Chinney Investments, Limited

Stock Code: 216

Annual Report
2021/22

CONTENTS

CORPORATE INFORMATION

DIRECTORS

James Sai-Wing Wong *(Chairman)*
Yuen-Keung Chan *(Vice Chairman and Managing Director)*
James Sing-Wai Wong
Paul Hon-To Tong
Emily Yen Wong
Richard Chi-Ho Lo*
Winfred Wai-Lap Fan*
Randall Todd Turney*

* *Independent non-executive directors*

AUDIT COMMITTEE

Winfred Wai-Lap Fan *(Chairman)*
Richard Chi-Ho Lo
Randall Todd Turney

REMUNERATION COMMITTEE

Winfred Wai-Lap Fan *(Chairman)*
Yuen-Keung Chan
Randall Todd Turney

NOMINATION COMMITTEE

Richard Chi-Ho Lo *(Chairman)*
Winfred Wai-Lap Fan
Randall Todd Turney
James Sing-Wai Wong
Yuen-Keung Chan

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) 2877 3307
Fax	:	(852) 2877 2035
E-mail	:	general@chinneyhonkwok.com

STOCK CODE

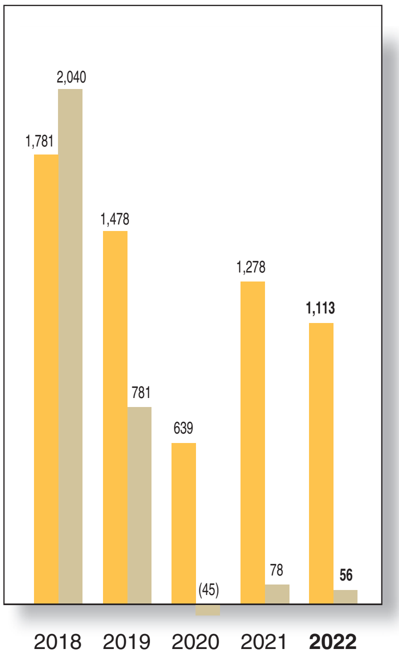
SEHK 216

WEBSITE

http://www.chinney.com.hk

Revenue/ Net Profit/(Loss)

HK$ Million



Revenue (2018: restated)

Net profit/(loss) attributable to shareholders

Shareholders' Funds/Net Assets per Share

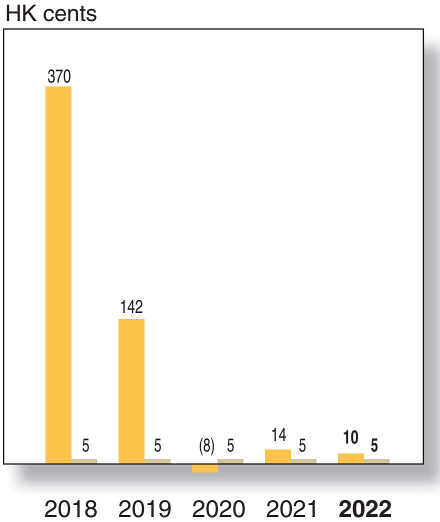
HK$ Million / HK$

Shareholders' funds

Net assets per share (HK$)

Earnings/(Loss)/ Dividend per Share

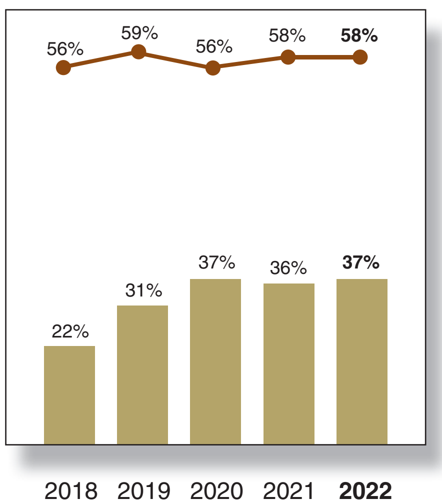
HK cents



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
15 Nexxus Jing'an 前社NEXXUS•靜安, held as investment property

Project under redevelopment plan

16 Zhongtang, Dongguan 東莞市中堂project (not shown above)

FINANCIAL RESULTS

For the year ended 31 March 2022, the Group's consolidated revenue was HK$1,113 million (2021: HK$1,278 million) with a net profit attributable to shareholders of HK$56 million (2021: HK$78 million). The underlying net profit attributable to shareholders will be HK$110 million (2021: HK$91 million) after excluding the fair value losses of investment properties (net of deferred taxation) of HK$54 million (2021: HK$13 million). The decline in revenue was mainly due to a decrease in property sales recognised during the year. The increase in underlying profit was attributed to a gain of HK$33 million arising from a partial disposal of interest in the Group's redevelopment project in Dongguan.

As at 31 March 2022, shareholders' equity amounted to HK$8,448 million (as at 31 March 2021: HK$8,234 million) and net assets per share attributable to shareholders stood at HK$15.32 (as at 31 March 2021: HK$14.93). 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 appreciation of Renminbi against Hong Kong Dollars during the year.

DIVIDEND

The Directors recommend the payment of a final dividend of 5 Hong Kong cents per ordinary share for the year ended 31 March 2022 (2021: 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 29 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

1. Property

The Group's property development and investment activities are conducted by its 68.09% owned subsidiary Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160) and its subsidiaries ("Hon Kwok Group"). Hon Kwok Group reported revenues of HK$1,106 million (2021: HK$1,276 million) and net profit attributable to its shareholders of HK$92 million (2021: HK$122 million) for the financial year 2021/2022.

The decline in revenue was due to decrease in sales recognition from Hon Kwok Group's development projects, which recorded HK$633 million (2021: HK$957 million), from the delivery of sold units in Metropolitan Oasis, a residential project in Nanhai, Mainland China. Revenue from its property rental business grew to HK$434 million (2021: HK$290 million) due to lease commencement of its fully-leased data centre in Hong Kong, together with an improvement in overall occupancy for Hon Kwok Group's investment properties.

The decline in net profit attributable to shareholders was mainly due to further fair value losses (net of deferred taxation) of HK$80 million (2021: HK$11 million) recorded upon reappraisals of Hon Kwok Group's investment properties at year end as compared with last year. Excluding fair value losses, underlying profit is HK$172 million (2021: HK$133 million).

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, in 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%).

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

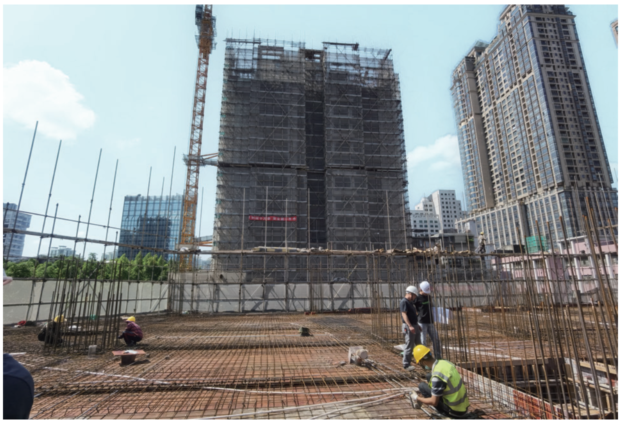
Property Development and Investment – Mainland China *(Continued)*

Guangzhou, PRC *(Continued)*

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)*

1. **Property** *(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, property sales contracted 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 Futian District. This signature above-ground 75-storey commercial/office tower 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 an overall occupancy rate achieved 64% (2021: 39%).

Hon Kwok City Commercial Centre

BUSINESS REVIEW *(Continued)*

1. **Property** *(Continued)*

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

Shenzhen, PRC *(Continued)*

City Square 城市天地廣場, situated at Jia Bin Road, in 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 stable and stood at around 90%.

Enterprise Square 僑城坊, in which Hon Kwok 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, property sales contracted but revenue not yet booked amounted to RMB100 million. Net profit attributable to Hon Kwok 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)*

1. Property *(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)*

1. **Property** *(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 and related travel restrictions. In preparation for a rebound in tourism 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 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 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).

BUSINESS REVIEW *(Continued)*

1. Property *(Continued)*

Property Investment – Valuation

The Group's investment property portfolio measured on a fair value basis is valued at HK$15,923 million as at 31 March 2022 (as at 31 March 2021: HK$15,207 million), comprised of a Mainland China portfolio of HK$10,714 million and Hong Kong portfolio of HK$5,209 million. Taking into account the new addition 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.

2. Property under redevelopment plan

The development project at Douchizhou, Zhongtang Town, Dongguan, covers a site area of approximately 19,000 sq.m. and a gross floor area of approximately 58,000 sq.m.. It is a redevelopment project converting a parcel of land previously owned by our Group's former garment factory into a commercial/residential project. Superstructure construction works are expected to be completed by the end of 2022. A portion of residential units were launched to the market for pre-sales in early 2022 and achieved contract sales of RMB100 million up to 31 March 2022.

In November 2021, the Group entered into a sale and purchase agreement to dispose of a 35% interest in this project at Dongguan, PRC, through the sale of equity interest of its offshore holding company for a total cash consideration of RMB30 million (equivalent to Hong Kong dollar of approximately HK$36.6 million). This reduced the Group's interest in the project from 65% to 30%. The transaction was completed in November 2021 and the relevant gain on disposal amounted to approximately HK$33 million. The disposal enabled the Group to realise a portion of its interest in this investment and generated additional cash flow.

BUSINESS REVIEW *(Continued)*

3. Construction and Trading

Chinney Alliance Group Limited ("Chinney Alliance") (Stock Code: 385), a 29.1% owned associate recorded revenue of HK$6,800 million (2020: HK$4,942 million) and net profit attributable to its shareholders of HK$77.4 million (2020: HK$124.1 million) for the year ended 31 December 2021.

Chinney Alliance's foundation piling and ground investigation businesses are conducted by Chinney Kin Wing Holdings Limited ("Chinney Kin Wing") (Stock Code: 1556), a 74.5% owned subsidiary listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Chinney Kin Wing contributed revenue of HK$2,042 million (2020: HK$1,553 million) and operating profit of HK$81.7 million (2020: HK$85.0 million).

Foundation pilling works at Hung Shui Kiu, Yuen Long

The increase in revenue was attributable to the continuing construction progress of sizeable foundation contracts as well as contribution from drilling and site investigation contracts. However, profit margins shrank due to a significant increase in material and labour costs. In particular, extra resources were allocated to comply with stringent Covid-related contract requirements and construction schedules.

The building construction division engaged in superstructure construction works, contributed revenue of HK$1,120 million (2020: HK$659 million) and recorded an operating loss of HK$41.5 million (2020: profit of HK$15.7 million). Operating loss was incurred as a result of delay in projects completed during the year, of which cost overruns were not fully claimable from clients. Besides, project works have suffered delays under the impact of the pandemic these past couple of years.

Main Contract for the Commercial Development at 10-12 Wellington Street, Central

BUSINESS REVIEW *(Continued)*

3. Construction and Trading *(Continued)*

The building-related contracting services division, engaged in electrical, HVAC, fire services and pump and drainage businesses, achieved revenue of HK$2,684 million (2020: HK$2,056 million) and operating profit of HK$82.0 million (2020: HK$74.4 million). Owing to the increase in material and labour costs, as well as site overheads, gross profit margins were squeezed. Management continued to explore higher value tender opportunities in large-scale government projects.

The aviation division contributed revenue of HK$382 million (2020: HK$211 million) and an operating profit of HK$13.4 million (2020: HK$14.9 million). The division has gained expertise and a reliable reputation in the aviation sector. It operates a number of projects for the Hong Kong International Airport and the Hong Kong Government.

The plastic and chemical products division generated revenue of HK$572 million (2020: HK$463 million) and operating profit of HK$25.5 million (2020: HK$11.1 million). The division found trading opportunities among disruptions caused by the Covid-19 pandemic, as the margin for trading plastic raw materials and chemicals improved during supply shortages. Besides, sales of disinfectant product "JcoNAT" added to profit growth this year.

4. Acquisition of Property

In January 2022, the Group entered into an agreement to acquire a property, currently known as "前社NEXXUS•靜安" (Nexxus Jing'an), via its indirect holding company at an aggregate cash consideration of approximately HK$230 million. The property, situated at Xikang Road, Shanghai, is a completed 4-storey commercial premises with total gross floor area of approximately 6,660 sq.m. and occupancy rate of approximately 90%. The acquisition constituted a major transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Please refer to the Company's announcements dated 7 January 2022, 21 January 2022 and 3 March 2022 and the circular dated 25 April 2022 for details. The above transaction was completed in January 2022 and thereafter, the property acquired was accounted for as an investment property in the Group's financial statements.

Nexxus Jing'an in Jing'an district of Shanghai, PRC

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

James Sai-Wing Wong

Aged 84, was appointed as a director and the Chairman of the Company in 1987. Dr. James Sai-Wing Wong ("Dr. Wong") is a director of Chinney Holdings Limited ("Chinney Holdings") and Lucky Year Finance Limited ("Lucky Year"), both being substantial shareholders of the Company. He is also the Chairman of Hon Kwok and Chinney Alliance. Both Hon Kwok and Chinney Alliance are listed on the Main Board of 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.

Yuen-Keung Chan

Aged 67, was appointed as the Vice Chairman, the Managing Director and executive director of the Company in 2018. Mr. Chan is also the Vice Chairman, the Managing Director and executive director of Chinney Alliance and the Chairman and an executive director of Chinney Kin Wing. He was an executive director of Hon Kwok during the period from January 2007 to July 2018. Hon Kwok, Chinney Alliance and Chinney Kin Wing are all listed on the Main Board of the Stock Exchange. He is also a director of various subsidiaries and associates of the Company. He has over 45 years of experience in the construction industry. He is a member of the Chartered Institute of Building.

James Sing-Wai Wong

Aged 58, was appointed as an executive director of the Company in August 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") 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. Mr. Wong is an executive director of Hon Kwok, Chinney Alliance and Chinney Kin Wing. He was a non-executive director of the Company during the period from June 2013 to August 2017 and was a non-executive director of Hon Kwok during the period from August 2017 to July 2018. Hon Kwok, 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.

DIRECTORS *(Continued)*

Paul Hon-To Tong

Aged 76, was appointed as a non-executive director of the Company in 2010. He has many years of senior management experience in manufacturing and trading businesses with global operations. He was formerly executive vice president and general counsel of Johnson Electric Holdings Limited. He also served for many years as a member of the Board of Review (Inland Revenue Ordinance) Hong Kong. From 2007 to 2021, he was a non-executive director of Wing Tai Holdings Limited, which is listed on the Singapore Stock Exchange. He obtained his BSc (Economics) and postgraduate certificate of Management Studies from the University of London and the University of Oxford in England respectively. He was admitted as a barrister of the Middle Temple in England, the Supreme Court of Hong Kong and the High Court of Australia. He is also a member of the Hong Kong Institute of Certified Public Accountants and an associate member of The Chartered Governance Institute (formerly the Institute of Chartered Secretaries and Administrators).

Emily Yen Wong

Aged 56, was appointed as a non-executive director of the Company in August 2017. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a Diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Faculty of Medicine and is the Past Chief of Medical Staff at the University of Washington Medical Center.

Dr. Emily Wong was a director of Hon Kwok during the period from November 2011 to August 2017. Hon Kwok is listed on the Main Board of the Stock Exchange.

Dr. Emily Wong is a director of Lucky Year and Chinney Holdings, both of which are substantial shareholders of the Company. She is the daughter of Dr. Wong who is the Chairman and a substantial shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Richard Chi-Ho Lo

Aged 54, was appointed as an independent non-executive director of the Company in 2017. He is also the Chairman of the Nomination Committee of the Company. He obtained his Bachelor of Arts degree in Economics from the University of California, Los Angeles in the United States, Master of Business Administration (Investment and Finance) degree from the University of Hull in the United Kingdom, and an Executive Program Certificate from Stanford University Graduate School of Business in the United States and a Sustainability Leadership Program Certificate from University of Cambridge in the United Kingdom. Mr. Lo has over 30 years of experience in the investment and real estate industry. He is currently the chief executive officer of Fulldiamond Group, an investment and consulting company specializing in real estate, finance, securities, project and fund raising. Mr. Lo is the vice president cum chairman of Business Development Committee of The Hong Kong Real Property Federation, founder and vice president of the World Outstanding Chinese Youth Association and a member of the Hong Kong Pei Hua Education Foundation. He is also a committee member of the Chinese People's Political Consultative Conference Jiangxi Provincial Committee. Mr. Lo is an independent non-executive director of Shi Shi Services Limited (formerly known as Heng Sheng Holdings Limited) (Stock Code: 8181) which is listed on GEM of the Stock Exchange.

Winfred Wai-Lap Fan

Aged 51, was appointed as an independent non-executive director of the Company in August 2019. He is also the Chairman of both the Remuneration Committee and the Audit Committee of the Company. He is a senior executive and entrepreneur with over a decade of experience as chief executive officer, chief financial officer and advisor of businesses in technology, manufacturing, real estate and retail in the Australia and New Zealand and Asia-Pacific region. Prior to moving back to Hong Kong in 2015, Mr. Fan spent the first two decades of his career in Melbourne, firstly at a leading accounting and advisory firm in Australia where he acted as a key change agent working closely with clients in different industries helping them to restructure and grow. He then held senior positions at a number of retail, manufacturing and IT companies. Mr. Fan has been the chief financial officer then chief executive officer of Anywhere Networks, a global wireless and networking technology company headquartered in Hong Kong since 2015.

Mr. Fan is a Chartered Accountant with a Bachelor of Commerce from Monash University, Melbourne. He is a member of the Chartered Accountants Australia and CPA Australia.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Randall Todd Turney

Aged 59, was appointed as an independent non-executive director of the Company in August 2021. Mr. Turney brings broad exposure and knowledge of the financial industry, having spent over 35 years in banking, trade finance, and investment management. He is currently Executive Director and Chief Investment Officer of Arrow Capital Limited ("Arrow Capital"), an asset management business he co-founded in 2004. Arrow Capital currently operates as a single family office. Until March 2022, Arrow Capital was licensed and regulated by the Securities and Futures Commission Hong Kong (SFC) and managed assets for multiple family offices. Arrow Capital invests capital across multi-asset classes including currencies, fixed income, global equities, commodities, hedge funds, private equity, and real estate with a strong focus on risk management.

Mr. Turney started his investment management career at Salomon Brothers in 1992 (New York/ Hong Kong) with a primary focus on emerging markets. In 1995, he joined Goldman Sachs (Singapore/ Hong Kong/Australia), where he worked for the next decade, building and leading a wealth management team advising and investing for families and firms throughout Asia, Australia/New Zealand, and Africa. He was recruited out of Goldman Sachs to be the Chief Investment Officer for the family office of a wealthy Hong Kong-based industrialist, which he held for 6 years.

Mr. Turney spent the early years of his career in commercial banking engaging multinational corporate entities, advising on corporate finance, financing global trade, and foreign investment with NationsBank (now Bank of America) in the USA and Asia.

Mr. Turney holds a Bachelor of Science Management degree from Tulane University, New Orleans, Louisiana, USA.

SENIOR MANAGEMENT

Kai-Nor Siu

Aged 56, joined the Company in 2005 and is the Financial Controller of the Company and Director of Finance of Hon Kwok. She is also a 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.

Calvin Ming-Yui Ng

Aged 50, joined the Company in 2010 and is currently the Director – Corporate Finance & Business Development of the Company and of Hon Kwok. 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 The University of Hong Kong 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.

Ka-Yee Wan

Aged 48, was appointed as the Company Secretary of the Company in May 2018. She is also the Company Secretary of Hon Kwok. 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).

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 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)*
Yuen-Keung Chan *(Vice Chairman and Managing Director)*
James Sing-Wai Wong

Non-Executive Directors

Paul Hon-To Tong
Emily Yen Wong

Independent Non-Executive Directors

Richard Chi-Ho Lo
Winfred Wai-Lap Fan
Randall Todd Turney *(appointed on 26 August 2021)*
James C. Chen *(resigned 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 16 to 20 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 Emily Yen Wong is the daughter of and 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 position of the Chairman and the Managing Director are held by two different individuals.

Dr. Wong is the Chairman whereas Yuen-Keung Chan is the Managing Director of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director, in that the Chairman bears primary responsibility for the functioning of the Board, by ensuring its effective operation, while the Managing Director bears executive responsibility for the business and the management of the day-to-day operations of the Company.

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 and the Managing Director 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 and the Managing Director provide 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, Randall Todd Turney 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, Emily Yen Wong and Richard Chi-Ho Lo shall retire by rotation at the forthcoming annual general meeting. Emily Yen Wong and Richard Chi-Ho Lo, 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
Yuen-Keung Chan	A, B
James Sing-Wai Wong	A, B
Non-Executive Directors	
Paul Hon-To Tong	A, B
Emily Yen Wong	A, B
Independent Non-Executive Directors	
Richard Chi-Ho Lo	A, B
Winfred Wai-Lap Fan	A, B
Randall Todd Turney	B

A: attending seminars/conferences/forums

B: reading newspapers, journals and updates relating to the economy, general business, investment, 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 Winfred Wai-Lap Fan and Randall Todd Turney and one executive director, namely Yuen-Keung Chan. The Chairman of the Remuneration Committee is Winfred Wai-Lap Fan.

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 Winfred Wai-Lap Fan, Richard Chi-Ho Lo and Randall Todd Turney and they are all independent non-executive directors of the Company. The Chairman of the Audit Committee is Winfred Wai-Lap Fan. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in 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.

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
Yuen-Keung Chan	2	1	2	1
James Sing-Wai Wong	2	N/A	N/A	1
Paul Hon-To Tong	2	N/A	N/A	0
Emily Yen Wong	1	N/A	N/A	1
Richard Chi-Ho Lo	2	N/A	2	1
Winfred Wai-Lap Fan	2	1	2	1
Randall Todd Turney *(appointed on 26 August 2021)*	1	N/A	1	N/A
James C. Chen *(resigned on 26 August 2021)*	1	1	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 Richard Chi-Ho Lo, Winfred Wai-Lap Fan and Randall Todd Turney and two executive directors, namely James Sing-Wai Wong and Yuen-Keung Chan. The Chairman of the Nomination Committee is Richard Chi-Ho Lo.

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	4,241
Non-audit services (tax compliance services and other services)	300
	4,541

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
$3,500,001 to $4,000,000	1
$4,000,001 to $4,500,000	1
	3

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 49 to 54 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 was 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.

SHAREHOLDERS' RIGHTS *(Continued)*

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 is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

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 55 to 162.

BUSINESS REVIEW

The Group is principally engaged in the businesses of (i) property development, (ii) property investment and (iii) property and carpark management. The Group targets to generate stable and recurrent rental income from investment properties to help cover its operating overheads and expenses whereas property sales will enhance additional cash inflows to the Group.

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 15 and an analysis using financial key performance indicators are set out in the "Financial Highlights" on page 3 of this annual report. While the Group's financial risk management objectives and policies are set out in note 41 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 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$1,113 million in the year under review from HK$1,278 million in last year. 56.9% of the Group's revenue was generated from the sales of properties (2021: 74.9%), 39.6% from property rental (2021: 22.8%) and 3.5% from property, carpark management and other segment (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$6,677 million as at 31 March 2022 (2021: HK$6,477 million), of which approximately 57% (2021: 25%) of the debts were classified as current liabilities. Included therein were debts of HK$44 million related to bank and other loans with repayable on demand clause and HK$3,069 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 10%.

Total cash and bank balances including time deposits were approximately HK$2,000 million as at 31 March 2022 (2021: HK$2,000 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$1,747 million at year end available for its working capital purpose.

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

	As at 31 March 2022 *HK$' million*	As at 31 March 2021 *HK$' million*
Due:		
Within one year	**3,811**	1,629
In the second year	**1,128**	2,913
In the third to fifth years, inclusive	**1,722**	1,887
Beyond five years	**16**	48
	6,677	6,477

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Liquidity and financial resources *(Continued)*

As at 31 March 2022, included in the outstanding borrowings due within one year were aggregated loan balances of HK$3,069 million which would be refinanced during the forthcoming financial year and consisted of (i) project loans of HK$1,065 million secured by properties in the PRC with maturity in August/September 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, new bank and other loans have been granted by banks to refinance the project loans amounted to HK$1,065 million maturing in August/September 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$8,448 million (2021: HK$8,234 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$4,677 million (2021: HK$4,477 million) over total shareholders' funds plus non-controlling interests totalling of approximately HK$12,610 million (2021: HK$12,295 million), was 37% as at 31 March 2022 (2021: 36%).

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$16,852 million as at 31 March 2022 and shares in certain subsidiaries were pledged to secure certain banking facilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Contingent liabilities

Particulars of the contingent liabilities of the Group are set out in note 35 to the financial statements.

Employees and remuneration policies

The Group, not including its associates and a joint venture, employed approximately 370 employees as at 31 March 2022 (as at 31 March 2021: 380). 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.

KEY RISK FACTORS *(Continued)*

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 5 Hong Kong cents per ordinary share for the year ended 31 March 2022 (2021: 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 29 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 163. 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$713,419,000, of which HK$27,568,000 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 88% of the total purchases for the year. Purchases from the Group's largest supplier included herein totalled 34%. 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 any of 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
Yuen-Keung Chan
James Sing-Wai Wong
Paul Hon-To Tong
Emily Yen Wong
Richard Chi-Ho Lo*
Winfred Wai-Lap Fan*
Randall Todd Turney* *(appointed on 26 August 2021)*
James C. Chen* *(resigned 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, Philip Bing-Lun Lam, Kevin Chun-Ho Lau, Stephen Chun-Piu Lee, Wei Li**, Xiao-Ping Li, Sheng-Hui Lin**, Wei Luo, Calvin Ming-Yui Ng, Siu-Kai Ng, Ke Qiu, Kai-Nor Siu, Chak-Ming Wan**, Richalle Chia-Ti Wee, May-Kwan Yim, Chi-Fai Yip**, 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, Randall Todd Turney 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, Emily Yen Wong and Richard Chi-Ho Lo will retire by rotation at the forthcoming annual general meeting. Emily Yen Wong and Richard Chi-Ho Lo, being eligible, will offer themselves for re-election.

The proposed re-election of each of Randall Todd Turney and Richard Chi-Ho Lo 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 each of Randall Todd Turney and Richard Chi-Ho Lo, 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, each of Randall Todd Turney and Richard Chi-Ho Lo remained independent in accordance with Rule 3.13 of the Listing Rules.

In addition, the Nomination Committee had evaluated the performance of each of Randall Todd Turney and Richard Chi-Ho Lo and is of the view that both of them have provided valuable contributions to the Company and have demonstrated their abilities to provide independent, balanced and objective views to the Company's affairs. The Nomination Committee is also of the view that each of Randall Todd Turney and Richard Chi-Ho Lo would bring to the Board his own perspective, skills and experience, as further described in the respective biographies as set out on pages 16 to 20 of this annual report, and can contribute to the diversity of the Board taking into account their diversified educational background and professional experience. The Board, with the recommendation of Nomination Committee, believes that the re-election of each of Randall Todd Turney and Richard Chi-Ho Lo 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 their re-elections 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 16 to 20 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 38 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 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	341,439,324	61.93
	1	Beneficially owned	480,000	0.09

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(Continued)

(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*	Hon Kwok	Through controlled corporations	502,262,139	69.72
	1 & 4	Guangzhou Honkwok Fuqiang Land Development Ltd.	Through controlled corporations	RMB185,000,000	100.00
	1 & 5	Chinney Alliance	Through controlled corporations	438,334,216	73.68
	1 & 6	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 & 7	Chinney Trading Company Limited ("Chinney Trading")	Through controlled corporations	7,150	55.00

Notes:

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

2. *These shares are beneficially held by Chinney Holdings, which is a subsidiary of Lucky Year. Dr. Wong is a director of Lucky Year and has beneficial interests therein.*

3. *Out of the 502,262,139 shares, 490,506,139 shares are beneficially held by the Company. By virtue of note 2, Dr. Wong is deemed to be interested in these shares. The remaining 11,756,000 shares are held by Chinney Capital Limited of which Dr. Wong is a director and has beneficial interests therein.*

4. *Out of the RMB185,000,000 paid-up registered capital, RMB111,000,000 is paid up by a wholly-owned subsidiary of Hon Kwok and RMB74,000,000 is paid up by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.*

5. *Out of the 438,334,216 shares, 173,093,695 shares are held by a wholly-owned subsidiary of the Company and the remaining 265,240,521 shares are held by companies controlled by Dr. Wong. By virtue of note 2, Dr. Wong is deemed to be interested in these shares.*

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

7. *Out of the 13,000 issued shares of Chinney Trading, 2,600 shares are held by a wholly-owned subsidiary of Hon Kwok and 4,550 shares are held by a company controlled by Dr. Wong. By virtue of note 3, Dr. Wong is deemed to be interested in this company.*

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

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.

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 (other than the directors of the Company) 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	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued shares
Chinney Holdings	Directly beneficially owned	341,439,324	61.93
Lucky Year	Through controlled corporation	341,439,324	61.93

All the interests stated above represent long positions. Chinney Holdings and Lucky Year are deemed to be interested in the same parcel of shares by virtue of Section 316 of the SFO.

Save as disclosed herein, as at 31 March 2022, none of the substantial shareholders or other persons (other than the directors of the Company) 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 Hon Kwok, 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 the Company, Hon Kwok, 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 the Company, Hon Kwok, 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 the Company, Hon Kwok, 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 the Company is interested in approximately 68.09% of the issued shares of Hon Kwok 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 the Company, Hon Kwok and Chinney Alliance, the related transaction constituted a connected transaction for each of the Company, Hon Kwok and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of the Company, Hon Kwok 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 the Company, Hon Kwok 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 Hon Kwok, 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 Hon Kwok Group.

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

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 Hon Kwok, 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 the Company to continue to (i) be the major beneficial ultimate shareholder of Hon Kwok; (ii) hold not less than 30% effective shareholding of Hon Kwok; and (iii) maintain management control of Hon Kwok; and (2) Dr. Wong, the Chairman of both Hon Kwok and the Company, or his family members or his designated trust beneficiary shall continue to collectively remain as the major beneficial ultimate shareholder of the Company.

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 Hon Kwok, 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) the Company ceases to (i) be the major beneficial ultimate shareholder of Hon Kwok; or (ii) hold not less than 30% effective shareholding of Hon Kwok, or (iii) maintain management control of Hon Kwok; or (2) Dr. Wong, the Chairman of both Hon Kwok and the Company, or his family members or his designated trust beneficiary ceases to collectively remain the major beneficial ultimate shareholder of the Company.

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.

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

(d) In October 2020, Chinney Treasury Limited, a wholly-owned subsidiary of the Company, as borrower, entered into an agreement (the "HK$800 million Facilities Agreement") relating to HK$800 million term and revolving loan facilities (the "HK$800 million Loan Facilities") with a syndicate of banks. The HK$800 million Loan Facilities have a term of 48 months commencing from the date of the HK$800 million Facilities Agreement and are to be used for refinancing the existing loans facilities with outstanding balance of HK$500 million and financing the Group's general corporate funding requirements.

Pursuant to the HK$800 million Facilities Agreement, it shall be an event of default if Dr. Wong, the Chairman of the Company, and/or his family members collectively cease to (i) maintain management control over the Company; or (ii) remain as the major beneficial ultimate shareholder of the Company; or (iii) hold (whether directly or indirectly) at least 50% of equity interest in the Company (within the meaning of Part XV of the SFO).

If an event of default under the HK$800 million Facilities Agreement occurs, the agent acting for the lending banks may, and shall if so requested by a majority of the lending banks, terminate the HK$800 million Loan Facilities and/or declare all outstanding amounts together with all interest accrued under the HK$800 million Loan Facilities 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 was 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, 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 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 businesses 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
Yuen-Keung Chan
Vice Chairman and Managing Director

Hong Kong, 28 June 2022

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To the members of Chinney Investments, Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Chinney Investments, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 55 to 162, 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$15,923 million, with net losses arising from fair value change recognised in the consolidated 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 15 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 references 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 20 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 sale 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.

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

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.

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

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

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

We communicate with 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*	**1,112,501**	1,277,982
Cost of sales		**(514,832)**	(638,743)
Gross profit		**597,669**	639,239
Other income and gains, net	*5*	**60,385**	31,249
Fair value losses on investment properties, net		**(127,429)**	(43,930)
Gain on disposal of subsidiaries	*7*	**32,937**	–
Administrative and other operating expenses, net		**(210,891)**	(206,120)
Finance costs	*6*	**(178,411)**	(189,505)
Share of profits and losses of associates		**54,496**	103,116
PROFIT BEFORE TAX	*7*	**228,756**	334,049
Income tax expense	*10*	**(133,215)**	(216,108)
PROFIT FOR THE YEAR		**95,541**	117,941
Attributable to:			
Owners of the Company		**55,704**	77,876
Non-controlling interests		**39,837**	40,065
		95,541	117,941
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*12*	**HK$0.10**	HK$0.14

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	Note	2022 HK$'000	2021 HK$'000
PROFIT FOR THE YEAR		**95,541**	117,941
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income of associates		**16,010**	38,229
Exchange differences on translation of foreign operations		**287,764**	641,284
Release of exchange fluctuation reserve upon disposal of subsidiaries	33	**(12,830)**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**290,944**	679,513
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**386,485**	797,454
Attributable to:			
Owners of the Company		**241,665**	514,633
Non-controlling interests		**144,820**	282,821
		386,485	797,454

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**305,739**	295,564
Goodwill	16	**54,553**	–
Investment properties	15	**15,922,780**	15,207,048
Investment in a joint venture	17	**199**	199
Investments in associates	18	**1,285,431**	1,285,888
Financial asset measured at fair value through other comprehensive income	19	**11,685**	–
Total non-current assets		**17,580,387**	16,788,699
CURRENT ASSETS			
Tax recoverable		**436**	234
Properties held for sale under development and completed properties held for sale	20	**1,957,931**	2,117,059
Trade receivables	21	**14,319**	19,116
Contract costs		**17,451**	16,917
Prepayments, deposits and other receivables	22	**274,198**	317,414
Cash and bank balances	23	**2,000,408**	2,000,264
		4,264,743	4,471,004
Assets classified as held for sale	24	**–**	34,200
Total current assets		**4,264,743**	4,505,204
CURRENT LIABILITIES			
Trade payables, other payables, accrued liabilities and others	25	**240,348**	325,274
Interest-bearing bank and other borrowings	27	**3,791,084**	1,616,638
Lease liabilities	14	**20,004**	11,993
Contract liabilities	26	**421,238**	364,389
Customer deposits		**86,354**	92,341
Tax payable		**309,135**	298,281
Total current liabilities		**4,868,163**	2,708,916
NET CURRENT ASSETS/(LIABILITIES)		**(603,420)**	1,796,288
TOTAL ASSETS LESS CURRENT LIABILITIES		**16,976,967**	18,584,987

	Notes	2022 HK$'000	2021 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*27*	**2,841,986**	4,835,098
Lease liabilities	*14*	**23,711**	13,641
Deferred tax liabilities	*28*	**1,501,494**	1,441,579
Total non-current liabilities		**4,367,191**	6,290,318
Net assets		**12,609,776**	12,294,669
EQUITY			
Equity attributable to owners of the Company			
Share capital	*29*	**405,411**	405,411
Reserves	*30*	**8,042,955**	7,828,858
		8,448,366	8,234,269
Non-controlling interests		**4,161,410**	4,060,400
Total equity		**12,609,776**	12,294,669

James Sai-Wing Wong
Director

Yuen-Keung Chan
Director

	Attributable to owners of the Company							
	Share capital	Other reserve##	Asset revaluation reserve#	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2020	405,411	440,250	103,928	(291,955)	7,064,696	7,722,330	3,801,971	11,524,301
Profit for the year	–	–	–	–	77,876	77,876	40,065	117,941
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	–	–	–	436,757	–	436,757	242,756	679,513
Total comprehensive income for the year	–	–	–	436,757	77,876	514,633	282,821	797,454
Partial disposal of subsidiaries without loss of control	–	36,415	–	–	–	36,415	4,349	40,764
Acquisition of non-controlling interests of an associate	–	–	–	–	(11,541)	(11,541)	–	(11,541)
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,741)	(28,741)
Final 2021 dividend declared	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2021	405,411	476,665*	103,928*	144,802*	7,103,463*	8,234,269	4,060,400	12,294,669

	Attributable to owners of the Company							
	Share capital	Other reserve##	Asset revaluation reserve#	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2021 and 1 April 2021	405,411	476,665	103,928	144,802	7,103,463	8,234,269	4,060,400	12,294,669
Profit for the year	–	–	–	–	55,704	55,704	39,837	95,541
Other comprehensive income for the year:								
Release of exchange fluctuation reserve upon disposal of subsidiaries	–	–	–	(11,595)	–	(11,595)	(1,235)	(12,830)
Exchange differences on translation of foreign operations	–	–	–	197,556	–	197,556	106,218	303,774
Total comprehensive income for the year	–	–	–	185,961	55,704	241,665	144,820	386,485
Disposal of subsidiaries (note 33)	–	(36,415)	–	–	36,415	–	(16,068)	(16,068)
Disposal of investment properties	–	–	(12,763)	–	12,763	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	–	999	999
Dividends paid to non-controlling shareholders	–	–	–	–	–	–	(28,741)	(28,741)
Final 2022 dividend declared	–	–	–	–	(27,568)	(27,568)	–	(27,568)
At 31 March 2022	**405,411**	**440,250***	**91,165***	**330,763***	**7,180,777***	**8,448,366**	**4,161,410**	**12,609,776**

\# *The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value. In accordance with HKAS 16, the balance was frozen and was not available to offset the current and future years' revaluation deficits on investment properties until the retirement or disposal of these assets.*

\## *Other reserve included (i) the share of equity component of a convertible bond issued by a subsidiary of Chinney Alliance Group Limited ("Chinney Alliance"), an associate of the Group and (ii) the difference between the consideration and the net asset value of the partial disposal of subsidiaries without loss of control.*

* *These reserve accounts comprise the consolidated reserves of HK$8,042,955,000 (2021: HK$7,828,858,000) 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		**228,756**	334,049
Adjustments for:			
Finance costs	*6*	**178,411**	189,505
Share of profits of associates		**(54,496)**	(103,116)
Bank interest income	*5*	**(13,211)**	(10,719)
Depreciation		**30,901**	29,702
Fair value losses on investment properties, net	*7*	**127,429**	43,930
Gain on disposal of items of property, plant and equipment, net	*7*	**(25,643)**	(463)
Gain on disposal of subsidiaries	*7*	**(32,937)**	–
Loss on disposal of investment properties	*5*	**4,491**	–
		443,701	482,888
Decrease in properties held for sale under development and completed properties held for sale		**87,329**	115,323
Increase in trade receivables, prepayments, deposits and other receivables		**(120,986)**	(92,380)
Decrease/(increase) in contract costs		**(118)**	14,312
Increase/(decrease) in trade payables, other payables, accrued liabilities and others		**(4,313)**	87,134
Decrease in customer deposits		**(7,260)**	(333,999)
Increase in contract liabilities		**47,522**	37,645
Cash generated from operations		**445,875**	310,923
Interest paid		**(1,705)**	(1,675)
Hong Kong profits tax paid		**(196)**	–
Overseas taxes paid		**(176,243)**	(120,025)
Net cash flows from operating activities		**267,731**	189,223

	Notes	2022 HK$'000	2021 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(2,194)**	(21,200)
Dividends received from associates		**84,922**	54,923
Interest received		**13,211**	10,719
Proceeds from disposal of items of property, plant and equipment		**26,687**	2,015
Proceeds from disposal of investment properties		**29,709**	–
Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries		**(230,122)**	–
Net inflow of cash and cash equivalents in respect of disposal of subsidiaries		**30,161**	–
Additions to investment properties		**(132,987)**	(84,669)
Acquisition of financial asset measured at fair value through other comprehensive income		**(11,685)**	–
Increase in non-pledged time deposits with original maturity of more than three months when acquired		**(26,507)**	(186)
Net cash flows used in investing activities		**(218,805)**	(38,398)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(193,031)**	(214,685)
Dividends paid to non-controlling shareholders		**(28,741)**	(28,741)
Dividend paid		**(27,568)**	(27,568)
New bank and other loans		**1,555,088**	409,440
Repayment of bank and other loans		**(1,448,971)**	(603,810)
Principal portion of lease payments	*34(b)*	**(14,817)**	(16,304)
Net cash flows used in financing activities		**(158,040)**	(481,668)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(109,114)**	(330,843)
Cash and cash equivalents at beginning of year		**1,997,504**	2,233,167
Effect of foreign exchange rate changes, net		**82,751**	95,180
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,971,141**	1,997,504
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*23*	**1,933,125**	1,699,447
Non-pledged time deposits	*23*	**67,283**	300,817
Cash and bank balances as stated in the consolidated statement of financial position		**2,000,408**	2,000,264
Non-pledged time deposits with original maturity of more than three months when acquired		**(29,267)**	(2,760)
Cash and cash equivalents at end of year		**1,971,141**	1,997,504

1. CORPORATE AND GROUP INFORMATION

Chinney Investments, 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 mainly involved in property development, property investment and property-related activities.

The immediate holding company of the Company is Chinney Holdings Limited, a company incorporated 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	Indirect	Principal activities
Champion Fine International Investments Inc.	Canada	Canadian dollar ("CAD")1	–	68.09	Investment holding
Chinney Property Management Limited	Hong Kong	HK$100	–	68.09	Property management
CP Parking Limited	Hong Kong	HK$4,340,000	–	68.09	Carpark management
Crown Honour Developments Limited	Hong Kong	HK$2	–	68.09	Nominee services
Foshan Nanhai XinDa Land Development Ltd.[1]	PRC/Mainland China	HK$300,000,000	–	68.09	Property development
G9 Asia IV Pte. Ltd.	Singapore	US$18,730,000	–	100.00	Investment holding
Gold Famous Development Limited ("Gold Famous")	Hong Kong	HK$1	–	68.09	Property development
Guangzhou Honkwok Fuqiang Land Development Ltd.[1 2]	PRC/Mainland China	RMB185,000,000	–	40.85	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	Percentage of equity attributable to the Company Indirect	Principal activities
Guangzhou Hua Yin Land Development Co., Ltd.[1]	PRC/Mainland China	RMB80,000,000	–	68.09	Property development
Guangzhou Sheng Jin Real Estate Co., Ltd.[1]	PRC/Mainland China	RMB52,114,000	–	68.09	Property development
Guangzhou Tungfu Property Management Co., Ltd.[1]	PRC/Mainland China	RMB44,400,000	–	68.09	Property holding and letting
Hon Kwok Land Investment (China) Limited	Hong Kong	HK$2	–	68.09	Investment holding
Hon Kwok Land Investment Company, Limited ("Hon Kwok")	Hong Kong	HK$1,519,301,000	68.09	–	Investment holding
Hon Kwok Land Investment (Shenzhen) Co., Ltd.[1]	PRC/Mainland China	HK$30,000,000	–	68.09	Property development
Hon Kwok Project Management Limited	Hong Kong	HK$2	–	68.09	Project management
Hon Kwok Treasury Limited	Hong Kong	HK$2	–	68.09	Financing
Honour Well Development Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
Hotwin Investment (Chongqing) Co., Ltd.[1]	PRC/Mainland China	US$14,300,000	–	68.09	Property holding and letting
J.L. Chinney (Holdings) Company Limited	BVI	US$1,250,000	100.00	–	Investment holding
J.L. Group Company Limited	Hong Kong	HK$8,000,000	–	100.00	Investment holding
J.L. Investment Company Limited	Hong Kong	HK$10,000	–	100.00	Property holding and letting
King Capital Development Limited	Hong Kong	HK$2	–	68.09	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
King Champion Limited	Hong Kong	HK$2	–	68.09	Property holding and letting
Multi-Investment Group Limited	BVI	US$1	–	100.00	Investment holding
Shanghai Yinbai Property Co. Limited[1]	PRC/Mainland China	RMB111,000,000	–	100.00	Property holding and letting
Shenzhen Guanghai Investment Co., Ltd.[1]	PRC/Mainland China	RMB880,000,000	–	68.09	Property holding and letting
Shenzhen Honkwok Huaye Development Co., Ltd.[1]	PRC/Mainland China	RMB50,000,000	–	68.09	Property holding and letting
The Bauhinia Hotel Management Limited	Hong Kong	HK$2	–	68.09	Property letting
The Bauhinia Hotel (TST) Management Limited	Hong Kong	HK$2	–	68.09	Property letting
Vast Champ Investment (Chongqing) Co., Ltd.[1]	PRC/Mainland China	US$30,000,000	–	68.09	Property development
Wide Fame Investment Limited	Hong Kong	HK$2	–	68.09	Financing
Wise Pacific Investment Limited	Hong Kong	HK$10,000	–	68.09	Money lending

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

2 *Guangzhou Honkwok Fuqiang Land Development Limited is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.*

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$603 million 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 the 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 ("HK$") 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.

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, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

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.

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

(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 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 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]
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.

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.

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

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 associates 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 associates 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 the associate or 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 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 and certain of its financial assets 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, 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., an investment property) 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 the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of non-financial assets *(Continued)*

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.

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);

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

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

(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.

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%
Motor vehicles	20%
Furniture and equipment	20% to 30%

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment and depreciation *(Continued)*

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.

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 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.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

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 costs and net realisable values. 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties held for sale under development and completed properties held for sale *(Continued)*

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 costs and net realisable values 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.

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 under development and completed properties held for sale, they are subsequently measured at the lower of costs and net realisable values 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 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Initial recognition and measurement (Continued)

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.

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 profit or loss when the asset is derecognised, modified or impaired.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(Continued)*

Subsequent measurement (Continued)

Financial asset designated at fair value through other comprehensive income (equity investment)

Upon initial recognition, the Group can elect to classify irrevocably its equity investment as equity investment designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Derecognition of financial assets *(Continued)*

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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(Continued)*

General approach (Continued)

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

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, or payables, 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 payables, other payables, accrued liabilities and others, interest-bearing bank and other borrowings and lease liabilities and financial liabilities include in customer deposits.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities *(Continued)*

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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 cash 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.

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 goodwill or 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, associates and a joint venture, 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(Continued)*

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, associates and a joint venture, 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.

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 to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Revenue from contracts with customers (Continued)

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 reporting period as a percentage of total estimated costs for each contract.

(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 a customer before the Group transfers the related goods and services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers 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 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 Group also operates a defined contribution retirement benefit scheme for those employees who are eligible and have elected to participate in the scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme. When an employee leaves the scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

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.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

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).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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 associates 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 rates that approximate to those prevailing at the dates 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 economic 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.

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

The Group determined that the sales contracts with customers require 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 the 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.

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)*

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.

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 as 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.

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

Judgements *(Continued)*

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property 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.

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the fair value less cost of disposal of the cash-generating units to which the goodwill is allocated. Estimating the fair value less cost of disposal requires the Group to make an estimate of the term yield rate and the relevant market rent in the calculation. The carrying amount of goodwill at 31 March 2022 was HK$54,553,000 (2021: nil). Further details are set out in note 16 to the financial statements.

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 20 to the financial statements.

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

Estimation uncertainty *(Continued)*

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.

Further details, including the key assumptions used for fair value measurement, are given in note 15 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.

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

Estimation uncertainty *(Continued)*

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 28 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.

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, gain on disposal of subsidiaries, non-lease-related finance costs, share of profits and losses of associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude an investment in a joint venture, investments in associates, 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 and other 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)*

Year ended 31 March 2022	Property development HK$'000	Property investment HK$'000	Property, carpark management and others HK$'000	Total HK$'000
Segment revenue: ***(note 5)***				
Sales to external customers	632,973	440,603	38,925	1,112,501
Segment results	238,010	81,110	18,472	337,592
Reconciliation:				
Interest income				13,211
Corporate and other unallocated expenses				(32,774)
Gain on disposal of subsidiaries				32,937
Finance costs (other than interest on lease liabilities)				(176,706)
Share of profits and losses of associates				54,496
Profit before tax				228,756
Segment assets	2,176,175	16,468,841	2,033,663	20,678,679
Reconciliation:				
Elimination of intersegment receivables				(2,120,023)
Investments in associates				1,285,431
Investment in a joint venture				199
Corporate and other unallocated assets				2,000,844
Total assets				21,845,130
Segment liabilities	1,421,656	1,172,751	317,271	2,911,678
Reconciliation:				
Elimination of intersegment payables				(2,120,023)
Corporate and other unallocated liabilities				8,443,699
Total liabilities				9,235,354

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2022	Property development *HK$'000*	Property investment *HK$'000*	Property, carpark management and others *HK$'000*	Total *HK$'000*
Other segment information:				
Fair value losses on investment properties, net	–	127,429	–	127,429
Gain on disposal of items of property, plant and equipment	25,637	–	6	25,643
Depreciation	2,809	8,384	19,708	30,901
Capital expenditure*	302	133,731	1,148	135,181

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Year ended 31 March 2021	Property development	Property investment	Property, carpark management and others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue: ***(note 5)***				
Sales to external customers	957,124	291,437	29,421	1,277,982
Segment results	345,041	70,068	21,004	436,113
Reconciliation:				
Interest income				10,719
Corporate and other unallocated expenses				(28,069)
Finance costs (other than interest on lease liabilities)				(187,830)
Share of profits of associates				103,116
Profit before tax				334,049
Segment assets	2,512,372	15,736,324	2,058,549	20,307,245
Reconciliation:				
Elimination of intersegment receivables				(2,299,927)
Investments in associates				1,285,888
Investment in a joint venture				199
Corporate and other unallocated assets				2,000,498
Total assets				21,293,903
Segment liabilities	1,590,609	1,136,503	380,453	3,107,565
Reconciliation:				
Elimination of intersegment payables				(2,299,927)
Corporate and other unallocated liabilities				8,191,596
Total liabilities				8,999,234

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 March 2021	Property development HK$'000	Property investment HK$'000	Property, carpark management and others HK$'000	Total HK$'000
Other segment information:				
Fair value losses on investment properties, net	–	43,930	–	43,930
Gain on disposal of items of property, plant and equipment	456	–	7	463
Depreciation	2,458	7,238	20,006	29,702
Capital expenditure*	1,080	104,034	3,630	108,744

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

Geographical information

(a) Revenue

	2022 **HK$'000**	2021 HK$'000
Hong Kong	**199,146**	107,173
Mainland China	**913,355**	1,170,809
	1,112,501	1,277,982

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

4. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information *(Continued)*

(b) Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**5,267,052**	5,152,762
Mainland China	**10,961,467**	10,349,850
	16,228,519	15,502,612

The non-current asset information above is based on the locations of the assets and excludes goodwill, investments in associates and a joint venture and financial asset at fair value through other comprehensive income.

5. REVENUE, OTHER INCOME AND GAINS, NET

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	**45,131**	34,396
Revenue from other sources		
Gross rental income	**434,397**	286,462
	1,112,501	1,277,982

5. REVENUE, OTHER INCOME AND GAINS, NET *(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, OTHER INCOME AND GAINS, NET *(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

5. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

(i) Disaggregated revenue information (Continued)

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

(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.

5. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations (Continued)

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, or are billed based on the time incurred.

	2022	2021
	HK$'000	*HK$'000*
Other income and gains, net		
Bank interest income	**13,211**	10,719
Government subsidies*	**1,070**	5,580
Gain on disposal of items of property, plant and equipment	**25,643**	463
Loss on disposal of investment properties	**(4,491)**	–
Management fee income received from an associate	**5,728**	5,448
Others	**19,224**	9,039
	60,385	31,249

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

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	HK$'000	*HK$'000*
Interest on bank and other loans	**193,031**	214,685
Interest on lease liabilities	**1,705**	1,675
Less: Interest capitalised under properties under development	**(16,325)**	(26,855)
	178,411	189,505

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
Depreciation#	*13*	**30,901**	29,702
Lease payments not included in the measurement of lease liabilities#*	*14(b)*	**4,893**	3,889
Contract costs arising from sales of properties**		**48,794**	60,808
Auditor's remuneration		**4,241**	3,745
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages, salaries, allowances and benefits in kind		**92,470**	92,237
Pension scheme contributions		**2,235**	2,203
		94,705	94,440
Less: Amount capitalised under properties under development		**(24,300)**	(22,250)
		70,405	72,190
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**204,025**	170,712
Foreign exchange differences, net		**451**	88
Fair value losses on investment properties, net	*15*	**127,429**	43,930
Loss on disposal of investment properties	*24*	**4,491**	–
Gain on disposal of items of property, plant and equipment		**(25,643)**	(463)
Gain on disposal of subsidiaries		**(32,937)**	–
Government subsidies *(note)*		**(1,070)**	(5,580)

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

7. PROFIT BEFORE TAX *(Continued)*

\# *Included in the amount is depreciation of leased carparks of HK$11,316,000 (2021:HK$10,363,000) which is 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 investment 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 represent grants from the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat the 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 ***HK$'000***	2021 *HK$'000*
Fees	**1,620**	1,200
Other emoluments:		
Salaries, allowances and benefits in kind	**17,980**	19,590
Discretionary performance-related bonuses*	**4,650**	2,000
Pension scheme contributions	**–**	–
	22,630	21,590
	24,250	22,790

* *The performance-related bonuses are determined with reference to the operating results, individual performance and comparable market statistics during both years.*

8. DIRECTORS' REMUNERATION *(Continued)*

(a) Independent non-executive directors

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

	2022	2021
	HK$'000	*HK$'000*
James C. Chen (resigned on 26 August 2021)	**250**	200
Randall Todd Turney (appointed on 26 August 2021)	**120**	–
Richard Chi-Ho Lo	**250**	200
Winfred Wai-Lap Fan	**250**	200
	870	600

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

(b) Executive directors and non-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	–	11,000	2,000	–	13,000
James Sing-Wai Wong	250	–	–	–	250
Yuen-Keung Chan	–	6,980	2,650	–	9,630
	250	17,980	4,650	–	22,880
Non-executive directors:					
Paul Hon-To Tong	250	–	–	–	250
Emily Yen Wong	250	–	–	–	250
	500	–	–	–	500
	750	17,980	4,650	–	23,380

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and non-executive directors *(Continued)*

	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	–	10,500	2,000	–	12,500
James Sing-Wai Wong	200	–	–	–	200
Yuen-Keung Chan	–	9,090	–	–	9,090
	200	19,590	2,000	–	21,790
Non-executive directors:					
Paul Hon-To Tong	200	–	–	–	200
Emily Yen Wong	200	–	–	–	200
	400	–	–	–	400
	600	19,590	2,000	–	22,190

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 for the year are as follows:

	2022	2021
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**13,720**	10,150
Discretionary performance-related bonuses	**2,460**	6,500
Pension scheme contributions	**232**	205
	16,412	16,855

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

	Number of employees	
	2022	2021
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$7,000,001 to HK$7,500,000	**1**	–
HK$8,500,001 to HK$9,000,000	**–**	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 the prior year, no provision for Hong Kong profits tax was made as the Group had 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 ***HK$'000***	2021 *HK$'000*
Current – Hong Kong	**95**	–
Current – Elsewhere	**27,754**	80,499
LAT in Mainland China	**153,518**	159,778
Deferred *(note 28)*	**(48,152)**	(24,169)
Total tax charge for the year	**133,215**	216,108

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 ***HK$'000***	2021 *HK$'000*
Profit before tax	**228,756**	334,049
Tax at the statutory tax rate	**62,834**	92,799
Income not subject to tax	**(26,305)**	(18,408)
Expenses not deductible for tax	**8,756**	16,356
Tax losses utilised from previous periods	**(9,715)**	(190)
Tax losses not recognised	**13,967**	16,794
Profits and losses attributable to associates	**(12,027)**	(23,792)
LAT	**153,518**	159,778
Others	**(57,813)**	(27,229)
Tax charge at the Group's effective rate of 58% (2021: 65%)	**133,215**	216,108

10. INCOME TAX *(Continued)*

The share of net tax charge attributable to associates amounting to HK$45,283,000 (2021: HK$73,610,000) is included in “Share of profits of associates” 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 – 5 HK cents (2021: 5 HK cents) per ordinary share	**27,568**	27,568

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$55,704,000 (2021: HK$77,876,000), and the weighted average number of ordinary shares in issue during the year of 551,368,153 (2021: 551,368,153).

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 HK$'000	Buildings HK$'000	Total HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000	Total HK$'000
31 March 2022									
At 31 March 2021 and 1 April 2021:									
Cost	211,075	65,912	276,987	84,908	5,250	18,454	12,187	120,799	397,786
Accumulated depreciation	(10,908)	(42,466)	(53,374)	(26,210)	(1,646)	(13,477)	(7,515)	(48,848)	(102,222)
Net carrying amount	200,167	23,446	223,613	58,698	3,604	4,977	4,672	71,951	295,564
At 1 April 2021	200,167	23,446	223,613	58,698	3,604	4,977	4,672	71,951	295,564
Additions	–	32,929	32,929	–	391	1,803	–	2,194	35,123
Acquisition of a subsidiary (Note 32)	–	–	–	–	–	516	–	516	516
Disposals	–	–	–	(1,032)	–	(250)	–	(1,282)	(1,282)
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)	(1,314)	(1,515)	(6,587)	(30,901)
Exchange realignment	5,111	–	5,111	1,548	–	8	83	1,639	6,750
At 31 March 2022, net of accumulated depreciation	199,176	38,132	237,308	56,475	2,976	5,740	3,240	68,431	305,739
At 31 March 2022:									
Cost	217,022	81,687	298,709	80,516	5,641	20,600	12,167	118,924	417,633
Accumulated depreciation	(17,846)	(43,555)	(61,401)	(24,041)	(2,665)	(14,860)	(8,927)	(50,493)	(111,894)
Net carrying amount	199,176	38,132	237,308	56,475	2,976	5,740	3,240	68,431	305,739

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 1 April 2020:									
Cost	190,170	49,052	239,222	79,389	5,418	13,001	9,138	106,946	346,168
Accumulated depreciation	(5,264)	(24,831)	(30,095)	(23,026)	(873)	(10,033)	(6,010)	(39,942)	(70,037)
Net carrying amount	184,906	24,221	209,127	56,363	4,545	2,968	3,128	67,004	276,131
At 1 April 2020, net of accumulated depreciation	184,906	24,221	209,127	56,363	4,545	2,968	3,128	67,004	276,131
Additions	7,794	25,648	33,442	7,038	39	3,150	3,179	13,406	46,848
Disposals	–	–	–	(1,004)	–	(106)	(442)	(1,552)	(1,552)
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)	(1,113)	(1,538)	(6,421)	(29,702)
Exchange realignment	13,111	–	13,111	(909)	–	78	345	(486)	12,625
At 31 March 2021, net of accumulated depreciation	200,167	23,446	223,613	58,698	3,604	4,977	4,672	71,951	295,564
At 31 March 2021:									
Cost	211,075	65,912	276,987	84,908	5,250	18,454	12,187	120,799	397,786
Accumulated depreciation	(10,908)	(42,466)	(53,374)	(26,210)	(1,646)	(13,477)	(7,515)	(48,848)	(102,222)
Net carrying amount	200,167	23,446	223,613	58,698	3,604	4,977	4,672	71,951	295,564

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 27(a)(vi) to the financial statements.

14. 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. Lease 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 lease	**32,929**	25,648
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(31)**	(8,786)
Accretion of interest recognised during the year	**1,705**	1,675
Payments	**(16,522)**	(17,979)
Carrying amount at 31 March	**43,715**	25,634
Analysed into:		
Current portion	**20,004**	11,993
Non-current portion	**23,711**	13,641

The maturity analysis of lease liabilities is disclosed in note 41 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.

14. 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	**1,705**	1,675
Depreciation of right-of-use assets	**24,314**	23,281
Gain on termination of leases	**–**	(7)
Variable lease payments not included in the measurement of lease liabilities (included in cost of sales)	**4,893**	3,889
Total amount recognised in profit or loss	**30,912**	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$10,248,000 and HK$3,889,000), respectively.

(d) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) consisting of eleven (2021: nine) commercial properties in China and five (2021: four) industrial properties in Hong Kong 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$434,397,000 (2021: HK$286,462,000), details of which are included in note 5 to the financial statements.

14. 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	**357,157**	202,930
After one year but within two years	**321,553**	161,429
After two years but within three years	**282,472**	133,297
After three years but within four years	**230,989**	112,201
After four years but within five years	**210,916**	77,912
After five years	**659,458**	247,800
	2,062,545	935,569

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 27(a)(v) to the financial statements.

15. INVESTMENT PROPERTIES

	2022 Completed investment properties at fair value
	HK$'000
At beginning of year	**15,207,048**
Acquisition of subsidiaries	**463,415**
Additions	**132,987**
Net losses from fair value adjustments	**(127,429)**
Exchange realignment	**246,759**
At end of year	**15,922,780**

15. INVESTMENT PROPERTIES *(Continued)*

	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	12,212,320	2,300,000	14,512,320
Additions	30,745	64,593	95,338
Transfer	2,364,593	(2,364,593)	–
Net losses from fair value adjustments	(43,930)	–	(43,930)
Transfer to assets classified as held for sale	(34,200)	–	(34,200)
Exchange realignment	677,520	–	677,520
At end of year	15,207,048	–	15,207,048

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 and Jones Lang Lasalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers, at an aggregate value of HK$15,922,780,000 (2021: HK$15,207,048,000). Each year, the Group's management decides to appoint which external valuers 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 valuers 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 14 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.

Investment property under construction is measured at cost until such time as fair value can be determined reliably or construction is completed.

At 31 March 2022, the Group's investment properties with an aggregate carrying value of HK$15,920,180,000 (2021: HK$15,204,400,000) were pledged to secure the banking facilities granted to the Group as detailed in note 27(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 27(a)(v) to the financial statements.

15. INVESTMENT PROPERTIES *(Continued)*

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 164 to 167.

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	**–**	**–**	**15,922,780**	**15,922,780**

	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	–	–	15,207,048	15,207,048

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).

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

	HK$'000
Carrying amount at 1 April 2020	14,512,320
Additions	95,338
Transfer to assets classified as held for sale	(34,200)
Net losses from fair value adjustments	(43,930)
Exchange realignment	677,520
Carrying amount at 31 March 2021 and 1 April 2021	15,207,048
Acquisition of subsidiaries	463,415
Additions	132,987
Net losses from fair value adjustments	(127,429)
Exchange realignment	246,759
Carrying amount at 31 March 2022	**15,922,780**

15. INVESTMENT PROPERTIES *(Continued)*

Fair value hierarchy *(Continued)*

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

	Valuation techniques	Significant unobservable inputs	Range	
Commercial properties			**2022**	2021
Completed	Income capitalisation approach	Estimated rental value		
		per sq.ft. per month (HK$)	**16 to 146**	16 to 146
		per sq.m. per month (RMB)	**38 to 431**	38 to 436
		Capitalisation rate	**3.1% to 6.5%**	3.2% to 6.5%
	Direct comparison approach	Unit price (HK$/unit)	**1,700,000 to 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$)	**7,903 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%

15. 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.

15. 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 flows 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, in 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.

16. GOODWILL

	HK$'000
At 1 April 2020 and 31 March 2021:	
Cost	2,463
Accumulated impairment	(2,463)
Net carrying amount	–
At 1 April 2021, net of accumulated impairment	–
Acquisition of subsidiaries *(note 32)*	54,553
Net carrying amount at 31 March 2022	**54,553**
At 31 March 2022:	
Cost	**57,016**
Accumulated impairment	**(2,463)**
Net carrying amount	**54,553**

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit ("CGU") for impairment testing:

- Shanghai Yinbai CGU

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	Shanghai Yinbai CGU	
	2022	2021
	HK$'000	*HK$'000*
Carrying amount of goodwill	**54,553**	–

16. GOODWILL *(Continued)*

Impairment testing of goodwill *(Continued)*

Shanghai Yinbai CGU

The recoverable amount of the Shanghai Yinbai CGU, a CGU with significant self-owned investment property, has been determined based on fair value less cost of disposal calculation. The fair value less cost of disposal is estimated based on market unobservable transactions and the fair value measurement is categorised into Level 3 fair value hierarchy. The fair value of the self-owned investment property was performed by an independent valuer, Jones Lang Lasalle Corporate Appraisal and Advisory Limited, and was determined by the income capitalisation approach with key assumptions in relation to market rent ranging from RMB7.4 to 8.5 per sq.ft per day and term yield rate ranging from 4% to 5%.

Assumptions were used in the fair value less cost of disposal calculation of the Shanghai Yinbai CGU. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Market rent – The unit rents of the comparable units to the significant self-owned investment property of Shanghai Yinbai CGU.

Market yield rate – The market yield rate based on the valuer's research on commercial and office markets in the surrounding area of the self-owned investment property of Shanghai Yinbai CGU, which has been taken into consideration the location, risks and characteristics of the self-owned investment property.

17. 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:

Name	Particulars of issued share capital	Place of incorporation and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activity
Two City Hall Place Limited	Common share capital of CAD100	Canada	34.05	34.05	34.05	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

18. INVESTMENTS IN ASSOCIATES

	2022	2021
	HK$'000	*HK$'000*
Goodwill on acquisition	**18,374**	18,374
Share of net assets	**1,267,057**	1,267,514
	1,285,431	1,285,888

18. INVESTMENTS IN ASSOCIATES *(Continued)*

Particulars of the associates are as follows:

Name	Particulars of issued share capital	Place of incorporation and business	Percentage of ownership interest attributable to the Group	Principal activities
Chinney Alliance#	HK$59,490,000	Bermuda/ Hong Kong	29.10	Investment holding
Chinney Trading Company Limited (“Chinney Trading”)	HK$615,425,000	Hong Kong	13.62	Property development
Marigold Properties Limited	US$100	BVI	30.00	Property development

\# *Chinney Alliance is an investment holding company with its subsidiaries engaged in the manufacture and sale of industrial products and building-related contracting business, and superstructure and substructure foundation piling work.*

Chinney Alliance has a financial year end date of 31 December. The consolidated financial statements are adjusted for the material transactions between Chinney Alliance and group companies between 1 January and 31 March.

The Group’s shareholdings in Chinney Alliance are held through a wholly-owned subsidiary of the Company.

The following table illustrates the aggregate financial information of the Group’s associates that are not individually material:

	2022	2021
	HK$’000	*HK$’000*
Share of the associates’ profit for the year	**54,496**	103,116
Share of the associates’ other comprehensive income	**16,010**	38,229
Share of the associates’ total comprehensive income	**70,506**	141,345
Aggregate carrying amount of the Group’s investments in the associates	**1,285,431**	1,285,888

19. FINANCIAL ASSET MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	HK$'000	*HK$'000*
Unlisted equity investment, at fair value	**11,685**	–

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

During the year ended 31 March 2022, the Group had made 1.6% equity investments in an unlisted company and the carrying amount of the equity investment was HK$11,685,000 which was measured at fair value.

20. 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**	1,125,107
	1,957,931	2,117,059

	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**	714,940
– Pending construction expected to be recovered:		
After one year	**43,062**	42,122
	864,463	1,125,107

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 to the completion of the development of the properties.

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

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 27(a)(iii) 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 164 to 167.

21. TRADE RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**14,319**	19,116
Impairment	**–**	–
	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.

21. TRADE RECEIVABLES *(Continued)*

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

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 ECLs for trade receivables under HKFRS 9 was insignificant for the years ended 31 March 2022 and 2021.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Prepayments	**45,457**	161,129
Deposits	**16,095**	22,071
Other receivables	**212,646**	144,738
Impairment allowance	**–**	(10,524)
	274,198	317,414

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

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(Continued)*

In the prior year, included in the above provision for impairment of other receivable 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. 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.

23. CASH AND BANK BALANCES

	2022	2021
	HK$'000	*HK$'000*
Cash and bank balances	**1,933,125**	1,699,447
Time deposits	**67,283**	300,817
	2,000,408	2,000,264

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$1,664,199,000 (2021: HK$1,398,207,000). 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.

24. ASSETS CLASSIFIED AS HELD FOR SALE

In the prior year, the Group entered into a provisional sale and purchase agreement with an independent third party to dispose of a property situated in Hong Kong for a cash consideration of HK$29,709,000. The transaction was completed on 16 June 2021. As at 31 March 2021, the relevant units and carparks with a fair value of HK$34,200,000 included in the property investment segment were classified as held for sale.

25. TRADE PAYABLES, OTHER PAYABLES, ACCRUED LIABILITIES AND OTHERS

Included in trade payables, other payables, accrued liabilities and others are trade payables of HK$9,296,000 (2021: HK$9,561,000). 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	**9,290**	9,526
Over 90 days	**6**	35
	9,296	9,561

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

26. 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.

27. INTEREST-BEARING BANK AND OTHER 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 or on demand**	**1,115,000**	2.0-2.9	2021-2022 or on demand	310,000
Bank loans – secured	**1.5-6.6**	**2022-2023 or on demand**	**2,676,084**	1.4-5.9	2021-2022 or on demand	1,306,638
			3,791,084			1,616,638
Non-current						
Bank loans – unsecured	**2.7**	**2023-2024**	**380,000**	2.6	2022-2024	1,135,000
Bank loans – secured	**1.8-6.6**	**2023-2031**	**2,419,303**	1.8-5.9	2022-2028	3,700,098
Other loan	**2.25**	**2023**	**42,683**	–	–	–
			2,841,986			4,835,098
			6,633,070			6,451,736

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

	2022	2021
	HK$'000	*HK$'000*
Analysed into:		
Bank and other loans repayable:		
Within one year or on demand	**3,791,084**	1,616,638
In the second year	**1,112,834**	2,904,954
In the third to fifth years, inclusive	**1,713,352**	1,882,309
Beyond five years	**15,800**	47,835
	6,633,070	6,451,736

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$15,204,400,000) as detailed in note 15 to the financial statements;

(ii) in the prior year, mortgages over the Group's assets classified as held for sale, which had an aggregate carrying value at the end of the reporting period of HK$34,200,000 as detailed in note 24 to the financial statements;

(iii) mortgages over certain of the Group's properties held for sale and 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 20 to the financial statements;

(iv) charges over shares of certain subsidiaries of the Group;

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

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

(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 and other loans denominated in RMB equivalent to HK$2,061,070,000 (2021: HK$1,052,874,000), all bank and other borrowings at the end of the reporting period were denominated in Hong Kong dollars.

As further explained in note 41 to the financial statements, certain of Group's non-current interest-bearing bank and other borrowings in the amount of HK$44,000,000 (2021: HK$80,250,000) 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 and other borrowings and analysed into bank loans repayable within one year or on demand.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Based on the maturity terms of the loans, the amounts repayable in respect of the loans are HK$3,833,767,000 (2021: HK$1,936,388,000) payable within one year or on demand; HK$1,070,151,000 (2021: HK$2,921,204,000) payable in the second year; HK$1,713,353,000 (2021: HK$1,546,309,000) 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.

28. DEFERRED TAX

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Depreciation allowance in excess of related depreciation	Revaluation of investment properties	Tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2020	(21,024)	(1,347,097)	577	(3,289)	(1,370,833)
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	(48)	27,717	–	(3,500)	24,169
Exchange realignment	–	(94,915)	–	–	(94,915)
At 31 March 2021 and 1 April 2021	**(21,072)**	**(1,414,295)**	**577**	**(6,789)**	**(1,441,579)**
Acquisition of subsidiaries *(note 32)*	**–**	**(73,607)**	**–**	**–**	**(73,607)**
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	**448**	**47,704**	**–**	**–**	**48,152**
Exchange realignment	**–**	**(34,460)**	**–**	**–**	**(34,460)**
Net deferred tax liabilities at 31 March 2022	**(20,624)**	**(1,474,658)**	**577**	**(6,789)**	**(1,501,494)**

28. DEFERRED TAX *(Continued)*

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 arising in Hong Kong of HK$1,786,121,000 (2021: HK$1,768,959,000) and in Mainland China of HK$189,249,000 (2021: HK$181,812,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose and tax losses arising in Mainland China will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these deductible temporary differences and tax losses as they have arisen in the companies that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the deductible temporary differences and tax losses can be utilised.

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.

29. SHARE CAPITAL

	2022	2021
	HK$'000	*HK$'000*
Issued and fully paid:		
551,368,153 (2021: 551,368,153) ordinary shares	**405,411**	405,411

30. 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.

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

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

	2022	2021
Percentage of equity interest held by non-controlling interests:		
Hon Kwok	**31.91%**	31.91%

	2022 *HK$'000*	2021 *HK$'000*
Profit for the year allocated to non-controlling interests:		
Hon Kwok	**29,334**	40,449
Dividends paid to non-controlling interests of Hon Kwok	**28,741**	28,741
Accumulated balances of non-controlling interests at the reporting date:		
Hon Kwok	**4,161,410**	4,055,630

31. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS *(Continued)*

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

	2022	2021
	HK$'000	*HK$'000*
Revenue	**1,106,278**	1,276,226
Total expenses	**(980,581)**	(1,206,880)
Other income	**57,794**	25,678
Fair value losses on investment properties, net	**(127,429)**	(38,848)
Share of profit of an associate	**35,701**	67,008
Profit for the year	**91,763**	123,184
Total comprehensive income for the year	**392,368**	796,487
Current assets	**4,122,520**	4,211,017
Non-current assets	**16,416,000**	16,181,988
Current liabilities	**(4,153,193)**	(2,399,164)
Non-current liabilities	**(3,872,220)**	(5,784,047)
Net cash flows from operating activities	**397,274**	253,968
Net cash flows used in investing activities	**(43,805)**	(39,587)
Net cash flows used in financing activities	**(485,550)**	(568,910)
Net decrease in cash and cash equivalents	**(132,081)**	(354,529)

32. BUSINESS COMBINATION

In January 2022, the Group acquired a 100% equity interest in G9 Asia IV Pte. Ltd. and its subsidiary, Shanghai Yinbai Property Co. Limited (上海飲百置業有限公司) (together as "Shanghai Yinbai Group") and related shareholders' loans of HK$8,870,000 at a cash consideration of HK$230,334,000. Shanghai Yinbai Group is engaged in property investment in Mainland China. The acquisition is accounted as business combination.

32. BUSINESS COMBINATION *(Continued)*

The fair values of the identifiable assets and liabilities of Shanghai Yinbai Group as at the date of acquisition are as follows:

	2022 *HK$'000*
Investment property	463,415
Property, plant and equipment	516
Prepayment, deposits and other receivables	7,058
Cash and bank balances	212
Trade payables and other payables	(4,740)
Shareholders' loans	(8,870)
Interest-bearing bank borrowings	(217,073)
Deferred tax liabilities	(73,607)
Total identifiable net assets at fair value	166,911
Assignment of shareholders' loans	8,870
Goodwill on acquisition *(note 16)*	54,553
Total consideration	230,334
Satisfied by:	
Cash	230,334

The fair values and gross contractual amounts of deposits and other receivables of Shanghai Yinbai Group as at the date of acquisition amounted to HK$7,058,000. No receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	2022 *HK$'000*
Cash consideration	230,334
Cash and bank balances acquired	(212)
Net outflow of cash and cash equivalents included in cash flows from investing activities	230,122

Since the acquisition, Shanghai Yinbai Group contributed HK$3,859,000 to the Group's revenue for the year ended 31 March 2022 and loss of HK$6,000,000 to the Group's consolidated profit for the year ended 31 March 2022.

32. BUSINESS COMBINATION *(Continued)*

Had the combination taken place at the beginning of the year, the revenue and the consolidated profit of the Group for the year would have been HK$1,128,200,000 and HK$117,856,000 respectively.

33. DISPOSAL OF SUBSIDIARIES

During the year ended 31 March 2022, the Company disposed of its 35% equity interest in Marigold Properties Limited, a subsidiary of the Company, and its subsidiaries ("Marigold Properties Group"). Marigold Properties Group was engaged in property development business in Mainland China. The transaction was completed in November 2021. In the prior year, the Company disposed of its 35% equity interest in Marigold Properties Group.

The net assets disposed of are as follows:

	Note	**2022** *HK$'000*
Net assets disposed of:		
Properties held for sale under development		**137,248**
Property, plant and equipment		**238**
Cash and bank balances		**6,450**
Prepayments, deposits and other receivables		**182,666**
Other payables and accrued liabilities		**(102,052)**
Amounts due to a fellow subsidiary		**(1,190)**
Interest-bearing bank borrowings		**(176,829)**
Net assets		**46,531**
Non-controlling interests		**(16,068)**
		30,463
Release of exchange fluctuation reserve		**(12,830)**
		17,633
Fair value of investments in associates retained upon loss of control of subsidiaries		**(13,959)**
Gain on disposal of subsidiaries	*7*	**32,937**
Consideration received		**36,611**
Satisfied by:		
Cash		**36,611**

33. DISPOSAL OF SUBSIDIARIES *(Continued)*

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2022
	HK$'000
Cash consideration	**36,611**
Cash and bank balances disposed of	**(6,450)**
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	**30,161**

34. 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).

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

(b) Changes in liabilities arising from financing activities

2021

	Lease liabilities *HK$'000*	Interest-bearing bank and other borrowings *HK$'000*
At 1 April 2020	25,076	6,530,912
Changes from financing cash flows	(16,304)	(194,370)
New lease	25,648	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	(8,786)	–
Interest expenses	1,675	–
Amortisation of bank loan front-end fee	–	1,526
Interest paid classified as operating cash flows	(1,675)	–
Exchange realignment	–	113,668
At 31 March 2021 and 1 April 2021	25,634	6,451,736
Changes from financing cash flows	(14,817)	106,117
New lease	32,929	–
Revision of a lease term arising from a change in the non-cancellable period of a lease	(31)	–
Interest expenses	1,705	–
Interest paid classified as operating cash flows	(1,705)	–
Acquisition of subsidiaries *(note 32)*	–	217,073
Disposal of subsidiaries *(note 33)*	–	(176,829)
Amortisation of bank loan front-end fee	–	5,888
Exchange realignment	–	29,085
At 31 March 2022	43,715	6,633,070

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

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within operating activities	**(6,598)**	(5,564)
Within financing activities	**(14,817)**	(16,304)
	(21,415)	(21,868)

35. 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.

36. PLEDGE OF ASSETS

Details of the Group's bank loans, which are secured by the assets of the Group, are included in note 27 to the financial statements.

37. COMMITMENTS

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**	633,647

38. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed 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 fee income received from an associate	*(i)*	**5,728**	5,448
Construction cost paid to a related company	*(ii)*	**19,414**	39,235

Notes:

(i) The management fees were charged to Chinney Alliance based on the time involvement of the personnel providing the services. Dr. James Sai-Wing Wong, a director of the Company, is also a director of and has beneficial interest in Chinney Alliance. Yuen-Keung Chan and James Sing-Wai Wong are directors of the Company and Chinney Alliance.

(ii) On 12 July 2018, Gold Famous entered into a framework agreement with Chinney Construction, 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, New Territories, Hong Kong at a total contract sum not exceeding HK$757,800,000 (the "Framework Agreement"). As the Company is interested in approximately 68.09% of the issued shares of Hon Kwok 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 the Company, Hon Kwok and Chinney Alliance, the related transaction constituted a connected transaction for each of the Company, Hon Kwok, and Chinney Alliance under the Listing Rules. The transaction was approved by the independent shareholders of the Company, Hon Kwok and Chinney Alliance at the respective general meetings held by each of the companies on 24 August 2018.

(b) Compensation of key management personnel of the Group

	2022 HK$'000	2021 HK$'000
Short-term employee benefits	**38,810**	37,676
Post-employment benefits	**232**	353
	39,042	38,029

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

39. FINANCIAL INSTRUMENTS BY CATEGORY

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

2022

Financial assets

	Financial assets at amortised cost *HK$'000*
Trade receivables	14,319
Financial assets included in prepayments, deposits and other receivables	228,741
Cash and bank balances	2,000,408
	2,243,468

Financial liabilities

	Financial liabilities at amortised cost *HK$'000*
Financial liabilities included in trade payables, other payables accrued liabilities and others	254,948
Financial liabilities included in customer deposits	86,354
Lease liabilities	43,715
Interest-bearing bank and other borrowings	6,633,070
	7,018,087

39. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

2021

Financial assets

	Financial assets at amortised cost
	HK$'000
Trade receivables	19,116
Financial assets included in prepayments, deposits and other receivables	168,678
Cash and bank balances	2,000,264
	2,188,058

Financial liabilities

	Financial liabilities at amortised cost
	HK$'000
Financial liabilities included in trade payables, other payables, accrued liabilities and others	262,595
Financial liabilities included in customer deposits	92,341
Lease liabilities	25,634
Interest-bearing bank and other borrowings	6,451,736
	6,832,306

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2022	2021	**2022**	2021
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Financial assets				
Financial assets at fair value through other comprehensive income	**11,685**	–	**11,685**	–
Financial liabilities				
Interest-bearing bank and other borrowings	**6,633,070**	6,451,736	**6,633,070**	6,451,736

Management has assessed that the fair values of cash and bank balances, trade receivables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in customer deposits, trade payables, other payables and accrued liabilities, contract liabilities, the current portion of interest-bearing bank and other 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 and other borrowings 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 changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 March 2022 were assessed to be insignificant.

The Group did not have any financial assets measured at fair value as at 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 and other borrowings (non-current portion) of HK$2,841,986,000 (2021: HK$4,835,098,000) 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).

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(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 for both financial assets and financial liabilities of the Group (2021: Nil).

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include other receivables, cash and bank balances, other payables, customer deposits, interest-bearing bank and other borrowings and lease liabilities. 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.

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.

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$. The Group is exposed to foreign exchange risk arising from changes in the exchange rate of HK$ 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 Hong Kong dollar weakens against RMB	5	(156)
If Hong Kong dollar strengthens against RMB	5	156

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

Foreign currency risk *(Continued)*

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

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 27 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**	**(32,724)**
RMB	**50**	**(4,044)**
Hong Kong dollar	**(100)**	**32,724**
RMB	**(50)**	**4,044**

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

Interest rate risk *(Continued)*

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss after tax and equity *HK$'000*
2021		
Hong Kong dollar	100	(33,800)
RMB	50	(3,989)
Hong Kong dollar	(100)	33,800
RMB	(50)	3,989

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 tables below show 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 2022. The amounts presented are gross carrying amounts for financial assets.

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

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

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, other receivables					
– Normal**	**228,741**	**–**	**–**	**–**	**228,741**
Cash and bank balances	**2,000,408**	**–**	**–**	**–**	**2,000,408**
	2,229,149	**–**	**–**	**14,319**	**2,243,468**

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, other receivables					
– Normal**	168,678	–	–	–	168,678
Cash and bank balances	2,000,264	–	–	–	2,000,264
	2,168,942	–	–	19,116	2,188,058

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

Credit risk *(Continued)*

Maximum exposure and year-end staging (Continued)

* *For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.*

** *The credit quality of the financial assets included in prepayments, deposits and other receivables and other assets is 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 and other borrowings, lease liabilities 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. 57% (2021: 25%) of the Group's debts, which comprise interest-bearing bank borrowings, would mature in less than one year as at 31 March 2022 based on the carrying values of the borrowings reflected in the financial statements. Based on the maturity dates as set out in the loan agreements, 58% (2021: 30%) of the Group's debts would mature in less than one year.

41. 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, accrued liabilities and others	5,439	249,509	–	–	254,948
Customer deposits	86,354	–	–	–	86,354
Lease liabilities	–	21,272	16,205	7,511	44,988
Interest-bearing bank and other borrowings	253,250	3,642,500	1,226,330	1,817,219	6,939,299
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	15,146	–	–	–	15,146
	360,189	3,913,281	1,242,535	1,824,730	7,340,735

41. 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, accrued liabilities and others	5,443	257,152	–	–	262,595
Customer deposits	92,341	–	–	–	92,341
Lease liabilities	–	12,915	9,006	5,047	26,968
Interest-bearing bank and other borrowings	211,250	1,980,168	2,983,655	1,591,884	6,766,957
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	219,931	–	–	–	219,931
	528,965	2,250,235	2,992,661	1,596,931	7,368,792

In respect of interest-bearing bank and other borrowings of HK$253,250,000 (2021: HK$211,250,000), the loan agreements contain a repayment on demand clause giving the bank and other lender 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 and other borrowings in respect of the Group were HK$3,888,916,000 (2021: HK$2,127,806,000) payable within one year, HK$1,203,822,000 (2021: HK$3,007,042,000) payable in the second year and HK$1,795,038,000 (2021: HK$1,636,908,000) payable beyond two years.

41. 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 and other 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	**6,633,070**	6,451,736
Lease liabilities	**43,715**	25,634
Less: Cash and bank balances	**(2,000,408)**	(2,000,264)
Net interest-bearing debt	**4,676,377**	4,477,106
Equity attributable to owners of the Company	**8,448,366**	8,234,269
Non-controlling interests	**4,161,410**	4,060,400
Total equity	**12,609,776**	12,294,669
Gearing ratio	**37%**	36%

42. 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	**2**	5
Financial asset measured at fair value through other comprehensive income	**11,685**	–
Investments in subsidiaries	**1,522,819**	1,522,819
Total non-current assets	**1,534,506**	1,522,824
CURRENT ASSETS		
Prepayments, deposits and other receivables	**105**	128
Due from subsidiaries	**282,887**	91,597
Cash and bank balances	**58,165**	34,688
Total current assets	**341,157**	126,413
CURRENT LIABILITIES		
Trade payables and accrued liabilities	**5,387**	4,376
Interest-bearing bank borrowings	**120,000**	85,000
Total current liabilities	**125,387**	89,376
NET CURRENT ASSETS	**215,770**	37,037
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,750,276**	1,559,861
NON-CURRENT LIABILITY		
Due to a subsidiary	**631,446**	445,572
Net assets	**1,118,830**	1,114,289

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

	2022	2021
	HK$'000	*HK$'000*
EQUITY		
Share capital	**405,411**	405,411
Retained profits *(note)*	**713,419**	708,878
Total equity	**1,118,830**	1,114,289

James Sai-Wing Wong
Director

Yuen-Keung Chan
Director

Note:

A summary of the Company's retained profits is as follows:

	Retained profits
	HK$'000
Balance at 1 April 2020	702,717
Total comprehensive income for the year	33,730
Final 2020 dividend paid	(27,569)
At 31 March 2021 and 1 April 2021	**708,878**
Total comprehensive income for the year	**32,109**
Final 2021 dividend paid	**(27,568)**
At 31 March 2022	**713,419**

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company 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*
					(Restated)
RESULTS					
REVENUE	**1,112,501**	1,277,982	639,442	1,478,353	1,781,043
Profit/(loss) before tax from continuing operations	**228,756**	334,049	(45,657)	1,767,729	3,519,009
Tax credit/(charge)	**(133,215)**	(216,108)	11,444	(460,564)	(385,190)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**95,541**	117,941	(34,213)	1,307,165	3,133,819
LOSS FOR THE YEAR FROM A DISCONTINUED OPERATION	**–**	–	–	(13,981)	(13,523)
PROFIT/(LOSS) FOR THE YEAR	**95,541**	117,941	(34,213)	1,293,184	3,120,296
Attributable to:					
Owners of the Company	**55,704**	77,876	(45,423)	781,394	2,040,243
Non-controlling interests	**39,837**	40,065	11,210	511,790	1,080,053
	95,541	117,941	(34,213)	1,293,184	3,120,296

	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	**21,845,130**	21,293,903	20,566,909	20,311,524	20,284,372
TOTAL LIABILITIES	**(9,235,354)**	(8,999,234)	(9,042,608)	(8,241,788)	(8,884,139)
NET ASSETS	**12,609,776**	12,294,669	11,524,301	12,069,736	11,400,233
NON-CONTROLLING INTERESTS	**(4,161,410)**	(4,060,400)	(3,801,971)	(3,983,966)	(3,720,403)
SHAREHOLDERS' FUNDS	**8,448,366**	8,234,269	7,722,330	8,085,770	7,679,830

PARTICULARS OF PROPERTIES

31 March 2022

GROUP I – PROPERTIES HELD FOR DEVELOPMENT

Location	Use	Site area	Gross floor area	Development progress (up to 28 June 2022)	Estimated completion date	Attributable interest of the Group
		(sq.m./sq.ft.)	*(sq.m./sq.ft.)*			*(%)*
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	68.09
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	68.09
HONG KONG						
3. Lot 716 & Others in DD111, Yuen Long New Territories	–	35,386 sq.ft.	–	Temporary open storage	–	68.09

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	68.09
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	40.85
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	68.09
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.)	–	13.62

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	68.09
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	68.09
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	68.09
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	68.09
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	68.09
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	68.09

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					
14. Nexxus Jing'an (前社NEXXUS•靜安) No. 608 Xikang Road Jing'an District Shanghai	4-storey of commercial podium/ commercial	6,661.67 sq.m. (71,680 sq.ft)	–	Medium term lease	100
HONG KONG					
15. 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	68.09
16. 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	68.09
17. 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	68.09
18. Digital Realty Kin Chuen (HKG11) 11 Kin Chuen Street Kwai Chung New Territories	Data centre	228,033 sq.ft.	–	Medium term lease	68.09
19. Hilder Centre (富德中心) Whole floor of 8th Floor 2 Sung Ping Street Hunghom Kowloon	Commercial	18,600 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 Chinney Investments, 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 12:00 noon 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 directors 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. Randall Todd Turney ("Mr. Turney") 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").

   Dr. Emily Yen Wong ("Dr. Emily Wong") and Mr. Richard Chi-Ho Lo ("Mr. Lo") will retire by rotation at the meeting in accordance with article 104 of the Articles of Association. Dr. Emily Wong and Mr. Lo, being eligible, will offer themselves for re-election at the meeting.

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

Randall Todd Turney

Aged 59, was appointed as an independent non-executive director of the Company in August 2021. Mr. Turney brings broad exposure and knowledge of the financial industry, having spent over 35 years in banking, trade finance, and investment management. He is currently Executive Director and Chief Investment Officer of Arrow Capital Limited ("Arrow Capital"), an asset management business he co-founded in 2004. Arrow Capital currently operates as a single family office. Until March 2022, Arrow Capital was licensed and regulated by the Securities and Futures Commission Hong Kong (SFC) and managed assets for multiple family offices. Arrow Capital invests capital across multi-asset classes including currencies, fixed income, global equities, commodities, hedge funds, private equity, and real estate with a strong focus on risk management.

Mr. Turney started his investment management career at Salomon Brothers in 1992 (New York/Hong Kong) with a primary focus on emerging markets. In 1995, he joined Goldman Sachs (Singapore/Hong Kong/Australia), where he worked for the next decade, building and leading a wealth management team advising and investing for families and firms throughout Asia, Australia/New Zealand, and Africa. He was recruited out of Goldman Sachs to be the Chief Investment Officer for the family office of a wealthy Hong Kong-based industrialist, which he held for 6 years.

Mr. Turney spent the early years of his career in commercial banking engaging multinational corporate entities, advising on corporate finance, financing global trade, and foreign investment with NationsBank (now Bank of America) in the United States of America ("United States" or "USA") and Asia.

Mr. Turney holds a Bachelor of Science Management degree from Tulane University, New Orleans, Louisiana, USA.

At the date hereof, Mr. Turney 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"). Save as disclosed above, Mr. Turney does not hold any other positions in the Company or any members of the Group, did not hold any directorships in any listed public companies in the past three years and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Turney has entered into a letter of appointment with the Company. Pursuant to the letter of appointment, Mr. Turney 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. Turney 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. Turney which is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

Emily Yen Wong

Aged 56, was appointed as a non-executive director of the Company in August 2017. Dr. Emily Wong holds a Doctor of Medicine degree and an Executive Masters of Health Administration degree from University of Washington and is a Diplomate of the American Board of Internal Medicine.

Dr. Emily Wong serves on the Executive Committee of Qiu Shi Science & Technologies Foundation. She is currently an Honorary Associate Professor of Department of Family Medicine and Primary Care in The University of Hong Kong Faculty of Medicine and is the Past Chief of Medical Staff at the University of Washington Medical Center.

Dr. Emily Wong was a director of Hon Kwok Land Investment Company, Limited ("Hon Kwok") (Stock Code: 160) during the period from November 2011 to August 2017. Hon Kwok is listed on the Main Board of the Stock Exchange.

Dr. Emily Wong is a director of Lucky Year Finance Limited and Chinney Holdings Limited, both of which are substantial shareholders of the Company and deemed to be interested in the same parcel of 341,439,324 shares of the Company (representing 61.93% interests in the issued shares of the Company) at the date hereof. She is the daughter of Dr. James Sai-Wing Wong who is the Chairman and a substantial shareholder of the Company.

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

Emily Yen Wong *(Continued)*

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

There is no service contract between the Company and Dr. Emily Wong and she 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. Dr. Emily Wong is entitled to a director's fee of HK$320,000 per annum which is based on the remuneration policy adopted for non-executive directors of the Company.

Save as disclosed above, there is no other information relating to Dr. Emily Wong 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.

Richard Chi-Ho Lo

Aged 54, was appointed as an independent non-executive director of the Company in 2017. He is also the Chairman of the Nomination Committee of the Company. He obtained his Bachelor of Arts degree in Economics from the University of California, Los Angeles in the United States, Master of Business Administration (Investment and Finance) degree from the University of Hull in the United Kingdom, and an Executive Program Certificate from Stanford University Graduate School of Business in the United States and a Sustainability Leadership Program Certificate from University of Cambridge in the United Kingdom. Mr. Lo has over 30 years of experience in the investment and real estate industry. He is currently the chief executive officer of Fulldiamond Group, an investment and consulting company specializing in real estate, finance, securities, project and fund raising. Mr. Lo is the vice president cum chairman of Business Development Committee of The Hong Kong Real Property Federation, founder and vice president of the World Outstanding Chinese Youth Association and a member of the Hong Kong Pei Hua Education Foundation. He is also a committee member of the Chinese People's Political Consultative Conference Jiangxi Provincial Committee. Mr. Lo is an independent non-executive director of Shi Shi Services Limited (formerly known as Heng Sheng Holdings Limited) (Stock Code: 8181) which is listed on GEM of the Stock Exchange.

At the date hereof, Mr. Lo 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. Lo does not hold any other positions in the Company or any members of the Group, did not hold any directorships in any listed public companies in the past three years and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

There is no service contract between the Company and Mr. Lo and 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. Mr. Lo is entitled to a director's fee of HK$320,000 per annum which is based on the remuneration policy adopted for independent non-executive directors of the Company.

Save as disclosed above, there is no other information relating to Mr. Lo 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.chinney.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 an 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.chinney.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. Yuen-Keung Chan (Vice Chairman and Managing Director) and Mr. James Sing-Wai Wong as executive directors; Mr. Paul Hon-To Tong and Dr. Emily Yen Wong as non-executive directors; and Mr. Richard Chi-Ho Lo, Mr. Winfred Wai-Lap Fan and Mr. Randall Todd Turney as independent non-executive directors.