordinance) Hong Kong for three years from 1995 to 1998. He was a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital from early 1990s until his retirement in June 2012. Currently he is a member of the Board of Governors of the Canadian International School of Hong Kong, and a member of the Board of Governors of the Centennial College, a subsidiary of HKU. Mr. Lam is an executive director of Chinney Alliance and Chinney Kin Wing, both companies are listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He has been an independent non-executive director of Oriental University City Holdings (H.K.) Limited (stock code: 8067) from December 2014 to December 2021, which is listed on the GEM of the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Janie Fong

Aged 55, was appointed as an independent non-executive director of the Company in May 2019. She is also the Chairman of the Nomination Committee of the Company. Ms. Fong is the Senior Managing Director of East West Bank, where she has worked since 2007. California-based East West Bank is a wholly-owned subsidiary of East West Bancorp, Inc., a publicly owned company in the U.S.. From 2000 to 2004, Ms. Fong was appointed by the California Governor to represent the State of California in Hong Kong and the PRC. Through her former post as California's Chief Representative, Ms. Fong was responsible for creating new economic, trade, and diplomatic ties between the PRC and the U.S.. Ms. Fong practiced law as a licensed California attorney up until 2000 and worked as an executive of Silicon Valley start-up companies from 1998 to 2000. Ms. Fong served on the Commission on Strategic Development of Hong Kong from 2005 to 2007. Ms. Fong was an independent non-executive director and a member of audit committee of the board of directors of AID Life Science Holdings Limited (now known as 8088 Investment Holdings Limited, a company listed on the GEM of the Stock Exchange with stock code: 8088) until she resigned in April 2019. Ms. Fong is a member of the Harvard Kennedy School of Government's Women's Leadership Board and currently serves as: an Advisory Committee Member of ChinaSF, a Member of The Hong Kong Chi Tung Association Limited; a former Member of the Board of Governors of the Hong Kong-America Center, an Executive Committee member of Hong Kong Tianjin Business and Professional Women Association, a Member of The Hong Kong Federation of Women Lawyers Limited; and a Member of the Asia Advisory Council of the University of California, Los Angeles (UCLA).

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

David Tak-Wai Ma

Aged 64, was appointed as an independent non-executive director of the Company in August 2019. He is also the Chairman of the Remuneration Committee of the Company. He is in real estate and capital market advisory business in Hong Kong, the greater China and Japan since 2016. Previously in 2000, Mr. Ma joined the Group and its affiliated company and then he acted as the deputy general manager of Hon Kwok Land Investment (China) Limited and director and general manager of Hon Kwok Project Management Limited until 2015, both companies are wholly owned subsidiaries of the Company. During Mr. Ma's tenure with the Group, he was actively involved in a joint-venture project with investment banks and investment funds in the Group's residential development project in Guangzhou. He was also instrumental to lead the Company's affiliated company to co-invest as limited partner in an investment project of LaSalle Investment Management Limited in Hangzhou. In addition, Mr. Ma successfully advised Grosvenor Asia Pacific in closing a luxury residential project (Chateau Pinnacle) in Shanghai for over RMB2 billion in 2009. Prior to joining the Group and its affiliated company, Mr. Ma has diverse business experiences in the regions of the Pacific Basin and the United States and has been intimately involved in hotel, food and beverage, shipping and real estate sectors from early 1980s. Mr. Ma held various senior positions in sizeable enterprises namely Miramar Hotel Group and Island Navigation Inc. (C.Y. Tung Group) in the 1980s' and was a director of investment at Associated Investment Ltd., the real estate arm of Taiwan Chinese Maritime Transport founded by the late C.Y. Tung, in which Mr. Ma was responsible for new investments in Greater China, Asia Pacific and the United States in the 1990s'.

Mr. Ma is a permanent honorary Premier of Hong Kong South China Athletic Association (SCAA). He was also a member of Hong Kong Rotary Club Admiralty Chapter.

He was raised in both Hong Kong and the United States and obtained his Bachelor of Business Administration's degree from university in the United States.

James C. Chen

Aged 72, was appointed as an independent non-executive director of the Company in August 2021. He is also the Chairman of the Audit Committee of the Company. He has over 40 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in USA and Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Directors and a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and the Chartered Global Management Accountant. Before he joined the Company, Mr. Chen was an independent non-executive director, the chairman of audit committee and a member of remuneration committee of Chinney Investments.

SENIOR MANAGEMENT

Kai-Nor Siu

Aged 56, was appointed as the Director of Finance of the Company in May 2018. She is also the Financial Controller of Chinney Investments and the director of certain subsidiaries of the Company. She has over 30 years of experience in the accounting field. She holds a bachelor's degree in Accountancy from The City University of Hong Kong and is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants.

Ka-Yee Wan

Aged 48, was appointed as the Company Secretary of the Company in May 2018. She is also the Company Secretary of Chinney Investments. She has over 20 years of experience in company secretarial and corporate governance practices. Ms. Wan has obtained a Bachelor of Arts degree from The Chinese University of Hong Kong and a postgraduate diploma in corporate administration from The City University of Hong Kong. She is an associate member of both The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators).

Calvin Ming-Yui Ng

Aged 50, joined the Company in 2009 and is currently the Director – Corporate Finance & Business Development of the Company and of Chinney Investments. He is also a director of certain subsidiaries of the Company. He has over 25 years of experience in investment banking and accounting sectors. He graduated from HKU with a Bachelor of Business Administration degree and obtained a Master of Science (Financial Management) degree from the University of London. He is a member of The Hong Kong Institute of Certified Public Accountants.

Chi-Cheung Chan

Aged 62, joined the Company in May 2019 and is the General Manager – Operations of the Company. He is also a director of certain subsidiaries of the Company. He has over 40 years of experience in banking and international business operations. Prior to joining the Company, he has worked as the Director and General Manager – Operations of Jacobson van den Berg (Hong Kong) Limited which is a major subsidiary of Chinney Alliance for over 30 years. He has obtained a bachelor's degree of Business Administration from Thames Valley University (now known as University of West London), United Kingdom, a master's degree of Business Administration, and a master's degree of Professional Accounting from The Open University of Hong Kong (now known as Hong Kong Metropolitan University). He is a member of the Hong Kong Logistics Association.

Stephen Chun-Piu Lee

Aged 55, joined the Company in 1990 and is the Senior Property Manager of the Company in charge of investment properties in Hong Kong. He is also a director of certain subsidiaries of the Company. He has over 30 years of experience in property investment and development.

The board of directors of the Company (the “Board”) is committed to maintain and ensure high standards of corporate governance and is continuously reviewing and improving the corporate governance practices and standards of the Group to ensure that business activities and decision making processes are regulated in a proper manner.

In the opinion of the Board, the Company has applied applicable principles and complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the year under review, except for the deviations as disclosed in this report.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for directors’ securities transactions. Having made specific enquiry, all the directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

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

Executive Directors

Dr. Wong *(Chairman)*
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam

Independent Non-Executive Directors

Janie Fong
David Tak-Wai Ma
James C. Chen *(appointed on 26 August 2021)*
Zuo Xiang *(retired on 26 August 2021)*

Details of background and qualifications of each director are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 12 to 16 of this annual report.

BOARD OF DIRECTORS *(Continued)*

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and the internal controls of the Group's business operations. Executive directors are responsible for running the Group and executing the strategies adopted by the Board. The day-to-day operation of the Group is delegated to the management with department heads responsible for different aspects of the business and functions.

Non-executive directors (including the independent non-executive directors) serve the relevant function of bringing independent judgement on the development, performance and risk management of the Group through their contributions in board meetings.

The Board considers that each independent non-executive director of the Company is independent in character and judgement. The Company has received from each independent non-executive director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules.

The Board meets at least twice each year at approximately half a year interval to discuss the Group's business development, operation and financial performance. Notice of at least 14 days is given to all directors for all regular board meetings. All regular board meetings adhere to a formal agenda in which a schedule of matters is addressed to the Board. All directors have access to board papers and related materials, and are provided with adequate information which enable the Board to make an informed decision on the matters to be discussed and considered at the board meetings. Minutes of board meetings are kept by the Company Secretary and are open for inspection by any director at any reasonable time.

To the best knowledge of the directors, there is no financial, business and family relationships among the members of the Board except that James Sing-Wai Wong is the son of Dr. Wong.

CG Code provision A.1.1 (which has been re-numbered as C.5.1 since 1 January 2022) stipulates that the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, two full board meetings were held. As business operations were under the management and supervision of the executive directors of the Company, who from time to time held management/executive meetings to resolve all material business or management issues, thus only two full board meetings were held for the year ended 31 March 2022.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The CG Code requires that the roles of Chairman and Chief Executive be separate and not performed by the same individual to ensure there is a clear division of responsibilities between the Chairman and the management executives.

Dr. Wong, Chairman of the Company, who is responsible for overseeing the function of the Board and formulating overall strategies and organizing the implementation structure for the Company.

Executive directors as a whole hold the top management of the Group making major corporate decisions, and managing the overall business operations.

The Board will continuously review the effectiveness of the structure to balance the power and authority of the Board and the management.

RE-ELECTION OF DIRECTORS

CG Code provision A.4.2 (which has been re-numbered as B.2.2 since 1 January 2022) stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the articles of association of the Company (the "Articles of Association"). The Articles of Association do not require the directors to retire by rotation at least once every three years. However, in accordance with article 104 of the Articles of Association, at each annual general meeting of the Company, one-third of the directors for the time being (or, if their number is not three or a multiple of three, then the number nearest one-third), other than the one who holds the office as executive chairman or managing director, shall retire from office by rotation. The Board will ensure the retirement of each director, other than the one who holds the office as executive chairman or managing director, by rotation at least once every three years in order to comply with the CG Code provisions.

The Chairman will not be subject to retirement by rotation; which deviates from CG Code provision A.4.2 (which has been re-numbered as B.2.2 since 1 January 2022) as the Board considers that the continuity of office of the Chairman provides the Group with a strong and consistent leadership and is of great importance to the smooth operations of the Group.

In accordance with article 95 of the Articles of Association, James C. Chen who was appointed by the Board as an independent non-executive director effective 26 August 2021 will hold office until the forthcoming annual general meeting and, being eligible, offer himself for re-election. In accordance with article 104 of the Articles of Association, Xiao-Ping Li and Philip Bing-Lun Lam shall retire by rotation at the forthcoming annual general meeting. Xiao-Ping Li and Philip Bing-Lun Lam, being eligible, will offer themselves for re-election.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The Company Secretary updates directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements as well as the business environment regarding subjects necessary in the discharge of their duties. All directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Directors are required to submit to the Company annually details of training sessions undertaken by them in each financial year for the Company to maintain a training record for its directors. According to the training records maintained by the Company, the training received by each of the existing directors during the year ended 31 March 2022 is summarised as follows:

Name of director	Type of training
Executive Directors	
Dr. Wong	B
James Sing-Wai Wong	A, B
Xiao-Ping Li	A, B
Philip Bing-Lun Lam	A, B
Independent Non-Executive Directors	
Janie Fong	A, B
David Tak-Wai Ma	A, B
James C. Chen	A, B

A: attending seminars/conferences/forums
B: reading newspapers, journals and updates relating to the economy, general business, real estate, corporate governance and director's duties and responsibilities

CORPORATE GOVERNANCE FUNCTION

The Board is collectively responsible for performing the corporate governance duties including:

(a) to develop, review and update the Company's policy and practices on corporate governance;

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

(c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;

(d) to review the Company's compliance with the CG Code and disclosure in the "Corporate Governance Report"; and

(e) to perform such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board is responsible.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in 2005. The Remuneration Committee currently comprises two independent non-executive directors, namely David Tak-Wai Ma and Janie Fong, and one executive director, namely Philip Bing-Lun Lam. The Chairman of the Remuneration Committee is David Tak-Wai Ma.

CG Code provision B.1.2 (which has been re-numbered as E.1.2 since 1 January 2022) stipulates that the terms of reference of the remuneration committee should include, as a minimum, those specific duties as set out in the CG Code provisions. The Company has adopted the revised terms of reference of the Remuneration Committee on 30 March 2012 with certain deviations from the CG Code provisions. Pursuant to the revised terms of reference, the Remuneration Committee reviews and makes recommendations to the Board on the remuneration packages of directors (as opposed to directors and senior management).

During the year under review, the Remuneration Committee held one meeting, during which the existing remuneration of all directors have been reviewed individually.

Draft minutes of the Remuneration Committee meeting are circulated to members of Remuneration Committee for comments and the signed minutes are kept by the Company Secretary.

AUDIT COMMITTEE

The Audit Committee was established in 2001. The Audit Committee currently comprises three members, namely James C. Chen, Janie Fong and David Tak-Wai Ma and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is James C. Chen. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in banking, business, accounting and financial management in the Audit Committee.

The Audit Committee's functions include:

- to review and monitor financial reporting and the reporting judgement contained in them; and
- to review financial and internal controls, accounting policies and practices with management and external auditor.

AUDIT COMMITTEE *(Continued)*

The Audit Committee held two meetings during the year under review, which were attended by the external auditor, Ernst & Young and the work performed by the Audit Committee included the review of the following:

- the half-yearly and annual results and the related financial reporting matters;
- the financial and accounting policies and practices of the Group;
- the relationships with external auditor, including remuneration, independence, objectivity and effectiveness of the audit process; and
- the effectiveness of the Group's financial and internal controls and risk management system.

Draft minutes of the Audit Committee meetings are circulated to members of Audit Committee for comments and the signed minutes are kept by the Company Secretary.

ATTENDANCE AT MEETINGS OF THE BOARD, REMUNERATION AND AUDIT COMMITTEES AND GENERAL MEETING

	Number of meetings attended during the year ended 31 March 2022			
	Board Meetings	**Remuneration Committee Meeting**	**Audit Committee Meetings**	**Annual General Meeting held on 26 August 2021**
Number of meetings held during the year ended 31 March 2022	2	1	2	1
Dr. Wong	2	N/A	N/A	1
James Sing-Wai Wong	2	N/A	N/A	1
Xiao-Ping Li	2	N/A	N/A	0
Philip Bing-Lun Lam	2	1	2	1
Janie Fong	2	1	2	1
David Tak-Wai Ma	2	1	2	1
James C. Chen *(appointed on 26 August 2021)*	1	N/A	1	N/A
Zuo Xiang *(retired on 26 August 2021)*	1	N/A	1	0

NOMINATION OF DIRECTORS AND DIVERSITY OF THE BOARD

The Nomination Committee was established on 8 December 2021. The Nomination Committee currently comprises three independent non-executive directors, namely Janie Fong, David Tak-Wai Ma and James C. Chen and two executive directors, namely James Sing-Wai Wong and Philip Bing-Lun Lam. The Chairman of the Nomination Committee is Janie Fong.

The roles and functions of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become directors, selecting or making recommendations to the Board on nominations, appointment or re-appointment of directors and Board succession, and assessing the independence of the independent non-executive directors.

Pursuant to the nomination policy of the Company, the Nomination Committee identifies individual(s) suitably qualified to become Board members when there is a vacancy or an additional director is considered necessary and considers criteria including, among other things, character and integrity, qualifications (professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy that are relevant to the business and corporate strategies of the Company), willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments, independence of proposed independent non-executive directors. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship. In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee will also review the overall contribution and service to the Company of each retiring director including his/her attendance of Board meetings and, where applicable, general meetings, and the level of participation and performance of the Board and shall then make recommendations to the Board for its consideration and recommendation for the proposed candidate(s) to stand for re-election at the annual general meeting of the Company.

In summary, the selection of candidates will be based on a range of diversity perspectives as set out in the board diversity policy of the Company, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. These measurable objectives have been set to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and will be reviewed by the Nomination Committee annually to ensure the continued effectiveness of the Board. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee did not hold any meeting during the year under review.

AUDITOR'S REMUNERATION

During the year, the Group had engaged its external auditor, Ernst & Young, to provide the following services and their respective fees charged are set out as below.

	Fees paid/payable *HK$'000*
Types of services	
Audit services	2,935
Non-audit services (tax compliance services and other services)	268
	3,203

REMUNERATION OF SENIOR MANAGEMENT

The remuneration of the members of the senior management (excluding directors) by band for the year ended 31 March 2022 is set out below:

Remuneration band (HK$)	Number of persons
$1,000,001 to $1,500,000	1
$2,000,001 to $2,500,000	1
$3,000,001 to $3,500,000	1
$4,000,001 to $4,500,000	1
	4

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE ACCOUNTS

The Directors acknowledge their responsibilities for the accounts and they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The directors' responsibilities for the accounts and the responsibilities of the external auditor to the shareholders are set out in the Independent Auditor's Report on pages 45 to 50 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibilities for maintaining the Group's systems of internal control and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable assurance to minimize risk of failure in operational systems, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records and compliance with applicable laws, rules and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. The Group has dedicated internal audit function which reviews the effectiveness of the risk management and internal control systems from time to time in order to ensure that they meet with the dynamic and ever changing business environment.

During the year, the Audit Committee has reviewed the Group's internal control system and considered the internal audit report with the Group's executive directors and finance executive. The review covers all material controls, including financial, operational and compliance controls and risk management of the Group and such systems have been considered reasonably effective and adequate.

The Group regularly reminds the directors and relevant employees for the compliance of policies regarding the inside information, and provide them with updates on the appropriate guidelines or policies to ensure the compliance with regulatory requirements.

COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on corporate governance and other related matters as well as ensuring good information flow within the Board.

During the year, the Company Secretary undertook no less than 15 hours of relevant professional training.

CONSTITUTIONAL DOCUMENTS

During the year, there is no change in the Company's constitutional documents.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). Pursuant to which, in considering the declaration and payment of dividends, the Board shall maintain adequate cash reserves for meeting its working capital requirements and future business growth and take into account the following factors of the Group:

a. financial results;

b. cash flow situation;

c. business conditions and strategies;

d. future operations and earnings;

e. capital requirements and expenditure plans;

f. interests of shareholders;

g. any restrictions on payment of dividends; and

h. any other factors that the Board may consider relevant.

The Board has discretion to declare and distribute dividends to the shareholders of the Company, subject to the Articles of Association and all applicable laws and regulations. The Board will review the Dividend Policy from time to time and may exercise its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

SHAREHOLDERS' RIGHTS

1. Convening of extraordinary general meeting on requisition by shareholders

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "CO"), shareholders representing at least 5% of the total voting rights of all the shareholders are entitled to send a request to the Company to convene an extraordinary general meeting. Such request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. A request may be sent to the Company in hard copy form or in electronic form and must also be authenticated by the person or persons making it.

2. Procedures for sending enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board by addressing them to the Company Secretary at the registered office of the Company and the Company Secretary shall then forward the same to the appropriate executives of the Company or members of the Board for further handling.

3. Procedures for putting forward proposals at an annual general meeting by shareholders

Pursuant to Section 615 of the CO, shareholders representing at least 2.5% of the total voting rights of all the shareholders or at least 50 shareholders can request the Company to give notice of a resolution that may properly be moved and is intended to be moved at an annual general meeting. A request may be sent to the Company in hard copy form or in electronic form and must identify the resolution of which notice is to be given. It must be authenticated by the person or persons making it and be received by the Company not later than 6 weeks before the annual general meeting to which the requests relate; or if later, the time at which notice is given of that meeting.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established a shareholders communication policy and reviews it on a regular basis to ensure its effectiveness. The Board recognises the importance of good communications with all shareholders and is committed to maintaining a policy of open and timely disclosure of relevant information on its attributes to shareholders and other stakeholders through the publication of interim and annual reports, public announcements and other public circulars, all of which are available on the Company's website.

The annual general meeting provides a useful forum for shareholders to exchange views with the Board. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' prior notice is given. The Chairman of the Board as well as the chairman of the board committees (or in their absence, other members of the committees) together with the external auditor are available to answer shareholders' questions at the meeting. At the general meeting, each substantially separate issue will be considered by a separate resolution, including the election of individual director, and the poll procedures will be clearly explained.

The Board has reviewed the implementation and effectiveness of the shareholders communication policy. Having considered the multiple channels of communication and engagement in place, it is satisfied that the shareholders communication policy has been properly implemented during the year under review and is effective.

The directors herein present their report and the audited financial statements for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides management services to its subsidiaries. Its subsidiaries are mainly engaged in property development, property investment and property related activities. There have been no changes in the nature of the Group's principal activities during the year. Further details of the Company's principal subsidiaries are set out in note 1 to the financial statements.

FINANCIAL RESULTS

The Group's profit for the year ended 31 March 2022 and the Group's financial position at that date are set out in the financial statements on pages 51 to 149.

BUSINESS REVIEW

The Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management, and mainly focused on three major cities in Mainland China, namely Shenzhen, Guangzhou and Chongqing as well as in Hong Kong. The long term strategy of the Group aims to generate recurring rental income sufficient to cover its operating overheads including administration expenses, finance costs plus dividends with project sales supplement the Group's additional cash inflows.

A business review of the Group for the year ended 31 March 2022 and outlook are set out in the "Chairman's Statement" on pages 5 to 11 and an analysis using financial key performance indicators are set out in "Financial Highlights" on page 3 of this annual report. The Group's financial risk management objectives and policies are set out in note 36 to the financial statements of this annual report.

The Group is committed to build an environmental-friendly corporation with the aim to conserve natural resources. The Group has taken initiatives to reduce energy consumption and encourage recycle of office supplies and other materials. The Group will continue to review and promote its environmental policies.

During the year ended 31 March 2022, there were no material breach of or non-compliance with applicable laws and regulations by the Group that have significant impact on the business and operations of the Group.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group's relationship with its employees is set out in the "Employees and remuneration policies" below.

The Group recognises the importance of maintaining a good relationship with business partners, customers, suppliers and contractors to achieve its long-term business growth and development. Accordingly, the Group has kept good communication and shared business updates with them as and when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The Group's revenue was primarily derived from the business segments: (i) property development, (ii) property investment, and (iii) property and carpark management. Revenue decreased by 13% to HK$1,106 million in the year under review from HK$1,276 million in last year. 57.2% of the Group's revenue was generated from the sales of properties (2021: 75.0%), 39.3% from property rental (2021: 22.7%) and 3.5% from property and carpark management and other segments (2021: 2.3%). Property development business recorded a decrease in revenue as a result of a decrease in property sales recognised whereas the property investment business improved.

Liquidity and financial resources

The total interest-bearing debts of the Group amounted to approximately HK$5,570 million as at 31 March 2022 (2021: HK$5,727 million), of which approximately 56% (2021: 24%) of the debts were classified as current liabilities. Included therein were debts of HK$44 million related to bank loans with repayable on demand clause and HK$2,853 million related to project or term loans which will be refinanced during the forthcoming financial year. Based on the repayment schedules pursuant to the related loan agreements and assuming that the aforesaid refinancing will be completed on schedule, the current portion of the total interest-bearing debts was approximately 4%.

Total cash and bank balances including time deposits were approximately HK$1,877 million as at 31 March 2022 (2021: HK$1,909 million). Included in cash and bank balances are restricted bank deposits of HK$85 million (2021: HK$114 million) which can only be applied in the designated property development projects prior to their completion of construction. The Group had committed but undrawn banking facilities of a total of approximately HK$1,458 million at year end available for its working capital purpose.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity and financial resources *(Continued)*

As at 31 March 2022, maturity of the Group's outstanding borrowings (including the lease liabilities) was as follows:

	As at 31 March 2022	As at 31 March 2021
	HK$' million	*HK$' million*
Due:		
Within one year	**3,127**	1,385
In the second year	**1,026**	2,882
In the third to fifth years, inclusive	**1,401**	1,412
Beyond five years	**16**	48
	5,570	5,727

As at 31 March 2022, included in the outstanding borrowings due within one year were aggregated loan balances of HK$2,853 million which would be refinanced during the forthcoming financial year and consisted of (i) a project loan of HK$849 million secured by a property in the PRC with maturity in August 2022, (ii) a project loan of HK$1,219 million secured by a property in Hong Kong with maturity in November 2022; and (iii) an unsecured loan of HK$785 million with maturity in February 2023.

Subsequent to 31 March 2022, a new bank loan has been granted by a bank to refinance the project loan of HK$849 million maturing in August 2022. The finalisation of loan agreements is in progress. The remaining loans maturing during next financial year will be refinanced according to the repayment schedule.

Total shareholders' funds as at 31 March 2022 were approximately HK$12,264 million (2021: HK$11,976 million). The increase was mainly due to current year's profit attributable to shareholders less dividend paid and the appreciation in value of assets less liabilities denominated in Renminbi.

The gearing ratio of the Group, as measured by the net interest-bearing debts of approximately HK$3,693 million (2021: HK$3,818 million) over the shareholders' funds plus non-controlling interests totalling of approximately HK$12,513 million (2021: HK$12,210 million), was 30% as at 31 March 2022 (2021: 31%).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Funding and treasury policies

The Group adopts prudent funding and treasury policies. Surplus funds are primarily maintained in the form of cash deposits with leading banks. The Group manages its funding requirements primarily on a short-to-medium term basis and refinances the maturing borrowings at appropriate time.

Acquisition and development of properties are financed partly by internal resources and partly by bank loans. Repayments of bank loans are scheduled to match asset lives and project completion dates. Bank loans are mainly denominated in Hong Kong dollars and Renminbi and bear interest at floating rates.

Foreign currency exposure is closely monitored by management and hedged to the extent desirable. As at 31 March 2022, the Group had no material exposure under foreign exchange contracts or any other hedging instruments.

Pledge of assets

Properties with an aggregate carrying value of approximately HK$16,238 million as at 31 March 2022 were pledged to secure certain banking facilities of the Group.

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 30 to the financial statements.

Employees and remuneration policies

The Group, not including its joint venture and associate, employed approximately 360 employees as at 31 March 2022. Remuneration is determined by reference to market terms and the qualifications and experience of the staff concerned. Salaries are reviewed annually with discretionary bonuses being paid depending on individual performance. The Group also provides other benefits including medical cover, provident fund, personal accident insurance and educational subsidies to all eligible staff.

KEY RISK FACTORS

The following content lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties which are not identified for the time being or turn out to be material in future.

Risks Pertaining to the Property Market in Mainland China

A substantial part of the Group's property portfolio is located in Mainland China, and a major part of the Group's revenue is derived in Mainland China. Therefore, the Group is exposed to the risks associated with China's property market including risks of policy changes, currency fluctuation and interest rate changes. The Group continues to implement strategies and strengthen its financial position to withstand any adverse impact when the business environment deteriorates.

Risks Pertaining to the Property Market in Hong Kong

A portion of the Group's investment property portfolio is located in Hong Kong, earning rental and management income. Therefore, the Group is susceptible to changes in economic conditions, consumer consumption and the tourist market in Hong Kong. Besides, the local government may introduce further regulatory measures on the property market, thus adversely affecting the local business environment.

Interest Rate Risks

The Group's bank borrowings mainly bear floating rates. The Group's finance and treasury operation is affected by the change in interest rates and market condition. To reduce our exposure due to volatility in interest rates, the Group has closely monitored the interest rate movements and refinanced existing banking facilities when favourable pricing opportunities arise.

Counterparty Risks

The Group relies on contractors in carrying out its property developing activities. While the Group has been careful in selecting its contractors, there can be no assurance that the contractors will perform satisfactorily. Any unsatisfactory performance of the contractors may potentially lead to construction cost overrun, project delay and contract disputes, which can adversely affect the return of the project. The Group has procedures in place in selecting and managing the performance of the contractors to reduce the negative impact that may arise.

DIVIDEND

The Directors recommend the payment of a final dividend of 12.5 Hong Kong cents per ordinary share for the year ended 31 March 2022 (2021: 12.5 Hong Kong cents) to shareholders whose names appear on the Company's register of members on 2 September 2022. Subject to the approval by the shareholders at the forthcoming annual general meeting, the dividend cheques are expected to be despatched to shareholders on or before 22 September 2022.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 25 August 2022. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 22 August 2022 to 25 August 2022 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not later than 4:30 p.m. on 19 August 2022.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 March 2022 is subject to the approval by the shareholders at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 1 September 2022 to 2 September 2022, during which period no share transfers will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be 29 August 2022. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not later than 4:30 p.m. on 31 August 2022.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out on page 150. This summary does not form part of the audited financial statements.

SHARE CAPITAL

There were no movements in the share capital of the Company during the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2022.

DISTRIBUTABLE RESERVES

At 31 March 2022, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the CO, amounted to HK$267,516,000, of which HK$90,054,000 has been proposed as a final dividend for the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, purchases from the Group's five largest suppliers accounted for 65% of the total purchases for the year. Purchases from the Group's largest supplier included therein totalled 25%. Sales to the Group's five largest customers accounted for less than 30% of the total sales for the year.

None of the directors of the Company or their close associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers and suppliers.

DIRECTORS

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

Dr. Wong
James Sing-Wai Wong
Xiao-Ping Li
Philip Bing-Lun Lam
Janie Fong*
David Tak-Wai Ma*
James C. Chen* *(appointed on 26 August 2021)*
Zuo Xiang* *(retired on 26 August 2021)*

* *Independent non-executive directors*

The Company has received from each of its independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and still considers them to be independent.

The persons who were directors of the subsidiaries of the Company during the year and up to the date of this report (not including those directors listed above) were Chi-Cheung Chan, Qiao Chen, Hai-Ou Gao, Ying-Hua Guo, Xiao-Wen Hong, Yiu Hong, Kevin Chun-Ho Lau, Stephen Chun-Piu Lee, Sheng-Hui Lin**, Wei Luo, Calvin Ming-Yui Ng, Siu-Kai Ng, Kai-Nor Siu, Wai-Lun Yip, Qiang Zhang, Tim Bermingham and Julie Di Lorenzo.

** *no longer the director(s) of the subsidiary(ies) of the Company as at the date of this report*

RE-ELECTION OF RETIRING DIRECTORS

In accordance with article 95 of the Articles of Association, James C. Chen will hold office until the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with article 104 of the Articles of Association, Xiao-Ping Li and Philip Bing-Lun Lam will retire by rotation at the forthcoming annual general meeting. Xiao-Ping Li and Philip Bing-Lun Lam, being eligible, will offer themselves for re-election.

The proposed re-election of James C. Chen as independent non-executive director was made in accordance with the nomination policy of the Company and took into account a wide range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services, with due regard of the benefits of diversity as set out under the board diversity policy of the Company.

The Nomination Committee had also assessed and reviewed the written confirmation of independence of James C. Chen based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that as at the date of this report, James C. Chen remained independent in accordance with Rule 3.13 of the Listing Rules.

RE-ELECTION OF RETIRING DIRECTORS *(Continued)*

In addition, the Nomination Committee had evaluated the performance of James C. Chen and is of the view that Mr. Chen has provided valuable contributions to the Company and has demonstrated his ability to provide independent, balanced and objective views to the Company's affairs. The Nomination Committee is also of the view that Mr. Chen would bring to the Board his own perspective, skills and experience, as further described in his biography as set out on page 15 of this annual report, and can contribute to the diversity of the Board taking into account his diversified educational background and professional experience. The Board, with the recommendation of Nomination Committee, believes that the re-election of James C. Chen as the independent non-executive director of the Company would be in the best interests of the Company and its shareholders as a whole and recommends his re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 12 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group.

The remuneration of the directors of the Company is reviewed by the Remuneration Committee having regard to the Company's operating results, individual performance of the directors and comparable market statistics.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except as disclosed in note 33 to the financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2022, the interests and short positions of the directors of the Company in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Directors' interests in the ordinary shares of the Company

Name of director	*Notes*	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Dr. Wong	*1 & 2*	Through controlled corporations	502,262,139	69.72

(b) Directors' interests in the ordinary shares/paid-up registered capital of associated corporations

Name of director	*Notes*	Name of associated corporation	Capacity and nature of interest	Number of ordinary shares/ amount of paid-up registered capital held	Percentage of the associated corporation's issued shares/ paid-up registered capital
Dr. Wong	*1 & 3*	Chinney Investments	Through controlled corporations	341,439,324	61.93
	1	Chinney Investments	Beneficially owned	480,000	0.09
	1 & 4	Chinney Holdings	Through controlled corporation	9,900,000	99.00
	1	Chinney Holdings	Beneficially owned	100,000	1.00
	1	Lucky Year	Beneficially owned	20,000	100.00
	1 & 5	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 6	Chinney Trading Company Limited ("Chinney Trading")	Through controlled corporations	7,150	55.00

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. *All the interests stated above represent long positions.*

2. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by Chinney Investments, which is a subsidiary of Chinney Holdings. More than one-third of the equity capital of Chinney Holdings is owned by Lucky Year of which Dr. Wong is a director and has beneficial interests therein. The remaining 11,756,000 shares are held by Chinney Capital of which Dr. Wong is a director and has beneficial interests therein.*

3. *These shares are beneficially held by Chinney Holdings. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

4. *These shares are beneficially held by Lucky Year. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

5. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of the Company and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in this company.*

6. *Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of the Company and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in this company.*

Save as disclosed herein, as at 31 March 2022, none of the directors of the Company had any interests or 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 are required to be recorded in the register kept by the Company under Section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

MANAGEMENT CONTRACTS

The Company has entered into a management contract with Chinney Investments for the provision of general corporate management services. The contract is for an unspecified duration and may be terminated by either party by giving the other party two-month written notice.

During the year, the Company paid a management fee of HK$13,746,000 to Chinney Investments (2021: HK$13,074,000). Dr. Wong and James Sing-Wai Wong, directors of the Company, are also directors of Chinney Investments.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2022, so far as is known to the directors of the Company, the following substantial shareholders and other persons had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	*Notes*	**Capacity and nature of interest**	**Number of ordinary shares held**	**Percentage of the Company's issued shares**
Dr. Wong	*1, 2, 3*	Through controlled corporations	502,262,139	69.72
Lucky Year	*1 & 2*	Through controlled corporations	490,506,139	68.09
Chinney Holdings	*1 & 2*	Through controlled corporation	490,506,139	68.09
Chinney Investments	*1 & 2*	Directly beneficially owned	490,506,139	68.09

Notes:

1. *All the interests stated above represent long positions.*
2. *Dr. Wong, Lucky Year, Chinney Holdings and Chinney Investments are deemed to be interested in the same parcel of 490,506,139 shares by virtue of Section 316 of the SFO.*
3. *11,756,000 shares are held by Chinney Capital of which Dr. Wong is a director and has beneficial interests therein.*

Save as disclosed herein, as at 31 March 2022, none of the substantial shareholders or other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CONNECTED TRANSACTIONS

1. On 20 September 2016, Gold Famous Development Limited ("Gold Famous"), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Kin Wing Foundations Limited ("Kin Wing Foundations"), an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of Chinney Alliance, pursuant to which, Kin Wing Foundations was appointed by Gold Famous as a contractor for the foundation construction works at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong (the "Land") for a contract sum of HK$210,000,000. As Dr. Wong is the controlling shareholder of each of Chinney Investments, the Company, Chinney Alliance and Chinney Kin Wing, the transaction constituted a connected transaction under the Listing Rules. The transaction was approved by the independent shareholders of Chinney Investments, the Company, Chinney Alliance and Chinney Kin Wing at the respective general meetings held by each of the companies on 7 November 2016.

   Details of the transaction were set out in the joint announcement of Chinney Investments, the Company, Chinney Alliance and Chinney Kin Wing dated 20 September 2016 and the Company's circular dated 21 October 2016. Construction works were completed and pending for finalisation of variation orders and final accounts of the project.

2. On 12 July 2018, Gold Famous entered into a framework agreement with Chinney Construction Company, Limited ("Chinney Construction"), an indirect wholly-owned subsidiary of Chinney Alliance, pursuant to which Gold Famous engaged Chinney Construction to act as the main contractor to carry out construction works for the construction and development of a data centre at the Land at a total contract sum not exceeding HK$757,800,000 (the "Framework Agreement"). As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of Chinney Investments, the Company and Chinney Alliance at the respective general meetings held by each of the companies on 24 August 2018.

   Details of the transaction were set out in the joint announcement of Chinney Investments, the Company and Chinney Alliance dated 12 July 2018 and the Company's circular dated 8 August 2018. Construction works were completed and pending for agreement of variation orders and final accounts of the project.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

(a) In February 2019, Hon Kwok Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into a facility agreement (the "Facility Agreement") relating to HK$1,500 million transferable term and revolving loan facilities (the "Loan Facilities") with a syndicate of financial institutions (the "Lenders"). The Loan Facilities have a term of 48 months commencing from the date of the Facility Agreement and to be used for refinancing the existing syndicated loan with an outstanding balance of HK$440 million and financing the general corporate funding requirements of the Group.

Pursuant to the Facility Agreement, it shall be an event of default if (i) Chinney Investments ceases to be the major beneficial shareholder of the Company as a result of Chinney Investments ceasing to hold no less than 30% effective shareholding of the Company or does not or ceases to maintain management control of the Company; or (ii) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members collectively, do not or cease to hold the major beneficial ultimate shareholding interest in Chinney Investments.

If an event of default under the Facility Agreement occurs, the agent acting for the Lenders may, and shall if so requested by a majority of the Lenders, terminate the Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the Loan Facilities to be immediately due and payable.

(b) In March 2020, Vast Champ Investment (Chongqing) Co., Ltd. (the "Onshore Borrower"), being a direct wholly-owned subsidiary of the Offshore Borrower (as defined below) and an indirect wholly-owned subsidiary of the Company, as borrower, entered into a loan agreement (固定資產貸款借款合同) (the "Onshore Loan Agreement") relating to a term loan facility in the principal amount up to RMB450 million (the "Onshore Loan Facility") with a PRC branch of a bank in Hong Kong (the "Onshore Lender"). The Onshore Loan Facility will be mainly used for refinancing the existing banking facility of the Onshore Borrower and repayment of inter-company loans, and also as general working capital for the daily operation of the Onshore Borrower. The tenor of the Onshore Loan Facility shall be 5 years commencing from the first drawdown date of the Onshore Loan Facility, or up to the maturity date of the Offshore Loan Facility (as defined below), whichever is later.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES *(Continued)*

Pursuant to the Onshore Loan Agreement, the Onshore Borrower undertakes with the Onshore Lender, inter alia, that (1) it will procure Chinney Investments to continue to (i) be the major beneficial ultimate shareholder of the Company; (ii) hold not less than 30% effective shareholding of the Company; and (iii) maintain management control of the Company; and (2) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members or his designated trust beneficiary shall continue to collectively remain as the major beneficial ultimate shareholder of Chinney Investments.

If any of the undertakings as stipulated in the Onshore Loan Agreement are not performed by the Onshore Borrower, it will constitute an event of default and the occurrence of which, if not being remedied by the Onshore Borrower within the period as allowed by the Onshore Lender, would render the Onshore Lender having the right to declare the Onshore Loan Facility to be immediately due and payable.

(c) In March 2020, Vast Champ Investment Limited (the "Offshore Borrower"), an indirect wholly-owned subsidiary of the Company, as borrower, entered into a loan agreement (the "Offshore Loan Agreement") relating to a term loan facility in the principal amount up to HK$100 million (the "Offshore Loan Facility") with a bank in Hong Kong (the "Offshore Lender"). The Offshore Loan Facility will be used for repayment of inter-company loans raised for the purpose of refinancing an existing banking facility of the Offshore Borrower. The tenor of the Offshore Loan Facility shall be 5 years from the drawdown date of the Offshore Loan Facility or up to the maturity date of the Onshore Loan Facility, whichever is earlier.

Pursuant to the Offshore Loan Agreement, it shall be an event of default if (1) Chinney Investments ceases to (i) be the major beneficial ultimate shareholder of the Company; or (ii) hold not less than 30% effective shareholding of the Company, or (iii) maintain management control of the Company; or (2) Dr. Wong, the Chairman of both Chinney Investments and the Company, or his family members or his designated trust beneficiary ceases to collectively remain the major beneficial ultimate shareholder of Chinney Investments.

If an event of default under the Offshore Loan Agreement occurs, the Offshore Lender may declare all outstanding amounts together with all interest accrued under the Offshore Loan Facility to be immediately due and payable.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total number of issued shares were held by the public as at the latest practicable date prior to the issue of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, Dr. Wong, the Chairman of the Company, has deemed interests and holds directorships in companies engaged in the businesses of property investment. In this respect, Dr. Wong is regarded as being interested in businesses which might compete with the Group.

As the Board is independent from the board of those entities and maintains a sufficient number of independent non-executive directors, the Group is therefore capable of carrying on its businesses independently of, and at arm's length with, the business of those entities.

PERMITTED INDEMNITY PROVISION

Subject to the applicable laws, every director of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group throughout the year.

AUDITOR

Ernst & Young retire and a resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Philip Bing-Lun Lam
Director

Hong Kong, 28 June 2022

Ernst & Young
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To the members of Hon Kwok Land Investment Company, Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Hon Kwok Land Investment Company, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 51 to 149, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss, the consolidated statement of 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the 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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Estimation of fair value of investment properties	
As at 31 March 2022, the Group's investment properties measured at fair value amounted to approximately HK$15,309 million, with net losses arising from fair value change recognised in the statement of profit or loss of approximately HK$127 million from completed investment properties. The valuation process is inherently subjective, and dependent on a number of estimates such as market rent, market yield, market price per unit, stabilised growth rate, etc. To support management's determination of the fair value, the Group has engaged an independent professionally qualified valuer to perform the valuation of investment properties. The significant accounting judgements and estimates and disclosures about the fair value measurement of investment properties are included in notes 3 and 14 to the financial statements.	Among our audit procedures, we evaluated the objectivity, independence and competence of the valuer by examining the valuer's qualification and assessed the valuation methodologies and assumptions adopted by the valuer with assistance from our internal valuation expert. For completed investment properties, we evaluated the data used as inputs for the valuation, which included reference to the market unit selling price of comparable properties nearby and the rental value of existing tenancies, by benchmarking against market values of comparable properties and checking the relevant tenancy agreements.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment for properties held for sale under development and completed properties held for sale	
As at 31 March 2022, the Group has recorded properties held for sale under development and completed properties held for sale of approximately HK$1,958 million in aggregate. Properties held for sale under development and completed properties held for sale are stated at the lower of cost and net realisable value. Management's impairment assessment is significant to our audit, considering the degree of judgement involved in estimating the sales proceeds and selling expenses, and the level of complexity involved in making those assumptions in estimation. The significant accounting judgements and estimates and disclosures about the balances of properties held for sale under development and completed properties held for sale are included in notes 3 and 18 to the financial statements.	Our audit procedures included the understanding and review of management's impairment assessment process and assumptions adopted with reference to externally available industry and market data and actual sales transactions of properties and selling expenses incurred during the year and subsequent to the end of the reporting period. For properties held for sales under development, we also reviewed the costs incurred to date and future costs to completion against the latest project development cost budgets prepared by management to assess the total costs of properties for impairment assessment purpose. We tested the basis of preparing those budgets taking into account the accuracy of previous budgets of similar projects and the construction quotations, agreements or invoices and historical data supporting the underlying assumptions.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

We also provide the Audit Committee 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 the Audit Committee, 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 this independent auditor's report is Ip Hing Lam.

Ernst & Young
Certified Public Accountants
Hong Kong

28 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
REVENUE	5	**1,106,278**	1,276,226
Cost of sales		**(513,181)**	(638,254)
Gross profit		**593,097**	637,972
Other income	5	**57,794**	25,678
Fair value losses on investment properties, net		**(127,429)**	(38,848)
Administrative expenses		**(120,993)**	(124,681)
Other operating expenses, net		**(54,293)**	(57,823)
Finance costs	6	**(158,451)**	(169,956)
Share of profit of an associate		**35,701**	67,008
PROFIT BEFORE TAX	7	**225,426**	339,350
Income tax expense	10	**(133,663)**	(216,166)
PROFIT FOR THE YEAR		**91,763**	123,184
Attributable to:			
Owners of the Company		**91,693**	121,516
Non-controlling interests		**70**	1,668
		91,763	123,184
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	12	**HK$0.13**	HK$0.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022 *HK$'000*	2021 *HK$'000*
PROFIT FOR THE YEAR	**91,763**	123,184
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income of an associate	**13,988**	35,525
Exchange differences on translation of foreign operations	**286,617**	637,778
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**300,605**	673,303
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**392,368**	796,487
Attributable to:		
Owners of the Company	**377,825**	755,094
Non-controlling interests	**14,543**	41,393
	392,368	796,487

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**305,250**	295,245
Investment properties	14	**15,308,966**	15,056,648
Investment in a joint venture	16	**199**	199
Investment in an associate	17	**801,585**	829,896
Total non-current assets		**16,416,000**	16,181,988
CURRENT ASSETS			
Tax recoverable		**436**	234
Properties held for sale under development and completed properties held for sale	18	**1,957,931**	2,083,359
Trade receivables	19	**14,319**	19,116
Contract costs		**17,451**	16,917
Prepayments, deposits and other receivables	20	**255,208**	182,503
Cash and bank balances	21	**1,877,175**	1,908,888
Total current assets		**4,122,520**	4,211,017
CURRENT LIABILITIES			
Trade payables, other payables and accrued liabilities	22	**209,464**	258,677
Interest-bearing bank borrowings	24	**3,107,368**	1,373,483
Lease liabilities	15	**20,004**	11,993
Contract liabilities	23	**421,238**	364,389
Customer deposits		**86,354**	92,341
Tax payable		**308,765**	298,281
Total current liabilities		**4,153,193**	2,399,164
NET CURRENT ASSETS/(LIABILITIES)		**(30,673)**	1,811,853
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,385,327**	17,993,841

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	*24*	**2,419,303**	4,327,955
Lease liabilities	*15*	**23,711**	13,641
Deferred tax liabilities	*25*	**1,429,206**	1,442,451
Total non-current liabilities		**3,872,220**	5,784,047
Net assets		**12,513,107**	12,209,794
EQUITY			
Equity attributable to owners of the Company			
Share capital	*26*	**1,519,301**	1,519,301
Reserves	*27*	**10,744,889**	10,457,118
		12,264,190	11,976,419
Non-controlling interests		**248,917**	233,375
Total equity		**12,513,107**	12,209,794

James Sai-Wing Wong
Director

Philip Bing-Lun Lam
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2022

	Attributable to owners of the Company					
	Share capital	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2020	1,519,301	(429,740)	10,221,818	11,311,379	191,982	11,503,361
Profit for the year	–	–	121,516	121,516	1,668	123,184
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	633,578	–	633,578	39,725	673,303
Total comprehensive income for the year	–	633,578	121,516	755,094	41,393	796,487
Final 2020 dividend declared	–	–	(90,054)	(90,054)	–	(90,054)
At 31 March 2021 and 1 April 2021	1,519,301	203,838*	10,253,280*	11,976,419	233,375	12,209,794
Profit for the year	–	–	91,693	91,693	70	91,763
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	–	286,132	–	286,132	14,473	300,605
Total comprehensive income for the year	–	286,132	91,693	377,825	14,543	392,368
Capital contribution from non-controlling interests	–	–	–	–	999	999
Final 2021 dividend declared	–	–	(90,054)	(90,054)	–	(90,054)
At 31 March 2022	**1,519,301**	**489,970***	**10,254,919***	**12,264,190**	**248,917**	**12,513,107**

* *These reserve accounts comprise the consolidated reserves of HK$10,744,889,000 (2021: HK$10,457,118,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**225,426**	339,350
Adjustments for:			
Finance costs	6	**158,451**	169,956
Share of profit of an associate		**(35,701)**	(67,008)
Bank interest income	5	**(13,107)**	(10,704)
Depreciation	7	**30,806**	29,551
Gain on disposal of items of property, plant and equipment	7	**(25,643)**	(463)
Gain on termination of lease		**–**	(7)
Fair value losses on investment properties, net	7	**127,429**	38,848
		467,661	499,523
Decrease in properties held for sale under development and completed properties held for sale		**184,248**	132,702
Decrease in trade receivables		**4,797**	1,661
Decrease/(increase) in prepayments, deposits and other receivables		**(66,096)**	35,835
Decrease/(increase) in contract costs		**(118)**	16,071
Decrease in trade payables, other payables and accrued liabilities		**(55,335)**	(13,773)
Increase/(decrease) in contract liabilities		**47,522**	(333,996)
Increase/(decrease) in customer deposits		**(7,260)**	37,645
Cash generated from operations		**575,419**	375,668
Interest paid		**(1,706)**	(1,675)
Hong Kong profits tax paid		**(196)**	–
Overseas taxes paid		**(176,243)**	(120,025)
Net cash flows from operating activities		**397,274**	253,968
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**13,107**	10,704
Purchases of items of property, plant and equipment	13	**(2,172)**	(20,908)
Dividend received from an associate		**78,000**	48,000
Proceeds from disposal of items of property, plant and equipment		**26,687**	2,025
Additions to investment properties		**(132,987)**	(79,406)
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(26,440)**	(2)
Net cash flows used in investing activities		**(43,805)**	(39,587)

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(173,070)**	(195,136)
New bank loans		**1,212,362**	285,394
Repayment of bank loans		**(1,419,971)**	(552,810)
Principal portion of lease payments	*29(b)*	**(14,817)**	(16,304)
Dividend paid		**(90,054)**	(90,054)
Net cash flows used in financing activities		**(485,550)**	(568,910)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(132,081)**	(354,529)
Cash and cash equivalents at beginning of year		**1,906,128**	2,165,480
Effect of foreign exchange rates changes, net		**73,861**	95,177
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,847,908**	1,906,128
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*21*	**1,809,892**	1,608,071
Non-pledged time deposits	*21*	**67,283**	300,817
Cash and bank balances as stated in the consolidated statement of financial position		**1,877,175**	1,908,888
Non-pledged time deposits with original maturity of more than three months when acquired		**(29,267)**	(2,760)
Cash and cash equivalents as stated in the statement of cash flows		**1,847,908**	1,906,128

1. CORPORATE AND GROUP INFORMATION

Hon Kwok Land Investment Company, Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

During the year, the Group was involved mainly in property development, property investment and property related activities.

The immediate holding company of the Group is Chinney Investments, Limited ("Chinney Investments"), a company incorporated and listed in Hong Kong.

In the opinion of the directors, the ultimate holding company of the Company is Lucky Year Finance Limited ("Lucky Year"), a company incorporated in the British Virgin Islands (the "BVI").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Champion Fine International Investments Inc.	Canada	Canadian dollar ("CAD") 1	–	100	Investment holding
Chinney Property Management Limited	Hong Kong	Hong Kong dollar ("HK$") 100	–	100	Property management
CP Parking Limited	Hong Kong	HK$4,340,000	–	100	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	100	–	Nominee services
Foshan Nanhai XinDa Land Development Ltd.#	PRC/Mainland China	HK$300,000,000	–	100	Property development
Gold Famous Development Limited ("Gold Famous")	Hong Kong	HK$1	–	100	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.#	PRC/Mainland China	Renminbi ("RMB") 185,000,000	–	60	Property development
Guangzhou Hua Yin Land Development Co., Ltd.#	PRC/Mainland China	RMB80,000,000	–	100	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.#	PRC/Mainland China	RMB52,114,000	–	100	Property development

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Guangzhou Tungfu Property Management Co., Ltd.#	PRC/Mainland China	RMB44,400,000	–	100	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	100	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.#	PRC/Mainland China	HK$30,000,000	–	100	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	100	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	100	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd.#	PRC/Mainland China	US$14,300,000	–	100	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	100	Property holding and letting
King Champion Limited	Hong Kong	HK$2	–	100	Property holding and letting
Shenzhen Guanghai Investment Co., Ltd.#	PRC/Mainland China	RMB880,000,000	–	100	Property holding and letting
Shenzhen Honkwok Huaye Development Co., Ltd.#	PRC/Mainland China	RMB50,000,000	–	100	Property holding and letting

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(Continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	100	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	100	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.#	PRC/Mainland China	US$30,000,000	–	100	Property holding and letting
Wide Fame Investment Limited	Hong Kong	HK$2	–	100	Financing
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	100	Money lending

\# *These subsidiaries are registered in the PRC as foreign-owned enterprises with business duration of 25 to 50 years.*

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

2.1 BASIS OF PRESENTATION

In preparing the consolidated financial statements, the directors of the Company have given due consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$30,673,000 as at 31 March 2022. The net current liability position was caused by reclassification of certain non-current liabilities to current due to the maturity dates of the respective bank loans.

The Group has been actively negotiating with banks for the renewal of the Group's bank borrowings when they fall due in order to secure necessary funds to meet the Group's working capital and financial requirements in the foreseeable future. Subsequent to 31 March 2022, a new bank loan has been granted by a bank in June 2022 to refinance a loan of HK$849 million maturing in August 2022 and the finalisation of the loan agreement is in progress. The remaining loans maturing during the next financial year will be refinanced according to the repayment schedule.

In the opinion of the directors of the Company, the liquidity of the Group is well managed with the refinancing of bank loans and sources of finance available. After taking into account the cash flow projection prepared by the management, the directors of the Company consider that the Group will have adequate funds available to enable it to operate as a going concern. Accordingly, the consolidated financial statements for the year ended 31 March 2022 have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts and to provide for further liabilities which might arise. The consolidated financial statements do not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value as further explained in note 2.5. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 BASIS OF PREPARATION *(Continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.2 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(Continued)*

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 described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("HIBOR") as at 31 March 2022. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group's HIBOR-based borrowings. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the "economically equivalent" criterion is met.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 April 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2,5]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2,4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information (Effective for annual periods beginning on or after 1 January 2023)*
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

1 Effective for annual periods beginning on or after 1 April 2022
2 Effective for annual periods beginning on or after 1 April 2023
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion
5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 April 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. 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. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in an associate and a joint venture

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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 type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of the associate and joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's investments in an associate or a joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate or a joint venture is included as part of the Group's investments in an associate or a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(Continued)*

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, investment property under construction, properties held for sale under development and completed properties held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	5% or over the unexpired terms of the leases
Leasehold improvements	20%
Furniture and equipment	20%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

Properties held for sale under development and completed properties held for sale

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Properties held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases

The Group assesses at contract inception whether a contract is, or contains, 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land and buildings	over the lease term

When the right-of-use assets relate to interests in leasehold land held as properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policies for "properties held for sale under development and completed properties held for sale".

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately presented in the consolidated statement of financial position.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of properties (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leases *(Continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, financial liabilities included in customer deposits, lease liabilities and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and bank balances comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, a joint venture and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, a joint venture and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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 deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or 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.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates and enhances an asset that the customer controls as the Group performs; or

– 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

(a) Sales of properties

Revenue from the sale of properties is recognised at the point in time when the purchasers obtained the physical possession of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

(b) Property management fee income and utility income are recognised when the services are rendered.

Revenue from other sources

(a) rental income is recognised on a time proportion basis over the lease terms.

(b) interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instruments or a shorter period, when appropriate, to the net carrying amount of the financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfer control of the related goods or services to the customer).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contract costs

Other than the costs which are capitalised as investment properties, property, plant and equipment, and properties held for sale under development and completed properties held for sale, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits *(Continued)*

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, a joint venture and an associate are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rate that approximate to those prevailing at the days of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economy life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Determining the timing of satisfaction of contracts related to the sale of properties

The Group determined that the sales contract with customers requires the Group to complete the development of property before transferring the legal title of the relevant property to customers. The Group also determined that the Group does not have an enforceable right to payment from customers for performance completed to date before the transfer of legal title of the relevant property to customers. Consequently, the Group concluded that the timing of transfer of properties is at the point in time when the purchasers obtained the physical possession or the legal title of the completed property.

Classification between investment properties and properties held for sale

The Group determines whether a property qualifies as an investment property or a property held for sale, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Properties held for sale are properties held by the Group with intention for sale in the Group's ordinary course of business.

Judgement is made on an individual property basis to determine whether leased out properties are classified as properties held for sale or investment properties.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Judgements *(Continued)*

Investment property under construction

Properties under construction or development for future use as investment properties are classified as investment properties under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. In the prior year, the Group's investment property under construction was revalued on an open market, existing use basis, by independent professionally qualified valuers as its fair value can be determined reliably, upon the conclusion of most of the construction contracts and the entering of lease agreements for considerable amount of rentable area.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties located in Hong Kong were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

For the Group's investment properties located in the PRC, the directors of the Company concluded that the Group's investment properties located in the PRC were held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties located in the PRC, the directors of the Company have determined that the presumption that the carrying values of investment properties measured using the fair value model are recovered entirely through sale is rebutted.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty

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

Estimation of net realisable values of properties held for sale under development and completed properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. Particulars of the properties held for sale under development and completed properties held for sale of the Group are set out in note 18 to the financial statements.

Estimation of total budgeted costs and costs to completion for properties held for sale under development

Total budgeted costs for properties held for sale under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties held for sale under development, management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location (or subject to different leases or other contracts), adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Estimation of fair value of investment properties (Continued)

Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

Current income taxes and deferred income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 25 to the financial statements.

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from the transfer of real estate properties in Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(Continued)*

Land appreciation tax (Continued)

The subsidiaries of the Group engaging in the property development business in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of Provisional Regulations on LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions for LAT in the period in which such determination is made. Further details are contained in note 10 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the property development segment develops properties for sale;

(b) the property investment segment holds investment properties for development and the generation of rental income; and

(c) the property, carpark management and others segment comprises, principally, the sub-leasing of carparking business and the property management service business which provides management services to residential and commercial properties.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs, share of profit of an associate as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investment in a joint venture, investment in an associate, other unallocated head office and corporate assets, including tax recoverable and cash and bank balances, as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities, including interest-bearing bank borrowings, tax payable and deferred tax liabilities, as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

4. OPERATING SEGMENT INFORMATION *(Continued)*

	Property development		Property investment		Property, carpark management and others		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue ***(note 5)*****:**								
Sales to external customers	**632,973**	957,124	**434,380**	289,681	**38,925**	29,421	**1,106,278**	1,276,226
Segment results	**290,030**	406,355	**120,537**	93,607	**5,927**	9,673	**416,494**	509,635
Reconciliation:								
Interest income							**13,107**	10,704
Unallocated expenses							**(83,131)**	(79,716)
Finance costs (other than interest on lease liabilities)							**(156,745)**	(168,281)
Share of profit of an associate							**35,701**	67,008
Profit before tax							**225,426**	339,350
Segment assets	**2,176,175**	2,357,077	**15,792,178**	15,551,688	**2,010,795**	2,044,950	**19,979,148**	19,953,715
Reconciliation:								
Elimination of intersegment receivables							**(2,120,023)**	(2,299,927)
Investment in a joint venture							**199**	199
Investment in an associate							**801,585**	829,896
Corporate and other unallocated assets							**1,877,611**	1,909,122
Total assets							**20,538,520**	20,393,005
Segment liabilities	**1,421,656**	1,549,098	**1,149,904**	1,118,146	**309,234**	373,724	**2,880,794**	3,040,968
Reconciliation:								
Elimination of intersegment payables							**(2,120,023)**	(2,299,927)
Corporate and other unallocated liabilities							**7,264,642**	7,442,170
Total liabilities							**8,025,413**	8,183,211

4. OPERATING SEGMENT INFORMATION (Continued)

	Property development		Property investment		Property, carpark management and others		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:								
Fair value losses on investment properties, net	**–**	–	**127,429**	38,848	**–**	–	**127,429**	38,848
Gain on disposal of items of property, plant and equipment	**25,637**	456	**–**	–	**6**	7	**25,643**	463
Depreciation	**2,740**	2,417	**8,362**	7,128	**19,704**	20,006	**30,806**	29,551
Capital expenditure*	**302**	1,080	**133,731**	98,480	**1,126**	3,630	**135,159**	103,190

* *Capital expenditure represents additions to property, plant and equipment and investment properties.*

Geographical information

(a) Revenue

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**196,781**	105,417
Mainland China	**909,497**	1,170,809
	1,106,278	1,276,226

The revenue information above is based on the locations of the operations.

(b) Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**5,116,650**	5,002,321
Mainland China	**10,497,566**	10,349,572
	15,614,216	15,351,893

The non-current asset information above is based on the locations of the assets and excludes investments in a joint venture and an associate.

5. REVENUE AND OTHER INCOME

Revenue represents income from the sale of properties, gross rental income and property management income during the year.

An analysis of revenue is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of properties	**632,973**	957,124
Property management income and others	**45,131**	34,396
Revenue from other sources		
Gross rental income	**428,174**	284,706
	1,106,278	1,276,226

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 March 2022

Segments

	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Types of goods or services				
Sales of properties	632,973	–	–	632,973
Property management income and others	–	39,841	5,290	45,131
Total revenue from contracts with customers	632,973	39,841	5,290	678,104
Geographical markets				
Hong Kong	–	–	5,290	5,290
Mainland China	632,973	39,841	–	672,814
Total revenue from contracts with customers	632,973	39,841	5,290	678,104
Timing of revenue recognition				
Goods transferred at a point in time	632,973	–	–	632,973
Services transferred over time	–	39,841	5,290	45,131
Total revenue from contracts with customers	632,973	39,841	5,290	678,104

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information *(Continued)*

For the year ended 31 March 2021

Segments

	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Types of goods or services				
Sales of properties	957,124	–	–	957,124
Property management income	–	32,738	1,658	34,396
Total revenue from contracts with customers	957,124	32,738	1,658	991,520
Geographical markets				
Hong Kong	–	–	1,658	1,658
Mainland China	957,124	32,738	–	989,862
Total revenue from contracts with customers	957,124	32,738	1,658	991,520
Timing of revenue recognition				
Goods transferred at a point in time	957,124	–	–	957,124
Services transferred over time	–	32,738	1,658	34,396
Total revenue from contracts with customers	957,124	32,738	1,658	991,520

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied:

	2022 ***HK$'000***	2021 *HK$'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Sales of properties	**245,429**	608,894

5. REVENUE AND OTHER INCOME *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties

The performance obligation is satisfied upon the physical possession of the completed property being obtained by the purchasers.

Property management income

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the time incurred.

	2022	2021
	HK$'000	*HK$'000*
Other income		
Bank interest income	**13,107**	10,704
Government subsidies*	**1,070**	5,472
Gain on disposal of items of property, plant and equipment	**25,643**	463
Others	**17,974**	9,039
	57,794	25,678

* *As at 31 March 2022 and 2021, there were no unfulfilled conditions or other contingencies attaching to the government grants that had been recognised by the Group.*

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	HK$'000	*HK$'000*
Interest on bank loans	**173,070**	195,136
Interest on lease liabilities	**1,706**	1,675
Less: Interest capitalised under properties under development	**(16,325)**	(26,855)
	158,451	169,956

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2022** **HK$'000**	2021 HK$'000
Cost of properties sold		**310,807**	468,031
Direct operating expenses (including repairs and maintenance) arising from rental-earning properties#*		**202,374**	170,223
Depreciation#	*13*	**30,806**	29,551
Lease payments not included in the measurement of lease liabilities	*15(c)*	**4,893**	3,889
Contract costs arising from sales of properties**		**48,794**	60,808
Auditor's remuneration		**2,935**	2,720
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**66,092**	63,679
Pension scheme contributions		**1,972**	1,797
		68,064	65,476
Less: Amounts capitalised under properties under development/construction		**(24,300)**	(22,250)
		43,764	43,226
Foreign exchange differences, net		**–**	2
Fair value losses on investment properties, net	*14*	**127,429**	38,848
Interest income		**(13,107)**	(10,704)
Gain on disposal of items of property, plant and equipment		**(25,643)**	(463)
Government subsidies *(note)*		**(1,070)**	(5,472)

At 31 March 2022 and 2021, the amount of forfeited pension scheme contributions available to the Group for future utilisation was not significant.

\# *Included in the amounts are depreciation of leased carparks of HK$11,316,000 (2021: HK$10,363,000) which are included in "Cost of sales" in the consolidated statement of profit or loss.*

* *The direct operating expenses (including repairs and maintenance) arising from rental-earning properties for the year are included in "Cost of sales" in the consolidated statement of profit or loss.*

** *The contract costs arising from sales of properties for the year are included in "Other operating expenses, net" in the consolidated statement of profit or loss.*

Note: *The government subsidies mainly represented grants from the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat Covid-19. There are no unfulfilled conditions or contingencies related to these subsidies.*

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Fees	**1,005**	800
Other emoluments:		
Salaries, allowances and benefits in kind	**7,980**	8,040
Discretionary performance-related bonuses*	**4,110**	5,000
Pension scheme contributions	**–**	–
	12,090	13,040
	13,095	13,840

* *Certain executive directors of the Company are entitled to bonus payments which are determined based on the individual performance of these directors during the year.*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year are as follows:

	2022	2021
	HK$'000	*HK$'000*
James C. Chen (appointed on 26 August 2021)	**112**	–
Janie Fong	**250**	200
David Tak-Wai Ma	**250**	200
Zuo Xiang (retired on 26 August 2021)	**143**	200
	755	600

There were no other emoluments payable to the independent non-executive directors during the year (2021: Nil).

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2022					
Executive directors:					
James Sai-Wing Wong	**–**	**–**	**–**	**–**	**–**
James Sing-Wai Wong	**250**	**–**	**–**	**–**	**250**
Xiao-Ping Li	**–**	**5,840**	**1,650**	**–**	**7,490**
Philip Bing-Lun Lam	**–**	**2,140**	**2,460**	**–**	**4,600**
	250	**7,980**	**4,110**	**–**	**12,340**

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2021					
Executive directors:					
James Sai-Wing Wong	–	–	–	–	–
James Sing-Wai Wong	200	–	–	–	200
Xiao-Ping Li	–	5,320	3,500	–	8,820
Philip Bing-Lun Lam	–	2,720	1,500	–	4,220
	200	8,040	5,000	–	13,240

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2021: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2021: three) non-director highest paid employees are as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**11,081**	10,065
Pension scheme contributions	**425**	586
	11,506	10,651

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
HK$3,000,001 to HK$3,500,000	**1**	1
HK$3,500,001 to HK$4,000,000	**1**	2
HK$4,000,001 to HK$4,500,000	**1**	–
	3	3

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 of assessable profits of this subsidiary are taxed at 8.25%. In prior year, no provision for Hong Kong profits tax was made as the Group have available tax losses brought forward from prior years to offset the assessable profits generated during that year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

LAT has been calculated in conformity with the prevailing rules and practices on the Group's completed projects in Mainland China at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

	2022	2021
	HK$'000	*HK$'000*
Current – Hong Kong	**95**	–
Current – Elsewhere	**27,754**	80,499
LAT in Mainland China	**153,518**	159,778
Deferred *(note 25)*	**(47,704)**	(24,111)
Total tax charge for the year	**133,663**	216,166

10. INCOME TAX *(Continued)*

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2022	2021
	HK$'000	*HK$'000*
Profit before tax	**225,426**	339,350
Tax at the statutory tax rates	**62,284**	93,808
Income not subject to tax	**(25,024)**	(18,302)
Expenses not deductible for tax	**7,136**	11,803
Tax losses utilised from previous periods	**(9,715)**	(190)
Tax losses not recognised	**11,772**	12,994
Profit attributable to an associate	**(8,926)**	(16,753)
LAT	**153,518**	159,778
Others	**(57,382)**	(26,972)
Tax charge at the Group's effective rate of 59.3% (2021: 63.7%)	**133,663**	216,166

The share of tax attributable to an associate amounting to HK$35,117,000 (2021: HK$67,049,000) is included in "share of profit of an associate" in the consolidated statement of profit or loss.

There was no share of tax attributable to a joint venture during the year ended 31 March 2022 (2021: Nil).

11. DIVIDEND

	2022	2021
	HK$'000	*HK$'000*
Proposed final – 12.5 HK cents (2021: 12.5 HK cents) per ordinary share	**90,054**	90,054

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK$91,693,000 (2021: HK$121,516,000) and the weighted average number of ordinary shares in issue during the year of 720,429,301 (2021: 720,429,301).

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 March 2022 and 2021 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the years ended 31 March 2022 and 2021.

13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets			Owned assets					
	Leasehold land	Buildings	Total	Buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2022									
At 31 March 2021 and 1 April 2021:									
Cost	211,075	65,912	276,987	84,908	5,250	17,459	12,187	119,804	396,791
Accumulated depreciation	(10,908)	(42,466)	(53,374)	(26,210)	(1,646)	(13,448)	(6,868)	(48,172)	(101,546)
Net carrying amount	200,167	23,446	223,613	58,698	3,604	4,011	5,319	71,632	295,245
At 1 April 2021	200,167	23,446	223,613	58,698	3,604	4,011	5,319	71,632	295,245
Additions	–	32,929	32,929	–	391	1,781	–	2,172	35,101
Disposals	–	–	–	(1,032)	–	(12)	–	(1,044)	(1,044)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(31)	(31)	–	–	–	–	–	(31)
Depreciation provided during the year	(6,102)	(18,212)	(24,314)	(2,739)	(1,019)	(1,219)	(1,515)	(6,492)	(30,806)
Exchange realignment	5,111	–	5,111	1,548	–	43	83	1,674	6,785
At 31 March 2022, net of accumulated depreciation	**199,176**	**38,132**	**237,308**	**56,475**	**2,976**	**4,604**	**3,887**	**67,942**	**305,250**
At 31 March 2022:									
Cost	**217,022**	**81,687**	**298,709**	**80,516**	**5,641**	**19,332**	**12,374**	**117,863**	**416,572**
Accumulated depreciation	**(17,846)**	**(43,555)**	**(61,401)**	**(24,041)**	**(2,665)**	**(14,728)**	**(8,487)**	**(49,921)**	**(111,322)**
Net carrying amount	**199,176**	**38,132**	**237,308**	**56,475**	**2,976**	**4,604**	**3,887**	**67,942**	**305,250**

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

	Right-of-use assets			Owned assets					
	Leasehold land	Buildings	Total	Buildings	Leasehold improvements	Furniture and equipment	Motor vehicles	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
31 March 2021									
At 31 March 2020 and 1 April 2020:									
Cost	190,170	49,052	239,222	79,797	5,441	14,766	10,489	110,493	349,715
Accumulated depreciation	(5,264)	(24,831)	(30,095)	(23,434)	(896)	(12,616)	(6,713)	(43,659)	(73,754)
Net carrying amount	184,906	24,221	209,127	56,363	4,545	2,150	3,776	66,834	275,961
At 1 April 2020	184,906	24,221	209,127	56,363	4,545	2,150	3,776	66,834	275,961
Additions	7,794	25,648	33,442	7,038	39	2,859	3,178	13,114	46,556
Disposals	–	–	–	(1,004)	–	(106)	(452)	(1,562)	(1,562)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(8,786)	(8,786)	–	–	–	–	–	(8,786)
Depreciation provided during the year	(5,644)	(17,637)	(23,281)	(2,790)	(980)	(962)	(1,538)	(6,270)	(29,551)
Exchange realignment	13,111	–	13,111	(909)	–	70	355	(484)	12,627
At 31 March 2021, net of accumulated depreciation	**200,167**	**23,446**	**223,613**	**58,698**	**3,604**	**4,011**	**5,319**	**71,632**	**295,245**
At 31 March 2021:									
Cost	211,075	65,912	276,987	84,908	5,250	17,459	12,187	119,804	396,791
Accumulated depreciation	(10,908)	(42,466)	(53,374)	(26,210)	(1,646)	(13,448)	(6,868)	(48,172)	(101,546)
Net carrying amount	200,167	23,446	223,613	58,698	3,604	4,011	5,319	71,632	295,245

At 31 March 2022, certain of the Group's leasehold land and buildings with a net carrying amount of approximately HK$242,174,000 (2021: HK$239,712,000) were pledged to secure general banking facilities granted to the Group as detailed in note 24(a)(iii) to the financial statements.

14. INVESTMENT PROPERTIES

	2022
	Completed investment properties at fair value
	HK$'000
At beginning of year	**15,056,648**
Additions	**132,987**
Net losses from fair value adjustments	**(127,429)**
Exchange realignment	**246,760**
At end of year	**15,308,966**

		2021	
	Completed investment properties at fair value	Investment property under construction at fair value	Total
	HK$'000	*HK$'000*	*HK$'000*
At beginning of year	12,027,900	2,300,000	14,327,900
Additions	25,483	64,593	90,076
Transfer	2,364,593	(2,364,593)	–
Net losses from fair value adjustments	(38,848)	–	(38,848)
Exchange realignment	677,520	–	677,520
At end of year	15,056,648	–	15,056,648

14. INVESTMENT PROPERTIES *(Continued)*

The directors of the Company have determined that the Group's completed investment properties are commercial properties, based on the nature, characteristics and risks of each property. The Group's completed investment properties were revalued on 31 March 2022 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at an aggregate value of HK$15,308,966,000 (2021: HK$15,056,648,000). Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for the interim and annual financial reporting.

Certain completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

In the prior year, investment properties under construction included interest expense of HK$10,670,000 that was incurred and capitalised during that year.

At 31 March 2022, the Group's investment properties with an aggregate carrying value of HK$15,306,000,000 (2021: HK$15,054,000,000) were pledged to secure the banking facilities granted to the Group as detailed in note 24(a)(i) to the financial statements. In addition, certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's investment properties as detailed in note 24(a)(iv) to the financial statements.

Based on the property ownership certificates, a portion of the completed investment properties with a total gross floor area of approximately 3,023 sq.m. is designated as non-market commodity housing which is not freely transferable in the market. As at 31 March 2022, the carrying amount of such portion was HK$91,951,000 (2021: HK$102,143,000).

Further particulars of the Group's investment properties are included in "Particulars of Properties" on pages 151 to 155.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's completed investment properties at fair value:

	Fair value measurement as at 31 March 2022 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**15,308,966**	**15,308,966**

	Fair value measurement as at 31 March 2021 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement for:				
Commercial properties	–	–	15,056,648	15,056,648

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	HK$'000
Carrying amount at 1 April 2020	14,327,900
Additions	90,076
Net loss from fair value adjustments	(38,848)
Exchange realignment	677,520
Carrying amount at 31 March 2021 and 1 April 2021	15,056,648
Additions	132,987
Net loss from fair value adjustments	(127,429)
Exchange realignment	246,760
Carrying amount at 31 March 2022	**15,308,966**

Below is a summary of the valuation techniques used and the key inputs to the valuation of completed investment properties at fair value:

	Valuation techniques	**Significant unobservable inputs**	**Range or weighted average**	
Commercial properties			**2022**	2021
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. and per month (HK$)	**16 to 146**	16 to 146
		per sq.m. and per month (RMB)	**38 to 431**	38 to 436
		Capitalisation rate	**3.1% to 6.5%**	3.2% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	**2,600,000**	2,600,000
		Unit price (RMB/unit)	**80,000 to 480,000**	80,000 to 480,000
		Price per sq.ft. (HK$)	**10,200 to 12,000**	10,100 to 11,700
	Discounted cash flow approach	Room tariff (RMB)	**381**	407
		Occupancy rate	**43%**	69%
		Stabilised growth rate	**3%**	3%
		Terminal capitalisation rate	**5.8%**	5.8%
		Discount rate	**8.8%**	8.8%

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Income capitalisation approach

Under the income capitalisation approach, fair value is estimated on the basis of capitalisation of existing rental income and reversionary market rental income.

The market rentals of the investment properties are assessed and capitalised at market yield expected by investors for this type of properties. The market rents are assessed by reference to the rentals achieved in the investment properties as well as other lettings of similar properties in the neighbourhood. The market yield, which is the capitalisation rate adopted, is made by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take account of the valuers' knowledge of the market expectation from property investors to reflect factors specific to the Group's investment properties.

The key inputs were the market rent and the market yield, which a significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the market yield in isolation would result in a significant decrease/increase in the fair value of the investment properties.

Direct comparison approach

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price per unit.

The key input was the market price per unit, which a significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the investment properties.

14. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

Discounted cash flow approach

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The key inputs were the room tariff, the occupancy rate, the terminal capitalisation rate, the discount rate, and the stabilised growth rate, which a significant increase/decrease in the room tariff, the occupancy rate, and the growth rate in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the terminal capitalisation rate and the discount rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

15. LEASES

The Group as a lessee

The Group has lease contracts for land and building used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms from one to three years.

(a) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2022	2021
	HK$'000	*HK$'000*
Carrying amount at 1 April	**25,634**	25,076
New leases	**32,929**	25,648
Accretion of interest recognised during the year	**1,706**	1,675
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(31)**	(8,786)
Payment	**(16,523)**	(17,979)
Carrying amount at 31 March	**43,715**	25,634
Analysis into:		
Current portion	**20,004**	11,993
Non-current portion	**23,711**	13,641

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

As disclosed in note 2.3. to the financial statements, the Group has early adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of leasehold land and buildings during the year.

15. LEASES *(Continued)*

The Group as a lessee *(Continued)*

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	2022	2021
	HK$'000	*HK$'000*
Interest on lease liabilities	**1,706**	1,675
Depreciation of right-of-use assets	**24,314**	23,281
Gain on termination of leases	**–**	(7)
Variable lease payment not included in the measurement of lease liabilities (included in cost of sales)	**4,893**	3,889
Total amount recognised in profit or loss	**30,913**	28,838

(c) Variable lease payments

The Group leased a number of carparks which contain variable lease payment terms that are based on the Group's turnover generated from the carparks. There are also minimum annual base rental arrangements for these leases. The amounts of the fixed and variable lease payments recognised in profit or loss for the current year for these leases are HK$11,316,000 and HK$4,893,000 (2021: HK$10,363,000 and HK$3,889,000, respectively.

(d) The total cash outflow for leases is disclosed in note 29(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of ten commercial properties in Hong Kong and China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$428,174,000 (2021: HK$284,706,000), details of which are included in note 5 to the financial statements.

15. LEASES *(Continued)*

The Group as a lessor *(Continued)*

At 31 March 2022, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one year	**339,020**	199,842
After one year but within two years	**304,559**	159,335
After two year but within three years	**267,083**	132,244
After three year but within four years	**216,142**	112,046
After four year but within five years	**187,068**	77,912
After five years	**615,360**	247,800
	1,929,232	929,179

Certain of the Group's bank loans are secured by assignments of rental income from the leases of the Group's properties as detailed in note 24(a)(iv) to the financial statements.

16. INVESTMENT IN A JOINT VENTURE

	2022	2021
	HK$'000	*HK$'000*
Share of net assets	**199**	199

The investment in a joint venture is indirectly held by the Company.

Particulars of the Group's joint venture are as follows:

			Percentage of			
Name	**Particulars of issued share capital**	**Place of incorporation and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activity**
Two City Hall Place Limited	Common share capital of CAD100	Canada	50	50	50	Dormant

The following table illustrates the financial information of the Group's joint venture that is not material:

	2022	2021
	HK$'000	*HK$'000*
Share of the joint venture's profit for the year	**–**	–
Share of the joint venture's other comprehensive income	**–**	–
Share of the joint venture's total comprehensive income	**–**	–
Carrying amount of the Group's investment in the joint venture	**199**	199

17. INVESTMENT IN AN ASSOCIATE

	2022	2021
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**783,211**	811,522
	801,585	829,896

Particulars of the associate, which is held indirectly through a wholly-owned subsidiary of the Company, are as follows:

Name	Particulars of issued share capital	Place of incorporation and business	Percentage of ownership interest attributable to the Group	Principal activity
Chinney Trading Company Limited	HK$615,425,000	Hong Kong	20	Property development

The following table illustrates the financial information of the Group's associate that is not material:

	2022	2021
	HK$'000	*HK$'000*
Share of the associate's profit for the year	**35,701**	67,008
Share of the associate's other comprehensive income	**13,988**	35,525
Share of the associate's total comprehensive income	**49,689**	102,533
Carrying amount of the Group's investment in the associate	**801,585**	829,896

18. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2022	2021
	HK$'000	*HK$'000*
Completed properties held for sale	**1,093,468**	991,952
Properties held for sale under development	**864,463**	1,091,407
	1,957,931	2,083,359

	2022	2021
	HK$'000	*HK$'000*
Properties held for sale under development		
– expected to be recovered:		
Within one year	**–**	368,045
After one year	**821,401**	681,240
– pending construction expected to be recovered:		
After one year	**43,062**	42,122
	864,463	1,091,407

18. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE *(Continued)*

Properties held for sale under development and completed properties held for sale included interest expense of HK$16,325,000 (2021: HK$16,185,000) that was incurred and capitalised during the year prior to the completion of the development of the properties.

During the year, certain of the Group's properties held for sale under development with an aggregate carrying value amounting to HK$693,284,000 (2021: HK$381,687,000) at the end of the reporting period were pledged to secure the banking facilities granted to the Group as detailed in note 24(a)(ii) to the financial statements.

During the prior years, the Group was subject to a risk that certain land relating to the properties held for sale under development situated in the PRC, with a carrying amount of HK$561,340,000 at the end of the reporting period, could be appropriated by the relevant government authorities in the PRC as a result of the non-compliance with the requirement to complete the construction works on the land in prior years. In the opinion of the directors, the chance that the land administration bureau will appropriate the property without paying compensation is remote because the Group had fully paid the land premium in prior years and was granted approval from the relevant government authorities for the modification and application for extension of several Construction Works Planning Permits and Construction Works Commencement Permits, and the construction works on the land have already commenced. In addition, the construction of certain property units of a different phase of the above development project was completed and those property units were delivered to purchasers from the financial year 2012/2013.

Further particulars of the Group's properties held for sale under development and completed properties held for sale are included in "Particulars of Properties" on pages 151 to 155.

19. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice/contract date and net of loss allowance, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**1,447**	620
31 to 60 days	**521**	44
61 to 90 days	**39**	21
Over 90 days	**12,312**	18,431
	14,319	19,116

Monthly rent in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. The balance of the consideration in respect of the sold properties is payable by the purchasers pursuant to the terms of the sale and purchase agreements. Overdue trade debts are closely monitored by management and are provided for in full in cases of non-recoverability. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The carrying amounts of the trade receivables approximate to their fair values.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The financial impact of ECL for trade receivables under HKFRS 9 was insignificant for the years ended 31 March 2022 and 2021.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Prepayments	**35,115**	26,341
Deposits	**15,961**	21,996
Other receivables	**204,132**	144,690
Impairment	**–**	(10,524)
	255,208	182,503

None of the deposits is either past due or impaired. The provision for impairment relates to other receivables.

In prior year, included in the above provision for impairment of other receivables was a provision for an impaired other receivable of HK$10,524,000 with a carrying amount before provision of HK$10,524,000 whose receivable was considered by the directors to be irrecoverable. The Group did not hold any collateral or other credit enhancements over these balances.

The remaining balance of other receivables that were neither past due nor impaired relate to a large number of independent parties for whom there was no recent history of default and part due amounts. As at 31 March 2022 and 2021, the loss allowance was assessed to be minimal.

The Group has applied the general approach to provide for expected credit losses for financial assets included in prepayments, deposits and other receivables. The Group considers the historical loss rate and adjusts for forward looking macroeconomic data in calculating the expected credit loss rate. The Group has classified financial assets included in prepayments, deposits and other receivables in stage 1 and continuously monitors their credit risk. As at 31 March 2022 and 2021, the Group estimated that the expected loss rate for financial assets included in prepayments, deposits and other receivables was insignificant.

21. CASH AND BANK BALANCES

	2022	2021
	HK$'000	*HK$'000*
Cash and bank balances	**1,809,892**	1,608,071
Time deposits	**67,283**	300,817
	1,877,175	1,908,888

Included in cash and bank balances are restricted bank deposits of HK$85,402,000 (2021: HK$114,789,000) which can only be applied in the designated property development projects prior to the completion of their construction.

At the end of the reporting period, the cash and bank balances including time deposits of the Group denominated in RMB amounted to HK$1,633,707,000 (2021: HK$1,361,628,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED LIABILITIES

Included in the trade payables, other payables and accrued liabilities are trade payables of HK$8,301,000 (2021: HK$9,526,000). An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**8,301**	9,526

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

23. CONTRACT LIABILITIES

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The decrease in contract liabilities in 2022 and 2021 was mainly due to the decrease in sales proceeds received from customers in relation to the pre-sale of properties during the year.

24. INTEREST-BEARING BANK BORROWINGS

	2022			2021		
	Effective annual interest rate (%)	**Maturity**	***HK$'000***	Effective annual interest rate (%)	Maturity	*HK$'000*
Current						
Bank loans – unsecured	**2.7**	**2022-2023**	**785,000**	2.6	2021-2022	210,000
Bank loans – secured	**1.5-6.6**	**2022-2023 or on demand**	**2,322,368**	1.4-5.9	2021-2022 or on demand	1,163,483
			3,107,368			1,373,483
Non-current						
Bank loans – unsecured	**N/A**	**N/A**	**–**	2.6	2022-2023	735,000
Bank loans – secured	**1.8-6.6**	**2023-2031**	**2,419,303**	2.5-5.9	2022-2028	3,592,955
			2,419,303			4,327,955
			5,526,671			5,701,438

24. INTEREST-BEARING BANK BORROWINGS *(Continued)*

	2022 HK$'000	2021 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**3,107,368**	1,373,483
In the second year	**1,010,151**	2,873,049
In the third to fifth years, inclusive	**1,393,352**	1,407,071
Beyond five years	**15,800**	47,835
	5,526,671	5,701,438

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of HK$15,306,000,000 (2021: HK$15,054,000,000) as detailed in note 14 to the financial statements;

(ii) mortgages over certain of the Group's properties held for sale under development which had an aggregate carrying value at the end of the reporting period of HK$693,284,000 (2021: HK$381,687,000) as detailed in note 18 to the financial statements;

(iii) mortgages over certain of the Group's leasehold land and buildings, which had a net carrying value at the end of the reporting period of approximately HK$242,174,000 (2021: HK$239,712,000) as detailed in note 13 to the financial statements;

(iv) assignments of rental income from the leases of certain of the Group's investment properties; and

(v) a charge over the shares of certain subsidiaries of the Group.

(b) Irrevocable and unconditional guarantees have been given by the Company in respect of bank borrowings of certain subsidiaries. In addition, the Company has subordinated its loans to certain subsidiaries in favour of the relevant lending banks.

(c) Except for certain bank loans denominated in RMB equivalent to HK$1,801,921,000 (2021: HK$933,826,000), all bank borrowings at the end of the reporting period were denominated in Hong Kong dollars.

24. INTEREST-BEARING BANK BORROWINGS *(Continued)*

As further explained in note 36 to the financial statements, certain of the Group's non-current interest-bearing bank borrowings in the amount of HK$44,000,000 (2021: HK$66,000,000) containing a repayment on demand clause have been classified as current liabilities. For the purpose of the above analysis, the loans are included within current interest-bearing bank borrowings and analysed into bank loans repayable within one year or on demand.

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are: HK$3,063,368,000 (2021: HK$1,307,483,000) payable within one year or on demand; HK$1,032,151,000 (2021: HK$2,895,049,000) payable in the second year; HK$1,415,352,000 (2021: HK$1,451,071,000) payable in the third to fifth years, inclusive; and HK$15,800,000 (2021: HK$47,835,000) payable beyond five years.

All bank loans of the Group bear interest at floating rates.

The carrying amounts of the Group's current and non-current bank borrowings approximate to their fair values.

25. DEFERRED TAX

The movements in deferred tax liabilities during the year are as follows:

	2022			
	Depreciation allowance in excess of related depreciation	**Revaluation of investment properties**	**Withholding tax**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 1 April 2021	**20,849**	**1,418,102**	**3,500**	**1,442,451**
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	**2,462**	**(50,166)**	**–**	**(47,704)**
Exchange realignment	**–**	**34,459**	**–**	**34,459**
At 31 March 2022	**23,311**	**1,402,395**	**3,500**	**1,429,206**

25. DEFERRED TAX *(Continued)*

	2021			
	Depreciation allowance in excess of related depreciation *HK$'000*	Revaluation of investment properties *HK$'000*	Withholding tax *HK$'000*	Total *HK$'000*
At 1 April 2020	20,801	1,350,846	–	1,371,647
Deferred tax charged/(credited) to the statement of profit or loss during the year *(note 10)*	48	(27,659)	3,500	(24,111)
Exchange realignment	–	94,915	–	94,915
At 31 March 2021	20,849	1,418,102	3,500	1,442,451

At the end of the reporting period, the Group had unrecognised deductible temporary differences of HK$103,864,000 (2021: HK$51,291,000) and unrecognised tax losses of HK$1,803,844,000 (2021: HK$1,773,026,000) available to offset against future taxable profits. The deductible temporary differences and tax losses have not been recognised, as in the opinion of the directors, it is uncertain that there will be sufficient future taxable profits available against the utilisation of these temporary differences and tax losses.

At 31 March 2022, except for the deferred tax recognised for a PRC subsidiary that will distribute dividends, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China and in Canada. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China and Canada for which deferred tax liabilities have not been recognised totalled HK$1,957,054,000 at 31 March 2022 (2021: HK$1,995,590,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

26. SHARE CAPITAL

	2022	2021
	HK$'000	*HK$'000*
Issued and fully paid:		
720,429,301 (2021: 720,429,301) ordinary shares	**1,519,301**	1,519,301

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

28. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST

Details of the Group's subsidiary that has a material non-controlling interest are set out below:

	2022	2021
Percentage of equity interest held by non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**40%**	40%

	2022	2021
	HK$'000	*HK$'000*
Profit for the year allocated to non-controlling interest:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**390**	1,668
Dividends paid to non-controlling interests of Guangzhou Honkwok Fuqiang Land Development Ltd.	**–**	–
Accumulated balances of non-controlling interest at the reporting dates:		
Guangzhou Honkwok Fuqiang Land Development Ltd.	**248,237**	233,472

28. PARTLY-OWNED SUBSIDIARY WITH A MATERIAL NON-CONTROLLING INTEREST *(Continued)*

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Guangzhou Honkwok Fuqiang Land Development Ltd.

	2022	2021
	HK$'000	*HK$'000*
Revenue and other income	**6,397**	5,553
Total expenses	**(5,422)**	(1,383)
Profit for the year	**975**	4,170
Total comprehensive income for the year	**36,912**	56,941
Current assets	**641,968**	644,377
Non-current assets	**601**	685
Current liabilities	**(21,976)**	(61,382)
Net cash flows used in operating activities	**(51,688)**	(111,944)
Net cash flows from investing activities	**1,324**	1,387
Net decrease in cash and cash equivalents	**(50,364)**	(110,557)

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

Certain additions of properties held for sale under development and completed properties held for sale of HK$165,764,000 (2021: HK$170,586,000) were not paid at the end of the reporting period and were recorded as accrued liabilities.

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$32,929,000 and HK$32,929,000, respectively, in respect of lease arrangements for properties (2021: HK$33,442,000 and HK$25,648,000).

(b) Changes in liabilities arising from financing activities

2022

	Lease liabilities *HK$'000*	Interest-bearing bank borrowings *HK$'000*
At 1 April 2021	25,634	5,701,438
Changes from financing cash flows	(14,817)	(207,609)
New lease	32,929	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	(31)	–
Interest expense	1,706	–
Interest paid classified as operating cash flows	(1,706)	–
Exchange realignment	–	32,842
At 31 March 2022	**43,715**	**5,526,671**

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Changes in liabilities arising from financing activities *(Continued)*

2021

	Lease liabilities *HK$'000*	Interest-bearing bank borrowings *HK$'000*
At 1 April 2020	25,076	5,855,186
Changes from financing cash flows	(16,304)	(267,416)
New lease	25,648	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	(8,786)	–
Interest expense	1,675	–
Interest paid classified as operating cash flows	(1,675)	–
Exchange realignment	–	113,668
At 31 March 2021	25,634	5,701,438

(c) Total cash outflow for leases

	2022 ***HK$'000***	2021 *HK$'000*
Within operating activities	**(6,599)**	(5,564)
Within financing activities	**(14,817)**	(16,304)
	(21,416)	(21,868)

30. CONTINGENT LIABILITIES

As at 31 March 2022, the Group has given guarantees of HK$15,146,000 (2021: HK$219,931,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property ownership certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the financial statements for the years ended 31 March 2022 and 2021 for the guarantees.

31. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 24 to the financial statements.

32. COMMITMENTS

(a) The Group had the following commitments at the end of the reporting period:

	2022	2021
	HK$'000	*HK$'000*
Contracted, but not provided for:		
Property development expenditure	**264,610**	335,416

33. RELATED PARTY TRANSACTIONS

(a) In addition to those transactions disclosed elsewhere in these financial statements, the Group had the following material related party transactions during the year:

	Notes	2022 HK$'000	2021 HK$'000
Management fees paid to the immediate holding company	(i)	**13,746**	13,074
Construction cost paid to a related company	(ii)	**19,415**	39,235

Notes:

(i) The management fees were charged based on the underlying costs incurred by the immediate holding company in which Dr. James Sai-Wing Wong, a director of the Company, has beneficial interests.

(ii) On 12 July 2018, Gold Famous, an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Chinney Construction Company, Limited ("Chinney Construction"), an indirect wholly-owned subsidiary of Chinney Alliance, pursuant to which Gold Famous engaged Chinney Construction to act as the main contractor to carry out construction works for the construction and development of a data centre at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong at a total contract sum not exceeding HK$757,800,000 (the "Framework Agreement"). As Chinney Investments is interested in approximately 68.09% of the issued shares of the Company and approximately 29.10% of the issued shares of Chinney Alliance and Dr. James Sai-Wing Wong is the chairman, executive director and a controlling shareholder of each of Chinney Investments, the Company and Chinney Alliance, the related transaction constituted a connected transaction for each of Chinney Investments, the Company and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of Chinney Investments, the Company and Chinney Alliance at the respective general meetings held by each of the companies on 24 August 2018.

33. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Compensation of key management personnel of the Group

	2022 HK$'000	2021 HK$'000
Short term employee benefits	**35,809**	35,219
Post-employment benefits	**1,005**	1,138
	36,814	36,357

Further details of directors' emoluments are included in note 8 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at amortised cost 2022 HK$'000	2021 HK$'000
Trade receivables	**14,319**	19,116
Financial assets included in prepayments, deposits and other receivables	**220,093**	156,162
Cash and bank balances	**1,877,175**	1,908,888
	2,111,587	2,084,166

34. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	Financial liabilities at amortised cost	
	2022	2021
	HK$'000	*HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	**206,029**	254,598
Lease liabilities	**43,715**	25,634
Interest-bearing bank borrowings	**5,526,671**	5,701,438
Customer deposits	**86,354**	92,341
	5,862,769	6,074,011

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, customer deposits, financial liabilities included in trade payables, other payables and accrued liabilities, the current portion of interest-bearing bank borrowings and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2022 was assessed to be insignificant.

35. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 31 March 2022 and 31 March 2021.

The Group did not have any financial liabilities measured at fair value as at 31 March 2022 and 31 March 2021. As at 31 March 2022, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included interest-bearing bank borrowings (non-current portion) of HK$2,419,303,000 (2021: HK$4,327,955,000) and lease liabilities (non-current portion) of HK$23,711,000 (2021: HK$13,641,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are unobservable (Level 3).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities of the Group (2021: Nil).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks and they are summarised below.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rate at the end of the reporting period with all other variables held constant, of the Group's profit after tax and the Group's equity (due to changes in the fair value of monetary assets and liabilities).

	Change in exchange rate	**Increase/ (decrease) in profit after tax and equity**
	%	***HK$'000***
2022		
If the Hong Kong dollar weakens against RMB	**5**	**(156)**
If the Hong Kong dollar strengthens against RMB	**5**	**156**

	Change in exchange rate	Increase/ (decrease) in profit after tax and equity
	%	*HK$'000*
2021		
If the Hong Kong dollar weakens against RMB	5	(135)
If the Hong Kong dollar strengthens against RMB	5	135

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The interest rates and terms of repayment of the Group's borrowings are disclosed in note 24 to the financial statements. The Group's policy is to obtain the most favourable interest rates available for its borrowings. Management monitors interest rate exposure and will consider hedging significant interest rate exposures should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates at the end of the reporting period, with all other variables held constant, of the Group's profit after tax and the Group's equity (through the impact on floating rate borrowings) and after the effect of interest being capitalised under property development projects of HK$16,325,000 (2021: HK$2,678,000).

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit after tax and equity**
		HK$'000
2022		
Hong Kong dollar	**100**	**(26,341)**
RMB	**50**	**(3,225)**
Hong Kong dollar	**(100)**	**26,341**
RMB	**(50)**	**3,225**

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit after tax and equity
		HK$'000
2021		
Hong Kong dollar	100	(29,085)
RMB	50	(3,751)
Hong Kong dollar	(100)	29,085
RMB	(50)	3,751

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts for financial assets.

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	–	–	–	14,319	14,319
Financial assets included in prepayments, deposits and other receivables					
– Normal*	220,093	–	–	–	220,093
Cash and bank balances	1,877,175	–	–	–	1,877,175
	2,097,268	–	–	14,319	2,111,587

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging *(Continued)*

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	–	–	–	19,116	19,116
Financial assets included in prepayments, deposits and other receivables					
– Normal*	177,210	–	–	–	177,210
Cash and bank balances	1,908,888	–	–	–	1,908,888
	2,086,098	–	–	19,116	2,105,214

* *The credit quality of the financial assets included in prepayments, deposits and other receivables are considered as "normal" when they are not past due and there is no information indicating that the financial assets have significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as "doubtful".*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and other fund raising exercises. The Group will consistently maintain a prudent financing policy and ensure that it maintains sufficient cash and credit lines to meet its liquidity requirements. 56% (2021: 24%) of the Group's debts, which comprise interest-bearing bank borrowings and lease liabilities, would mature in less than one year as at 31 March 2022 based on the carrying value of debts reflected in the financial statements. If based on the maturity dates as set out in the loan agreements, 55% (2021: 23%) of the Group's debts would mature in less than one year.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2022				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	4,044	201,985	–	–	206,029
Lease liabilities	–	21,272	16,205	7,511	44,988
Interest-bearing bank borrowings	66,000	3,130,809	1,098,070	1,450,175	5,745,054
Customer deposits	86,354	–	–	–	86,354
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	15,146	–	–	–	15,146
	171,544	3,354,066	1,114,275	1,457,686	6,097,571

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

	2021				
	On demand	Less than 12 months	1 to 2 years	Over 2 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities included in trade payables, other payables and accrued liabilities	4,086	250,512	–	–	254,598
Lease liabilities	–	12,915	9,006	5,047	26,968
Interest-bearing bank borrowings	80,000	1,448,800	2,974,300	1,495,468	5,998,568
Customer deposits	92,341	–	–	–	92,341
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	219,931	–	–	–	219,931
	396,358	1,712,227	2,983,306	1,500,515	6,592,406

In respect of interest-bearing bank borrowings of HK$66,000,000 (2021: HK$80,000,000), the loan agreements contain a repayment on demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

Notwithstanding the above clause, the directors do not believe that the loans will be called in their entirety within 12 months, and they consider that the loans will be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: the financial position of the Group at the date of approval of the financial statements; the Group's compliance with the loan covenants; the lack of events of default; and the fact that the Group has made all previously scheduled repayments on time.

In accordance with the terms of the loans, the contractual undiscounted payments at 31 March 2022 for the interest-bearing bank borrowings in respect of the Group are HK$3,203,700,000 (2021: HK$1,461,026,000) payable within one year, HK$1,120,578,000 (2021: HK$2,993,986,000) payable in the second year, and HK$1,472,356,000 (2021: HK$1,540,840,000) payable beyond two years.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net interest-bearing debt divided by the equity attributable to owners of the Company plus non-controlling interests. Net interest-bearing debt includes interest-bearing bank borrowings and lease liabilities less cash and bank balances. The gearing ratios as at the end of the reporting periods were as follows:

	31 March 2022 *HK$'000*	31 March 2021 *HK$'000*
Interest-bearing bank borrowings	**5,526,671**	5,701,438
Lease liabilities	**43,715**	25,634
Less: Cash and bank balances	**(1,877,175)**	(1,908,888)
Net interest-bearing debt	**3,693,211**	3,818,184
Equity attributable to owners of the Company	**12,264,190**	11,976,419
Non-controlling interests	**248,917**	233,375
Total equity	**12,513,107**	12,209,794
Gearing ratio	**30%**	31%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022	2021
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**20,177**	8,633
Investments in subsidiaries	**1**	1
Amounts due from subsidiaries	**408,795**	408,684
Total non-current assets	**428,973**	417,318
CURRENT ASSETS		
Amounts due from subsidiaries	**3,460,648**	3,275,298
Prepayments, deposits and other receivables	**29,505**	16,697
Time deposits	**32,016**	300,817
Cash and bank balances	**38,254**	110,751
Total current assets	**3,560,423**	3,703,563
CURRENT LIABILITIES		
Amounts due to subsidiaries	**2,128,419**	2,250,093
Trade payables, other payables and accrued liabilities	**8,202**	7,914
Interest-bearing bank borrowing	**50,000**	–
Lease liability	**6,322**	2,481
Total current liabilities	**2,192,943**	2,260,488
NET CURRENT ASSETS	**1,367,480**	1,443,075
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,796,453**	1,860,393
NON-CURRENT LIABILITY		
Lease liability	**8,989**	–
Net assets	**1,787,464**	1,860,393

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

	2022	2021
	HK$'000	*HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Share capital	**1,519,301**	1,519,301
Reserves *(note)*	**268,163**	341,092
Total equity	**1,787,464**	1,860,393

James Sai-Wing Wong
Director

Philip Bing-Lun Lam
Director

Note:

A summary of the Company's reserves is as follows:

	Capital reserve	**Retained profits**	**Total reserves**
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2020	647	188,021	188,668
Total comprehensive income for the year	–	242,478	242,478
Final 2020 dividend declared	–	(90,054)	(90,054)
At 31 March 2021 and 1 April 2021	647	340,445	341,092
Total comprehensive income for the year	–	17,125	17,125
Final 2021 dividend declared	–	(90,054)	(90,054)
At 31 March 2022	**647**	**267,516**	**268,163**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 June 2022.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 March				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
REVENUE	**1,106,278**	1,276,226	638,477	1,478,353	1,781,043
PROFIT/(LOSS) FOR THE YEAR	**91,763**	123,184	(13,262)	1,300,562	3,108,920
Profit/(loss) attributable to:					
Owners of the Company	**91,693**	121,516	(35,946)	1,158,507	2,979,893
Non-controlling interests	**70**	1,668	22,684	142,055	129,027
	91,763	123,184	(13,262)	1,300,562	3,108,920

	As at 31 March				
	2022	2021	2020	2019	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**20,538,520**	20,393,005	19,860,918	19,536,834	19,661,250
TOTAL LIABILITIES	**(8,025,413)**	(8,183,211)	(8,357,557)	(7,468,277)	(8,198,120)
NET ASSETS	**12,513,107**	12,209,794	11,503,361	12,068,557	11,463,130
NON-CONTROLLING INTERESTS	**(248,917)**	(233,375)	(191,982)	(194,353)	(91,035)
SHAREHOLDERS' FUNDS	**12,264,190**	11,976,419	11,311,379	11,874,204	11,372,095

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

	Location	Use	Site area *(sq.m./sq.ft.)*	Gross floor area *(sq.m./sq.ft.)*	Development progress (up to 28 June 2022)	Estimated completion date	Attributable interest of the Group *(%)*
MAINLAND CHINA							
1.	45-65 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Residential	5,430 sq.m. (58,427 sq.ft.)	36,013 sq.m. (387,500 sq.ft.)	Superstructure works in progress	2024	100
2.	67-107 Beijing Nan Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	4,025 sq.m. (43,309 sq.ft.)	41,366 sq.m. (445,098 sq.ft.)	Superstructure works in progress	2024	100
HONG KONG							
3.	Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft

GROUP II – COMPLETED PROPERTIES

Location	Use	Remaining unsold units	Gross floor area *(sq.m./sq.ft.)*	Car parking spaces	Attributable interest of the Group *(%)*
MAINLAND CHINA					
4. Ganghui Huating (港滙華庭) 5 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial	4-storey of commercial podium	4,157 sq.m. (44,729 sq.ft.)	71	100
5. Botanica Phases 1, 2, 3 & 4 (寶翠園一、二、三及四期) Tian He District Guangzhou Guangdong Province	Commercial	6 ground floor shops	338 sq.m. (3,637 sq.ft.)	2,145	60
6. Metropolitan Oasis Phases 1, 2 & 3 (雅瑤綠洲第一、二及三期) Da Li District Nanhai Guangdong Province	Low density residential	50 apartment units and 27 town houses	20,126 sq.m. (216,556 sq.ft.)	746	100
7. Enterprise Square (僑城坊) Qiaoxiang Road North Nanshan District Shenzhen Guangdong Province	Composite	335 apartment units	38,478 sq.m. (414,023 sq.ft.)	–	20

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft

GROUP III – PROPERTIES HELD FOR INVESTMENT

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
8. City Square (城市天地廣場)/ The Bauhinia Hotel (Shenzhen) (寶軒酒店(深圳)) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	5-storey of commercial podium comprising hotel and commercial	20,308 sq.m. (218,514 sq.ft.)	162 hotel rooms	Medium term lease	100
9. City Suites (寶軒公寓) Jia Bin Road Luo Hu District Shenzhen Guangdong Province	Serviced apartments	3,692 sq.m. (39,725 sq.ft.)	64 apartment units	Medium term lease	100
10. Chongqing Hon Kwok Centre (重慶漢國中心) Lot no. B-01-03 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office	107,802 sq.m. (1,159,949 sq.ft.)	–	Medium term lease	100
11. Chongqing Jinshan Shangye Zhongxin (重慶金山商業中心) Lot no. B-01-02 Jin Shan Pian Qu Jin Kai Yuan Bei Bu Xin Qu Chongqing	Commercial/ Office/Hotel	173,291 sq.m. (1,864,611 sq.ft.)	~300 hotel rooms	Medium term lease	100
12. Ganghui Dasha (港滙大廈) 3 Beijing Road Yue Xiu District Guangzhou Guangdong Province	Commercial/ Office	13,053 sq.m. (140,450 sq.ft.)	–	Medium term lease	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft

GROUP III – PROPERTIES HELD FOR INVESTMENT *(Continued)*

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
MAINLAND CHINA					
13. Hon Kwok City Commercial Centre (漢國城市商業中心) Junction of Shen Nan Zhong Road and Fu Ming Road Fu Tian District Shenzhen Guangdong Province	Commercial/ Office	128,356 sq.m. (1,381,110 sq.ft.)	–	Medium term lease	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft

GROUP III – PROPERTIES HELD FOR INVESTMENT *(Continued)*

Location	Use	Gross floor area *(sq.m./sq.ft.)*	No. of apartments/ hotel rooms	Ownership status	Attributable interest of the Group *(%)*
HONG KONG					
14. Hon Kwok Jordan Centre (漢國佐敦中心) 5, 7 & 7A Hillwood Road Tsim Sha Tsui Kowloon	Commercial/ Office	62,127 sq.ft.	–	Medium term lease	100
15. The Bauhinia (寶軒)/ The Bauhinia Hotel (Central) (寶軒酒店(中環)) 119-121 Connaught Road Central & 237-241 Des Voeux Road Central Hong Kong	Serviced apartments/ Hotel/Commercial	123,283 sq.ft.	112 apartment units and 42 hotel rooms with a total of 213 rooms	Long term lease	100
16. The Bauhinia Hotel (TST) (寶軒酒店(尖沙咀)) 5-9 Observatory Court Tsim Sha Tsui Kowloon	Hotel/Commercial	60,893 sq.ft.	98 hotel rooms	Medium term lease	100
17. Digital Realty Kin Chuen (HKG11), 11 Kin Chuen Street Kwai Chung New Territories	Data centre	228,033 sq.ft.	–	Medium term lease	100

For illustration purposes, sq.m. has been translated into sq.ft. at the rate of 1 sq.m. ≈ 10.76 sq.ft

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Hon Kwok Land Investment Company, Limited (the "Company", together with its subsidiaries, the "Group") will be held at Artyzen Club, 401A, 4/F Shun Tak Centre (near China Merchants Tower), 200 Connaught Road Central, Hong Kong on Thursday, 25 August 2022 at 11:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditor's report for the year ended 31 March 2022.

2. To declare a final dividend for the year ended 31 March 2022.

3. To re-elect director(s) and to authorise the directors to fix the directors' remuneration.

4. To re-appoint auditor and to authorise the directors to fix the auditor's remuneration.

5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

   "**THAT** the exercise by the directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options, including warrants to subscribe for shares, which would or might require shares to be allotted, issued or dealt with, whether during or after the end of the Relevant Period be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to: (a) a rights issue where shares of the Company are offered for a period fixed by the directors to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions under the laws of the relevant place, or the requirements of the relevant regulatory body or any stock exchange in that place); or (b) any scrip dividend or similar arrangement providing for the allotment of securities in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (c) the exercise of any options under any share option scheme of the Company or similar arrangement for the grant or issue to the employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (d) a specific authority granted by the shareholders of the Company in general meeting, the additional shares allotted, issued or dealt with (including shares agreed conditionally or unconditionally to be allotted, issued or dealt with, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the number of issued shares of the Company at the date of passing this Ordinary Resolution (subject to adjustment in the case of any conversion of all or any of the shares of the Company into a larger or smaller number of shares in accordance with Section 170(2)(e) of the Companies Ordinance after the passing of this Ordinary Resolution) and the said approval shall be limited accordingly.

For the purpose of this Ordinary Resolution, "Relevant Period" means the period from the passing of this Ordinary Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting is required by any applicable laws or the Company's Articles of Association to be held; and

(iii) the revocation or variation of the authority given under this Ordinary Resolution by an ordinary resolution of the shareholders in general meeting."

By Order of the Board
Ka-Yee Wan
Company Secretary

Hong Kong, 26 July 2022

Notes:

1. Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to represent respectively the number of shares held by such member, to attend and to speak and vote instead of him. A proxy need not be a member of the Company.

2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be completed and deposited with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

3. In the case of joint holders of a share, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders be present at the above meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

4. All the resolutions set out in this notice will be decided by poll.

5. With regard to resolution 3 in this notice, Mr. James C. Chen ("Mr. Chen") who was appointed subsequent to the last annual general meeting of the Company, will hold office until the meeting and, being eligible, offer himself for re-election in accordance with article 95 of the articles of association of the Company (the "Articles of Association").

   Mr. Xiao-Ping Li ("Mr. Li") and Mr. Philip Bing-Lun Lam ("Mr. Lam") will retire by rotation at the meeting in accordance with article 104 of the Articles of Association. Mr. Li and Mr. Lam, being eligible, will offer themselves for re-election at the meeting.

6. Details of the director who stand for re-election at the meeting are set out below:–

James C. Chen

Aged 72, was appointed as an independent non-executive director of the Company in August 2021. He is also the Chairman of the Audit Committee of the Company. He has over 40 years of experience in accounting, financial management and multinational business. He held various senior executive positions in several multinational companies in United States of America ("USA") and Hong Kong and is responsible for the overall management and strategic planning. Mr. Chen holds a Bachelor of Arts Degree, Cum Laude (majors in Accounting, Business Administration and International Business) from Carthage College, Wisconsin, USA. He is also a fellow member of the Hong Kong Institute of Directors and a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and the Chartered Global Management Accountant. Before he joined the Company, Mr. Chen was an independent non-executive director, the Chairman of Audit Committee and a member of Remuneration Committee of Chinney Investments, Limited (Stock Code: 216) which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Save as disclosed above, Mr. Chen does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. At the date hereof, Mr. Chen does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO").

Mr. Chen has entered into a letter of appointment with the Company. Pursuant to the letter of appointment, Mr. Chen is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association. Mr. Chen is entitled to a director's fee of HK$320,000 per annum which is based on the remuneration policy of the Group.

Save as disclosed above, there is no other information relating to Mr. Chen which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

Xiao-Ping Li

Aged 70, joined the Group in 1999 and was appointed as an executive director of the Company in 2009. He is also a director of certain subsidiaries of the Company. Mr. Li was not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association. He has over 40 years of experience in economics and management in the People's Republic of China (the "PRC"). He has obtained a senior economist qualification certificate of PRC. He is a member of the Plant Maintenance Association of Chinese Mechanical Engineering Society.

At the date hereof, Mr. Li does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Li does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

No service contract has been signed between the Company and Mr. Li. However, Mr. Li has an employment contract with the Company. He is currently entitled to an annual salary of HK$5,840,000 plus discretionary bonus to be determined by the board of directors of the Company (the "Board").

Save as disclosed above, there is no other information relating to Mr. Li which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

6. Details of the director who stand for re-election at the meeting are set out below:– *(Continued)*

Philip Bing-Lun Lam

Aged 79, was appointed as an executive director of the Company in April 2019. Mr. Lam began his career in 1963 with Hang Seng Bank Limited for eleven years, and then joined the University of Hong Kong ("HKU") in 1975 as an Assistant Finance Director. He then worked as the Chief Accountant and Comptroller in Overseas Bank (Canada) in Vancouver for three years from 1982 to 1985. In 1985, Mr. Lam re-joined HKU and had served as the Director of Finance from 1990 until his retirement on 30 June 2012. He was then asked by the Vice-Chancellor of HKU to be his Senior Advisor for financial, investment and fund-raising matters until June 2014, and since then, he has been the Honorary Advisor to the Chairman of The University of Hong Kong Foundation for Educational Development and Research. Mr. Lam obtained a diploma in management studies from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in July 1974. He is a fellow of The Chartered Institute of Management Accountants (UK), the Hong Kong Institute of Certified Public Accountants and the Hong Kong Institute of Directors and an associate of The Certified Management Accountants (Canada), The Institute of Chartered Secretaries and Administrators (UK) and The Chartered Institute of Bankers (UK).

Mr. Lam is active in community affairs and had served as a member on the Board of Review (Inland Revenue Ordinance) Hong Kong for three years from 1995 to 1998. He had been a member of the Establishment and Finance Committee of the Prince Philip Dental Hospital from early 1990s until his retirement in June 2012. Currently he is a member of the Board of Governors of the Canadian International School of Hong Kong, and a member of the Board of Governors of the Centennial College, a subsidiary of HKU. Mr. Lam is an executive director of Chinney Alliance Group Limited (stock code: 385) and Chinney Kin Wing Holdings Limited (stock code: 1556), both companies are listed on the Main Board of the Stock Exchange. He is also a director of certain subsidiaries of the Company. He has been an independent non-executive director of Oriental University City Holdings (H.K.) Limited (stock code: 8067) from December 2014 to December 2021, which is listed on the GEM of the Stock Exchange.

Save as disclosed above, Mr. Lam does not hold any other positions in the Company or any members of the Group, and did not hold any directorships in any listed public companies in the past three years. He does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company. As at the date hereof, Mr. Lam does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

There is a service agreement entered into between the Company and Mr. Lam. He is not appointed for a specific term but is subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Articles of Association. He is currently entitled to an annual salary of HK$2,140,000 plus discretionary bonus to be determined by the Board.

Save as disclosed above, there is no other information relating to Mr. Lam which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

7. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time after 9:00 a.m. on the date of the meeting, the meeting will be adjourned. The Company will post an announcement on the Company's website (http://www.honkwok.com.hk) and the HKEXnews website (http://www.hkexnews.hk) to notify shareholders of the date, time and place of the adjourned meeting.

The meeting will be held as scheduled when Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situations.

8. Taking into account of the recent development of the pandemic caused by Covid-19 coronavirus ("Covid-19"), the Company will implement the following prevention and control measures at the meeting to protect the shareholders from the risk of infection:

   (i) Compulsory body temperature check will be conducted for every shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.5 degrees Celsius will not be admitted to the venue;

   (ii) Every shareholder or proxy is required to wear surgical facial mask throughout the meeting;

   (iii) Hand sanitizer will be provided; and

   (iv) No refreshment will be served.

   Furthermore, the Company strongly encourages the shareholders, particularly those who are unwell or subject to quarantine in relation to Covid-19, to appoint the chairman of the meeting as a proxy to vote on the resolutions instead of attending the meeting in person.

9. Due to the constantly evolving situation relating to the Covid-19 pandemic in Hong Kong, the Company may implement further precautionary measures or may be required to change the meeting arrangements at short notice. Shareholders should visit the websites of the Company at http://www.honkwok.com.hk and HKEXnews at http://www.hkexnews.hk for further announcements and updates on the meeting arrangements.

10. At the date hereof, the directors of the Company are Dr. James Sai-Wing Wong (Chairman), Mr. James Sing-Wai Wong, Mr. Xiao-Ping Li and Mr. Philip Bing-Lun Lam as executive directors; and Ms. Janie Fong, Mr. David Tak-Wai Ma and Mr. James C. Chen as independent non-executive directors.