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*This announcement is for information purposes only and is not for distribution, directly or indirectly, in or into the United States. This announcement does not constitute or form a part of an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction, or an inducement to enter into investment activity, or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act. No public offering of the securities referred to herein will be made in the United States or in any other jurisdiction where such offering is restricted or prohibited.*

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing documents referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

Notice to Hong Kong investors: *The Issuer and the Guarantor (as defined below) confirm that the Notes (as defined in the offering circular appended hereto) are intended for purchase by professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR

FEC FINANCE LIMITED (the "Issuer")
(Incorporated with limited liability in Hong Kong)

unconditionally and irrevocably guaranteed by

FEC
遠東發展

FAR EAST CONSORTIUM INTERNATIONAL LIMITED (the "Guarantor")

遠東發展有限公司*

(Incorporated in the Cayman Islands with limited liability)
Website: http://www.fecil.com.hk
(Stock Code: 35)

US$2,000,000,000 Guaranteed Medium Term Note Programme (the "Programme")

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

Please refer to the offering circular dated 3 August 2022 (the "**Offering Circular**") in relation to the Programme appended hereto. As disclosed in the Offering Circular, any Notes to be issued under the Programme will be intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and will be listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

Hong Kong, 4 August 2022

As at the date of this announcement, the board of directors of FEC Finance Limited comprises two directors, namely Tan Sri Dato' David CHIU and Mr. Cheong Thard HOONG.

As at the date of this announcement, the board of directors of Far East Consortium International Limited comprises five executive directors, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS and Ms. Wing Kwan Winnie CHIU; and three independent non-executive directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK.

* *For identification purposes only*

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IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES OR IN CONTRAVENTION OF SUCH OTHER RESTRICTIONS AS MAY BE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page (this "**Offering Circular**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. NEITHER THE SECURITIES NOR THE GUARANTEE DESCRIBED IN THIS OFFERING CIRCULAR HAS BEEN, OR WILL BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. NEITHER THE SECURITIES NOR THE GUARANTEE MAY BE OFFERED, SOLD OR, IN THE CASE OF SECURITIES IN BEARER FORM, DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR, IN THE CASE OF AN OFFERING OR SALE IN RELIANCE OF CATEGORY 2 OF REGULATION S UNDER THE SECURITIES ACT, TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. ANY OFFERING WILL BE MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

THIS OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer and the Guarantor (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, Barclays Bank PLC, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited or UBS AG Hong Kong Branch (the "**Arrangers**"), Barclays Bank PLC, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, AMTD Global Markets Limited, BNP Paribas, China Merchants Securities (HK) Co., Limited., DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Oversea-Chinese Banking Corporation Limited, Mizuho Securities Asia Limited or The Bank of East Asia, Limited (the "**Dealers**") nor any person who controls the Arrangers or the Dealers, or any director, officer, employee or agent of the Issuer, the Guarantor, the Arrangers or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Offering Circular dated 3 August 2022

FEC Finance Limited

(incorporated with limited liability in Hong Kong)

unconditionally and irrevocably guaranteed by

FEC
遠東發展

FAR EAST CONSORTIUM INTERNATIONAL LIMITED
遠東發展有限公司*

(incorporated with limited liability in the Cayman Islands)
(HKSE Stock Code: 35)

U.S.$2,000,000,000
Guaranteed Medium Term Note Programme

This Offering Circular supersedes the Offering Circular dated 16 October 2020.

Under the Guaranteed Medium Term Note Programme described in this Offering Circular (the "**Programme**"), FEC Finance Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by Far East Consortium International Limited (the "**Guarantor**") and denominated in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s) (as defined in "*Summary of the Programme*"). Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,000,000,000 (or the equivalent in other currencies), subject to increases as described herein. The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

The obligations of the Guarantor under the Guarantee of the Notes constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as stated above) rank and will at all times rank *pari passu* with all other present and future unsecured obligations of the Guarantor, save for such obligations as may be preferred by the provisions of law that are both mandatory and of general application.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular in connection with an investment in the Notes.

Application has been made to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for the listing of the Programme by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Professional Investors**") only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange. This Offering Circular is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer and the Guarantor confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this Offering Circular, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this Offering Circular to Professional Investors only have been reproduced in this Offering Circular. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Guarantee, the Issuer, the Guarantor, the Group (as defined below) or the quality of disclosure in this Offering Circular. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy, or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined in "*Summary of the Programme*") in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, other exchange or quotation system).

Each Tranche of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**") as amended and/or supplemented by a document specific to such Tranche called a pricing supplement (the "**Pricing Supplement**"). This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement.

Each Series (as defined in "*Summary of the Programme*") of Notes in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**") (collectively, the "**Global Note**"). Interests in temporary Global Notes generally will be exchangeable for interests in permanent Global Notes, or if so stated in the relevant Pricing Supplement, definitive Notes ("**Definitive Notes**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such Tranche (as defined in "*Summary of the Programme*") upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for Definitive Notes in whole but not in part as described under "*Summary of Provisions Relating to the Notes while in Global Form*". Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Notes in registered form of one Series. Global Notes and Global Certificates (as defined below) may be deposited on the issue date with a common depositary (the "**Common Depositary**") on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or with a sub-custodian for the Central Moneymarkets Unit Service (the "**CMU**") operated by the Hong Kong Monetary Authority (the "**HKMA**") or deposited with any other clearing system or may be delivered outside any clearing system as agreed between the Issuer and the relevant Dealer(s).

The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes and in Global Certificates are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

Neither the Notes nor the Guarantee has been or will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States or, in the case of Notes being offered or sold in reliance on Category 2 of Regulation S ("**Regulation S**") of the Securities Act, to, or for the account or the benefit of U.S. persons (as defined in Regulation S) unless an exemption from the registration requirement of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended. "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", such Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", such Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK MiFIR**"); or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Arrangers

Barclays **Credit Suisse** **HSBC** **UBS**

Dealers

Barclays **Credit Suisse** **HSBC** **UBS**

AMTD **BNP PARIBAS** **China Merchants Securities (HK)** **DBS Bank Ltd.**

Deutsche Bank **Guotai Junan International** **Haitong International** **OCBC Bank**

Mizuho Securities **The Bank of East Asia, Limited**

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and its subsidiaries taken as a whole (the "**Group**") and the Notes and the Guarantee that is material in the context of the Programme, (ii) the statements contained in it relating to the Issuer, the Guarantor and the Group are in every material particular true and accurate and not misleading in any material respect, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and (iv) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of any of the Issuer, the Guarantor, the Arrangers or the Dealers or any of their respective directors, officers, employees, agents, advisers, affiliates or representatives. Neither the delivery of this Offering Circular or any Pricing Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor, or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor, or the Group since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

None of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, affiliates or representatives (as defined in "*Summary of the Programme*") represents that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any available exemption, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, affiliates or representatives which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular, any Pricing Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

The distribution of this Offering Circular and any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by the Issuer, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restriction. Neither the Notes and the Guarantee has been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes may include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or, in the case of Bearer Notes, delivered within the United States.

The Notes are being offered and sold outside the United States in reliance on Regulation S under the Securities Act. For a description of certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Circular, see "*Subscription and Sale*".

PRIIPS REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail

Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled ''Prohibition of Sales to UK Retail Investors'', the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled ''UK MiFIR product governance'' which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor should take into consideration the target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and other information which is applicable to each Tranche of Notes will be set out in the relevant Pricing Supplement.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents to subscribe for, or purchase, any Notes.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") for the purposes of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Information Incorporated by Reference and Financial Information*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

None of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives have separately verified the information contained in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by any Arrangers, any Dealer, the Trustee or any Agent or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives or on its behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Notes. Each Arranger, each Dealer, the Trustee, each Agent and any of their respective affiliates, officers, advisers, directors, employees, agents or representatives accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement. Neither this Offering Circular nor any other information provided or incorporated by reference in connection with the Programme are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives that any recipient of this Offering Circular or of any such information should purchase the Notes. Each potential purchaser of Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor and the Group. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary.

None of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Arrangers, the Dealers, the Trustee, the Agents or any of their respective affiliates, officers, advisers, directors, employees, agents or representatives.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager(s)**") (or any person acting on behalf of any Stabilisation Manager) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "**Hong Kong**" are to the Hong Kong Special Administrative Region of the People's Republic of China, to the "**PRC**" are to the People's Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, to the "**UK**" are to the United Kingdom; to "**HK$**" are to Hong Kong dollars, the lawful currency of Hong Kong, to "**AUD**" are to Australian dollars, the lawful currency of Australia, to "**CNY**" or "**RMB**" are to Renminbi, the lawful currency of the PRC, to "**MYR**" are to Malaysian Ringgit, the lawful currency of Malaysia, to "**S$**" are to Singapore dollars, the lawful currency of Singapore, to "**U.S.$**" or "**U.S. dollar(s)**" are to U.S. dollars, to "**sterling**", "**GBP**" or "**£**" are to the lawful currency of the UK and to "**EUR**", "**euro**" or "**€**" are to the lawful currency of member states of Europe that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time.

Unless otherwise stated, references in this Offering Circular to a particular year are to the calendar year ended or ending on 31 December and to a particular "**FY**" are to the fiscal year ended or ending on 31 March.

For the convenience of the reader, this Offering Circular presents translations into U.S. dollars of certain Hong Kong dollar amounts at the rate of HK$7.8325 = U.S.$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate. This Offering Circular also includes certain other currency amounts. The Hong Kong dollar equivalent amounts presented are translated at the approximate exchange rate at the time of the transactions to which they apply.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements under "Risk Factors", "Description of the Business" and elsewhere in this Offering Circular constitute forward-looking statements. The words "anticipate", "believe", "expect", "plan", "intend", "targets", "aims", "estimate", "project", "will", "would", "may", "could", "continue" and similar expressions are intended to identify forward-looking statements. All statements other than statements of historical fact included in this Offering Circular, including, without limitation, those regarding the Group's financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These forward-looking statements are based on the Issuer and the Guarantor's current expectation about future events relating to the Group. Although the Issuer and the Guarantor believe that these expectations and projections are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Group's actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Issuer and the Guarantor expect the Group to operate in the future.

Forward-looking statements speak only as at the date of this Offering Circular and each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to update publicly or revise any forward-looking statements in this Offering Circular to reflect any change in the Issuer and/or the Guarantor's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based. Given the uncertainties of forward-looking statements, there can be no assurance that projected results or events will be achieved and undue reliance should not be placed on these statements.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual financial statements and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Guarantor from time to time (if any) and all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Any unaudited financial statements should not be relied upon to provide the same quality of information associated with information that has been subject to an audit nor taken as an indication of the expected financial condition and results of operations of the Guarantor for the relevant full financial year. Potential investors must exercise caution when using such data to evaluate the Guarantor's financial condition and results of operations.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified offices of the Paying Agents (as defined under "*Summary of the Programme*") set out at the end of this Offering Circular.

The Guarantor has prepared audited consolidated financial statements for FY2021 and FY2022. See "*Index to Financial Statements*". These financial statements of the Guarantor were prepared in conformity with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. See "*General Information*" for a description of the financial statements currently published by the Guarantor.

DEFINITIONS AND GLOSSARY AND TECHNICAL TERMS

The definitions and glossary of technical terms contain explanations and definitions of certain terms used in this Offering Circular in connection with the Issuer and/or Guarantor and/or the Group and their businesses. The terms and their meaning may not correspond to the meanings or usage of these terms used by others.

ARR	average room rate.
BC Invest	BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited), a company incorporated in the Cayman Islands with limited liability and which is the holding company of BC Securities following the reorganisation referred to the announcement of the Guarantor dated 21 February 2019.
BC Securities	BC Securities Pty. Ltd., BC Finance Services Pty. Ltd., BC Investment Group Pty. Ltd., BC Investment Group (HK) Limited, BC Securities (HK) Limited and their respective subsidiaries, whose principal business is the provision of regulated first mortgage finance to international buyers of residential properties.
Care Park	Care Park Group Pty. Ltd., a company incorporated in Australia with limited liability and an indirect non-wholly owned subsidiary of the Guarantor.
CBD	central business district.
Dorsett	Dorsett Hospitality International Limited (formerly known as Kosmopolito Hotels International Limited), a company incorporated in the Cayman Islands with limited liability and a listed subsidiary of the Guarantor until it was privatised (previous stock code: 2266) and became its indirect wholly-owned subsidiary in October 2015.
Dorsett Group	Dorsett and its subsidiaries.
GDV	gross development value.
GFA	gross floor area.
HKFRSs	Hong Kong Financial Reporting Standards.
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules.
PRC	the People's Republic of China, which, for the purpose of this Offering Circular and unless otherwise stated, excludes Taiwan, Hong Kong and Macau Special Administrative Regions of the PRC.
OCC	overall occupancy rate.
QWB Project	Queen's Wharf Project in Brisbane.

RevPAR	revenue per available room.
SFO	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).
Share(s)	ordinary share(s) of HK$0.10 each in the share capital of the Guarantor.
sq. ft.	square feet.
sq. m.	square meter.
Stock Exchange or the Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
TWC	Trans World Corporation.
TWC Hotel Group	hotels under TWC.
The Star	The Star Entertainment Group Limited.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this summary.

Issuer	FEC Finance Limited (Legal Entity Identifier code: 5493 00TTP03NH9IE6530).
Guarantor	Far East Consortium International Limited.
Programme Description	Guaranteed Medium Term Note Programme.
Programme Size	Up to U.S.$2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement (as defined in "*Subscription and Sale – Summary of Dealer Agreement*").
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes (as defined in "*Terms and Conditions of the Notes*"), as further described in Condition 3(a) of the Terms and Conditions of the Notes.
Arrangers	Barclays Bank PLC, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch.
Dealers	Barclays Bank PLC, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, AMTD Global Markets Limited, BNP Paribas, China Merchants Securities (HK) Co., Limited, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Oversea-Chinese Banking Corporation Limited, Mizuho Securities Asia Limited and The Bank of East Asia, Limited. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Trustee	The Hongkong and Shanghai Banking Corporation Limited.
Agents	The Issuing and Paying Agent, the Registrar, the Transfer Agent, the CMU Lodging and Paying Agent and Paying Agent.
Issuing and Paying Agent, Registrar, Transfer Agent, CMU Lodging and Paying Agent and Paying Agent	The Hongkong and Shanghai Banking Corporation Limited.
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the "**Pricing Supplement**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) Definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "– *Selling Restrictions*" below); otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of, or in the name of a nominee for, one or more clearing systems are referred to as "**Global Certificates**".
Clearing Systems	Clearstream, Luxembourg, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.

Status of Notes	The Notes will be direct, unconditional, unsubordinated and, subject to the provisions of Condition 4 (*Negative Pledge*), unsecured obligations of the Issuer and will rank (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, present and future.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4 (*Negative Pledge*) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Initial Delivery of Notes	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or deposited with a sub-custodian for the HKMA as operator of the CMU or deposited with a depositary or sub-custodian for any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealers. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee or a sub-custodian for, such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer and the relevant Dealers. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer and the relevant Dealer(s).
Specified Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
Floating Rate Notes	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency (as defined in "*Risk Factors – Risks relating to the Market Generally – Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected*") governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or (ii) by reference to EURIBOR, HIBOR or CNH HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods will be specified in the relevant Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes (as defined in "*Terms and Conditions of the Notes*") may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in "*Terms and Conditions of the Notes*") will be made in such currencies and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal or of interest in respect of Index Linked Notes will be calculated by reference to such index and/or formula or to changes in prices of securities or commodities or to such other factors as may be specified in the relevant Pricing Supplement.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Benchmark Discontinuation	The Benchmark Discontinuation provisions set out in the "*Terms and Conditions of the Notes*" will apply if a Benchmark Event occurs.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula, index or otherwise). Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders and if so the terms applicable to such redemption.
Tax Redemption	Except as described in "*– Optional Redemption*" above, early redemption at the option of the Issuer will only be permitted for tax reasons as described in Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*).
Redemption for Change of Control Event	The terms of the Notes will contain a provision for the early redemption of the Notes at the option of the holders thereof upon the occurrence of a Change of Control Event as further described in Condition 6(f) (*Redemption, Purchase and Options – Redemption for Change of Control Event*).
Negative Pledge	The Notes will have the benefit of a negative pledge as described in "*Terms and Conditions of the Notes – Negative Pledge*".
Cross Default	The Notes will have the benefit of a cross default provision as described in "*Terms and Conditions of the Notes – Events of Default*".
Withholding Tax	All payments of principal and interest in respect of the Notes or under the Guarantee will be made free and clear of withholding taxes of the Cayman Islands or Hong Kong, subject to customary exceptions, all as described in "*Terms and Conditions of the Notes – Taxation*".

Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Listing and Admission to Trading	Application has been made to the Hong Kong Stock Exchange for permission to deal in, and for the listing of the Programme, under which Notes may be issued during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only or as otherwise specified in the relevant Pricing Supplement. Separate application will be made for the listing of the Notes on the Hong Kong Stock Exchange. However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange (or listed, traded or quoted on or by any other competent authority, exchange or quotation system). Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK$500,000 (or its equivalent in other currencies).
Selling Restrictions	The United States, the Public Offer Selling Restrictions under the Prospectus Regulation and the UK Prospectus Regulation, respectively, the UK, Hong Kong, Singapore, Japan, the Netherlands, the Cayman Islands and the PRC. See "*Subscription and Sale*". Category 1 or Category 2 selling restrictions may apply as specified in the relevant Pricing Supplement for the purposes of Regulation S under the Securities Act. The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Bearer Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for Section 4701 of the Code) (the "**C Rules**") or (ii) the Bearer Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Bearer Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes and the Guarantee are discussed under "*Risk Factors*" below.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary audited consolidated financial information of the Guarantor for the periods indicated.

The summary audited consolidated financial information as at and for FY2020, FY2021 and FY2022 set forth below are derived from the Guarantor's published audited consolidated financial statements as at and for the years ended 31 March 2021 and 2022, respectively (which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and are included elsewhere in this Offering Circular).

The summary financial information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant consolidated financial information of the Guarantor, including the notes thereto, included elsewhere in this Offering Circular.

The consolidated financial statements of the Guarantor were prepared and presented in accordance with HKFRSs.

SELECTED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2022	2021	2020
		(HK$'000)	
Revenue	5,895,636	5,943,694	7,450,604
Cost of sales and services	(3,432,536)	(3,629,017)	(4,742,094)
Depreciation and impairment of hotel and car park assets	(479,063)	(473,194)	(449,158)
Gross profit	1,984,037	1,841,483	2,259,352
Other income	213,566	259,726	143,111
Other gains and losses	1,189,809	425,824	(15,517)
Administrative expenses			
– Hotel operations and management	(355,083)	(319,553)	(441,905)
– Others	(496,522)	(342,404)	(409,314)
Pre-operating expenses			
– Hotel operations and management	(12,744)	–	(27,601)
Selling and marketing expenses	(279,462)	(245,274)	(193,773)
Share of results of associates	(21,851)	(13,108)	(11,485)
Share of results of joint ventures	(26,941)	(31,082)	2,878
Finance costs	(341,082)	(309,785)	(468,425)
Profit before tax	1,853,727	1,265,827	837,321
Income tax expense	(343,191)	(460,087)	(286,340)
Profit for the year	1,510,536	805,740	550,981

	2022	2021	2020
		(HK$'000)	
Attributable to:			
Shareholders of the Company	1,300,381	543,194	365,853
Owners of perpetual capital notes	206,877	199,713	98,564
Other non-controlling interests	3,278	62,833	86,564
	210,155	262,546	185,128
Earnings per share			
Basic (HK cents)	54.1	22.9	15.5
Diluted (HK cents)	54.0	22.9	15.5
Profit for the year	1,510,536	805,740	550,981
Other comprehensive (expense) income for the year			
Items that will not be reclassified to profit or loss:			
Fair value change on equity instruments at fair value through other comprehensive income ("**FVTOCI**")	(149,920)	525,837	(402,838)
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	(112,424)	1,974,889	(1,559,653)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	15,029	–	–
Fair value change on debt instruments at FVTOCI	(155,449)	114,742	(255,663)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	129,785	(66,408)	(28,359)
Impairment loss recognised on debt instruments at FVTOCI	78,258	–	–
Share of other comprehensive income of an associate	115,968	–	–
Other comprehensive (expense) income for the year	(78,753)	2,549,060	(2,246,513)
Total comprehensive (expense) income for the year	1,431,783	3,354,800	(1,695,532)
Total comprehensive (expense) income attributable to:			
Shareholders of the Company	1,221,625	3,072,424	(1,840,709)
Owners of perpetual capital notes	206,877	199,713	73,696
Other non-controlling interests	3,281	82,663	71,481
	210,158	282,386	145,177
	1,431,783	3,354,800	(1,695,532)

Consolidated Statement of Financial Position

	2022	2021	2020
		(HK$'000)	
Non-current Assets			
Investment properties	7,888,061	8,159,748	7,243,208
Property, plant and equipment	12,507,293	12,593,755	11,160,856
Goodwill	68,400	68,400	68,400
Interests in associates	1,921,367	1,800,616	1,237,775
Interests in joint ventures	2,351,810	1,095,822	791,846
Investment securities	1,246,009	1,136,241	492,852
Derivative financial instruments	2,935	–	37,222
Deposits for acquisition of property, plant and equipment	99,462	95,372	88,045
Amounts due from joint ventures	645,990	26,154	58,572
Amounts due from associates	62,864	62,864	62,864
Amount due from an investee company	119,995	119,995	119,995
Loan receivables	182,598	210,876	259,651
Pledged deposits	4,834	9,525	20,409
Deferred tax assets	177,203	249,086	93,653
Other assets	13,500	–	–
	27,292,321	25,628,454	21,735,348
Current Assets			
Properties for sale			
Completed properties	4,201,912	1,613,798	1,966,189
Properties under development	11,571,867	12,334,478	9,983,444
Other inventories	9,586	9,735	11,146
Debtors, deposits and prepayments	805,602	1,143,837	379,091
Customers' deposits under escrow	468,696	335,818	147,527
Contract assets	–	–	1,103,698
Contract costs	309,402	315,042	283,787
Amounts due from joint ventures	194,342	463,399	349,392
Amounts due from associates	14,498	18,557	24,717
Amount due from a shareholder of non-wholly owned subsidiary	248,120	109,211	–
Tax recoverable	88,956	92,713	160,697
Investment securities	1,787,260	3,006,565	2,534,548
Loan receivables	5,037	7,029	9,269
Derivative financial instruments	14,984	3,531	–
Pledged deposits	889,128	377,050	51,600
Restricted bank deposits	–	14,016	120,932
Deposits in financial institutions	14,802	46,316	6,880
Bank balances and cash	6,887,803	4,365,751	2,911,726
	27,511,995	24,256,846	20,044,643
Investment properties held for sale	–	15,488	–
	27,511,995	24,272,334	20,044,643

	2022	2021	2020
		(HK$'000)	
Current Liabilities			
Creditors and accruals	2,184,678	1,694,889	1,264,635
Contract liabilities	666,423	689,615	310,598
Lease liabilities	74,567	81,139	77,253
Amount due to a related company	858	807	751
Amounts due to associates	7,245	51,326	6,897
Amounts due to shareholders of non-wholly owned subsidiaries	171,548	168,997	395,126
Derivative financial instruments	25,922	7,045	3,397
Tax payable	633,866	747,998	368,283
Notes	–	1,834,899	–
Bank and other borrowings	11,450,133	10,438,601	6,505,953
	15,215,240	15,715,316	8,932,893
Net Current Assets	12,296,755	8,557,018	11,111,750
Total Assets less Current Liabilities	39,589,076	34,185,472	32,847,098
Non-current Liabilities			
Lease liabilities	535,169	645,758	547,086
Derivative financial instruments	–	6,807	–
Notes and bonds	4,604,128	3,384,017	3,548,124
Bank and other borrowings	15,140,281	11,919,164	13,405,809
Deferred tax liabilities	1,055,480	1,046,665	903,317
Other liabilities	344,086	128,798	129,028
	21,679,144	17,131,209	18,533,364
Net Assets	17,909,932	17,054,263	14,313,734
Capital and Reserves			
Share capital	241,962	239,508	236,942
Share premium	4,650,772	4,584,371	4,534,687
Reserves	9,738,998	8,973,151	6,346,903
Equity attributable to shareholders of the Company	14,631,732	13,797,030	11,118,532
Owners of perpetual capital notes	2,901,589	2,883,903	2,904,535
Other non-controlling interests	376,611	373,330	290,667
Total Equity	17,909,932	17,054,263	14,313,734

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Group or which the Group currently deem to be immaterial, may affect the Group's business, financial condition or results of operations or its ability to fulfil its respective obligations under the Notes and the Guarantee.

The global outbreak of the novel coronavirus ("COVID-19") has an adverse effect on the Group's business operations, financial condition and results of operations

The Group's business has been, and may continue to be, adversely affected by the global outbreak of COVID-19. The outbreak of COVID-19 started in late 2019 and was declared a pandemic by the World Health Organisation on 11 March 2020. There has been rapid and widespread increase in new infections across the globe, including the locations in which the Group operates, such as the PRC, Hong Kong, Europe, Australia, Singapore, Malaysia, the UK and other parts of the world.

Many countries had declared a state of emergency, closed their borders to international travellers and restricted movements of their citizens with a view to containing the pandemic. The Group's profitability depends, in part, on tourism, business traffic and the general outlook of the global economy. Government-led measures designed to slow the spread of the virus, therefore, directly and indirectly affect the Group's operations. Even with the progressive loosening of travel and movement restrictions globally in 2022, there may still be a prolonged period of significantly reduced economic activities, potential increased unemployment and reduced consumer spending. In addition, restrictions can be re-introduced or tightened in various jurisdictions if the COVID-19 situation worsens again or the novel variants of COVID-19 emerge.

In the wake of COVID-19, many governments and central banks around the globe have introduced fiscal and monetary stimulus measures including tax cuts, direct subsidies, bond repurchase programmes and suspension or relaxation of prudential bank capital requirements. While these measures aim to contain the economic impact of the pandemic, stabilise the markets and provide liquidity easing to the markets, there is no assurance that such measures will be sufficient or effective in achieving their policy objectives; nor can there be any assurance that these measures will be successful in reducing the economic impact of the pandemic or stabilising the markets. Moreover, as inflation continues to rise, central banks of the United States and various other relevant jurisdictions are moving away from such accommodative policies previously put in place, which may dampen the growth of the global economy. Any potential economic slowdowns may negatively affect the purchasing powers of the Group's customers, which may lead to a decline in the general demand for its products and services.

The COVID-19 pandemic impacted all of the Group's businesses in varying degrees. The residential property business was impacted by some construction delays and some settlement delays. The COVID-19 pandemic created some supply chain and labour issues and affected the progress of some construction activities. In addition, the restrictive measures considerably impacted the Group's hotels, car park and gaming businesses. In particular, the Group's hotel operations were mainly affected by COVID-19 related travel restrictions in FY2021 in Hong Kong, the PRC, the UK, Europe, Australia and Singapore. In the UK, the Group closed both of its hotels namely Dorsett Shepherds Bush and Dorsett City London from January to May 2021 due to several rounds of outbreaks and lockdowns in the UK. The Group also ordered temporary closures of three hotels in Malaysia namely Silka Johor Bahru, Silka Maytower Kuala Lumpur and J-Hotel by Dorsett during FY2022. Furthermore, the Group's three casinos located in the Czech Republic were temporarily closed for much of the times in FY2021 and two months in FY2022 due to COVID-19 restrictions. The Group cannot predict whether future closures may be mandated.

Despite the quick actions taken at the onset of the COVID-19 pandemic and the diversity of the Group's businesses, it is difficult to predict how long these uncertainties associated with the COVID-19 pandemic will exist and the extent to which the Group may be affected. Should the disruption to its operations extend for a long period, the Group may experience delays in completion and delivery of its ongoing projects and may suffer from reduced demand for its services, which may materially and adversely affect the Group's business, financial condition and results of operations and may also cause reputational damage.

Risks Relating to Property Development and Investment Business

The Group is subject to risks incidental to the operation of established properties and property ownership

The Group is subject to risks incidental to the operation of residential, commercial (including entertainment) and related retail properties and property ownership. The Group makes certain undertakings in its pre-sale contracts, and its pre-sale contracts and the laws and regulations provide for remedies for breach of these undertakings. For example, if the Group fails to complete delivery of a pre-sold property on time, it may be liable to the relevant customers for late delivery under the relevant pre-sale contracts or pursuant to relevant laws and regulations. If its delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with the Group and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates materially from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and substantially adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to its fault. Any of such factors could have a material adverse effect on its business, financial condition and results of operations. Though the Group is typically entitled to claim damages from the third-party contractors if such breaches are due to their fault, it cannot assure you that the damages it recoups will fully compensate its losses.

The Group's operation of established properties is also subject to various factors which could negatively affect the demand for its investment properties, such as (i) volatility in market rental rates, (ii) occupancy level, (iii) competition for tenants, (iv) costs resulting from on-going maintenance and repair, (v) reduced turnover or lower occupancy rates as a result of undergoing repairs and refurbishments, (vi) ability to renew leases or re-let space as existing leases expire, (vii) ability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, (viii) ability to dispose of major investment properties for the values at which they are recorded in the financial statements, (ix) increased operating costs and (x) the need to renovate, repair and re-let space periodically and to pay the associated costs. In the event of economic decline, the Group may experience market pressures from tenants or prospective tenants to provide rent reductions or longer rent-free periods than usually given on investment properties, or may be pressured by prospective purchasers to reduce property price, which could have an adverse effect on its business, financial condition and results of operations.

The property development and investment markets in regions where the Group operates are susceptible to changes in laws and regulations

The property development and investment markets are subject to extensive real estate laws and regulations. For example, in Australia, overseas residential real estate investors purchasing Australian property have been subject to a new surcharge since 2016 and certain major Australian banks have established stricter lending criteria for home loans to overseas investors. In Hong Kong, the government introduced various measures to cool the property market, such as the imposition of buyer stamp duty in 2012 and additional measures in 2015, 2016 and 2017. The Residential Properties (First-hand Sales) Ordinance (Cap. 621) also came into full operation in April 2013, which aims to enhance the transparency and fairness of the sales arrangements and transactions of first-hand residential properties. The Singapore government also introduces measures to cool the property market from time to time. An example is the imposition of higher stamp duty rates for foreigners and buyers of second residential properties which came into effect in July 2018.

In the PRC, the national and local governments exert considerable direct and indirect influence on the development of the property sector by imposing policies and other economic measures, such as controls over the supply of land available for development, controls (through bank reserve requirements) over the supply of credit over project financing, raising the benchmark interest rates for commercial banks, capping the total amount of bank loans available for property developers, capping the number of properties which an individual may buy and capping the proportion of the purchasing price which individuals can pay by bank mortgages. Furthermore, the PRC government may impose additional taxes and levies on property sales and further restrict foreign investment in the property sector.

These policies may adversely impact the level of pre-sales which the Group may be able to achieve and the level of settlements for pre-sold units in the areas which the Group operates. There can be no assurance that the Group will successfully achieve the necessary amount of pre-sales in order to obtain sufficient financing for its projects. Furthermore, there can be no assurance that the local and national governments in the areas where the Group operates will not introduce any further measures which may affect sales or property values in such areas and that property values will not decline in the future. Trade tensions among major economies, which intensified in 2019 and have continued since then, may negatively affect the real estate market in which the Group operates. Subject to any further control or measure that the PRC or any other relevant governments may impose, the Group's funding conditions may become tight due to the increase in financing costs and weakened investor sentiment.

The Group's expansion into new geographical markets presents certain risks and uncertainties

In order to achieve sustainable growth, the Group seeks new development opportunities in regions with the potential for growth and where it has no existing operations. The Group may not be able to identify geographic locations with sufficient growth potential to expand its market reach or operate its new projects. As the Group may face challenges not previously encountered, it may fail to recognise or properly assess risks or take full advantage of opportunities.

Furthermore, its experience in existing markets and its current business model may not be readily transferable to, and replicated in, new markets in its target cities. The property markets in its target cities may be different from each other in terms of the level of local economic and industrial development, local governmental policies and support, development phases of local businesses, market demand for its properties, types of properties to be developed and development cycles. The Group may have limited ability to leverage its established brands and reputation in new markets in the way it has done in its existing markets. Furthermore, the administrative, regulatory and tax environments in its target cities may be different from each other and the Group may face additional difficulties in complying with new procedures and adapting to new environments in the new markets. In addition, the Group may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put it in a disadvantageous position.

As the Group continues to expand, it will have to continue to improve its managerial, development and operational expertise and allocation of resources. To effectively manage its expanded operations, the Group will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy its property development requirements, including staff with local market knowledge. In order to fund its ongoing operations and its future growth, the Group needs to have sufficient internal capital sources or access to additional financing from external sources. Further, the Group will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, the Group will need to further strengthen its internal controls and compliance functions to ensure that the Group is able to comply with its legal and contractual obligations and to reduce its operational and compliance risks. The Group cannot assure you that it will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. The Group may also experience difficulties in expanding its existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

The Group relies on the expertise of its joint venture partners to successfully complete joint venture projects

The Group has entered into joint ventures and established associated companies with third parties and may continue to do so in the future. The performance of such joint ventures and associated companies has affected, and will continue to affect, its results of operations and financial position. The Group's aggregate share of losses of joint ventures and associates for FY2021 and FY2022 were approximately HK$44.2 million and HK$48.8 million, respectively. The success of a joint venture or an associated company depends on a number of factors, some of which are beyond its control. As a result, it may not be able to realise the anticipated economic and other benefits from its joint ventures and associated companies.

The Group generally participates in joint venture projects to utilise the expertise of its local partners. For instance, in November 2015, the Group entered into a project called the "Destination Brisbane Consortium" with The Star and Chow Tai Fook Enterprises Limited ("**CTF**") for the development of the entertainment precinct and integrated resort development site with a residential development component in Queen's Wharf, Brisbane. The Group also signed a Memorandum of Understanding ("**MOU**") in March 2016 with The Star and CTF for the development of a 200-metre hotel/apartment tower at The Star's properties in Sydney featuring a Ritz-Carlton and an extension with connectivity to the existing property that would include food and beverage outlets. The same parties also entered into a joint venture agreement to co-develop a mixed-use development featuring five towers in the heart of Gold Coast's world-class integrated resort on Broadbeach Island. In March 2018, the strategic alliance agreement was entered into by the same parties to join forces on the delivery of certain nominated developments in Australia. In early September 2021, the Group also signed an exclusivity agreement with Capital and Regional PLC ("**C&R**"), a UK-based specialist property real estate investment trust with a portfolio of shopping malls in greater London, to explore co-development opportunities on or around some of its retail properties.

Regarding joint venture and partnership projects, the Group generally seeks to maintain a sufficient level of control or influence over these projects through the ownership of interest and/or taking up management role. However, property investment and development may often involve the participation of local partners, which may be out of its control. Also, participating in joint ventures may involve certain risks, such as dissimilar business interests with partners and failure to secure local government approvals. An example is the aforementioned Destination Brisbane Consortium development, where the relevant casino agreement contains provisions to the effect that after the new casino licence is granted for the integrated resort component, any shareholder of any of the joint venture partners holding a voting interest of 20 per cent. or more will be required to satisfy the probity requirements of the State of Queensland. If the State of Queensland considers, having regard to the matters set out in section 20 of the Casino Control Act 1982 (Qld), that such shareholder is not suitable, the State of Queensland can request that the relevant joint venture partner procures the disposal of the interest of such shareholder as soon as practicable and, in any event within three months or such longer time as is determined by the State of Queensland. If the relevant shareholder does not dispose of its interest within this period, the State of Queensland can request that the relevant joint venture partner dispose of its interest in the integrated resort component of the Destination Brisbane Consortium.

Since the Group does not have full control over the business and operations of its joint ventures and associated companies, it cannot assure that they have been, or will be in strict compliance with all applicable laws and regulations. The Group cannot assure you that it will not encounter problems with respect to its joint ventures and associated companies or its joint ventures and associated companies will not violate laws and regulations, which may have an adverse effect on its business, results of operations and financial condition. In the event any of the Group's joint venture partners is unable or unwilling to fulfil its obligations under the relevant joint venture agreements, or any such joint venture partner is forced to dispose of its interest in the joint venture, this could have a material adverse effect on the business and prospects of the Group.

The Group's joint venture partner The Star is currently under investigation initiated by Australian Transaction Reports and Analysis Centre ("AUSTRAC")

The Star, one of the Group's joint venture partners, announced on 7 June 2021 that it has been informed by AUSTRAC's regulatory operations team that it has identified potential serious non-compliance by The Star with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1). The share price of The Star has been negatively affected as a result, and this in turn impacted the carrying value of the equity interest the Group holds in The Star.

If The Star was found to be liable on any of the investigations against it, its share price may fall further and the Group's ongoing or planned projects partnered with The Star (including the planned opening of the QWB Project) may be disrupted or delayed, which may adversely affect the Group's investment in The Star and the business, financial condition and results of operations of the Group's projects partnered with The Star.

There is no assurance that suitable sites at commercially acceptable prices may be available for the Group's future development

The Group normally only acquires land to fulfil its specific project requirements. In the countries where the Group operates, the supply of land is largely controlled by local governments depending on each country's economic conditions and priorities. Local governments may implement various measures to regulate the means by which property developers obtain land for property development. The ability of the Group to acquire land for future development and its land acquisition costs will accordingly be affected by government policies in relation to land supply. The Group's future growth prospects may therefore be affected to the extent that it is unable to acquire land for future development in the countries where the Group operates at commercially acceptable prices to generate reasonable returns.

The Group is required to undertake property revaluation annually

In accordance with HKFRSs, an external professional valuer assesses the Group's investment properties annually at their open market value which is reflected in the Group's consolidated statement of financial position. Any gains or losses arising from the change in the fair value are included in the profit or loss for the period in which they arise. A major or extended decline in property values could therefore increase the Group's leverage, which may limit its ability to obtain additional financing in the future.

The Group relies on independent contractors and sub-contractors for the provision of certain services

The Group engages independent third-party contractors and sub-contractors to provide various services, including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air conditioning units and elevators. There is no assurance that the services rendered by any independent third-party contractor or sub-contractor engaged by the Group will be satisfactory. The Group is also exposed to the risk that its contractors and sub-contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is a risk that the Group's major contractors and sub-contractors may experience financial or other difficulties which may affect their abilities to discharge their obligations and thus delaying the completion of the Group's development projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption or delays in transportation, all of which are beyond the control of the Group. Any of these factors could adversely affect the business, financial condition and results of operations of the Group.

As the Group derives a significant proportion of revenues from the property development business, its results of operations may vary significantly from period to period

The Group derives a significant proportion of revenues from the property development business. For FY2020, FY2021 and FY2022, revenue from the Group's property development business amounted to approximately 64.9 per cent., 71.1 per cent. and 57.3 per cent. of the Group's total revenue, respectively. The Group's results of operations may fluctuate in the future due to a combination of factors, including the overall schedule of its property development projects, the popularity of its properties among prospective purchasers, the timing of the sale of properties and any volatility in expenses such as land costs and construction costs.

Furthermore, except for the Group's development projects in Singapore and Malaysia in respect of which the revenue is recognised over time during the construction period, the Group recognises revenue from sale of its properties upon delivery, which normally takes place within one to three years after the commencement of pre-sale. As the timing of delivery of the Group's properties varies according to their construction schedules, the Group's results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties (except for projects in Singapore and Malaysia). Periods in which the Group delivers more properties in terms of GFA typically generate higher levels of revenue. Periods in which the Group pre-sells a large aggregate GFA, however, may not generate a correspondingly level of revenue if the properties pre-sold are not delivered within the same period. The effect of the timing of project delivery on its operational results is accentuated by the fact that during any particular period the Group can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs as well as a limited supply of land.

The Group faces competition in its property development and investment business

The Group holds interests in property development projects and has investments in retail and commercial buildings in Hong Kong, the PRC, Malaysia, Singapore, Australia and the UK.

In relation to its property development business, the Group entered the PRC property development market at an early stage and was able to acquire some sites in the PRC at a relatively low cost. In recent years, a large number of property developers have undertaken an increasing number of property development and investment projects in Shanghai and elsewhere in the PRC. These include overseas property developers (including a number of leading Hong Kong property developers) and local developers in the PRC, many of whom have greater financial and other capital resources, greater market share and greater name recognition than the Group.

The Group also competes with many established property developers in each of Australia, Singapore, Malaysia, Hong Kong and the UK. Many of these competitors have larger local operations, better name recognition, better access to land bank acquisition opportunities, greater market share domestically and greater financial resources compared to the Group.

Intensified competition among property developers may result in increased costs for construction and land acquisition, an oversupply of properties for sale, a decrease in property prices and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the business of the Group.

The Group's investment property portfolio comprises mainly commercial buildings and retail units in Hong Kong, the PRC, Australia, Singapore and the UK. While the value of the Group's investment properties in the regions has generally remained stable, the continuous supply of new retail and commercial properties located near the Group's investment properties could adversely affect residential and commercial rental and occupancy rates. There is no assurance that the Group will be able to secure commercially desirable rental returns or market values for its investment properties as a result of increased competition as well as continuous supply in the rental market and failure to do so could result in higher rate of property vacancy which may materially and adversely affect the financial conditions and prospects of the Group.

The Group's property business is subject to seasonality

The Group's property business is subject to seasonality. Volatility impacts the timing for the acquisition of sites, the launch of pre-sales of pipeline projects and the sale of completed development properties. Volatility, combined with the lead time required for completion of projects as well as the sale of existing properties, may subject the Group to significant fluctuations in its property development activities. The Group's results of operations may fluctuate from quarter to quarter. The number of properties that the Group could develop or complete during any particular period is subject to a number of factors including but not limited to construction schedule, permit approvals and lengthy development periods before revenue and profit from developments are realised and recognised (in particular for projects that are developed in multiple phases over the course of several years). Therefore, the cyclicality of property markets affects the timing for both the Group's acquisition of sites and sale of completed properties.

During the Chinese New Year holidays, construction of the Group's development projects in Asia may also be hindered. Prolonged adverse weather conditions may generally delay construction of the Group's development projects. The Group's revenue and profits, recognised upon the delivery of properties (except for the Group's development projects in Singapore and Malaysia in which the revenue is recognised over time during the construction period), may therefore be adversely affected by such seasonal effects.

If the Group cannot continue to obtain qualification certificates for its subsidiaries to engage in real estate development in the PRC, its property development business in the PRC may be adversely affected

As a precondition to engaging in real estate property development in the PRC, a property developer must obtain a qualification certificate. According to the current PRC regulations on qualification of property developers, property developers are classified into two grades: Grade I and Grade II. Property developers with a qualification of Grade II are only allowed to develop projects with a GFA less than 250,000 sq. m. while property developers with a qualification of Grade I are not subject to such restrictions. Developers must fulfil all statutory requirements before obtaining or renewing their qualification certificates.

Property developers in the PRC must also produce valid qualification certificates when they apply for pre-sale permits. There is no assurance that all of the relevant Group members which are engaged in real estate development in the PRC will be able to pass the annual verification of the qualification certificates or will be able to obtain formal qualification certificate in a timely manner, or at all, as and when they become due. If the Group or its project companies do not possess valid qualification certificates, the government will refuse to issue pre-sale and other permits necessary for the Group's property development business. In addition, the PRC government may impose a penalty on the Group and its project companies for failure to comply with the relevant licensing requirements.

The Group's business will be adversely affected if it fails to obtain, or experiences material delay in obtaining, the necessary governmental approvals for any major property development

In general, there are regulations that strictly regulate the real estate market in the countries that the Group operates. Property developers must comply with various local laws and regulations, including rules promulgated by local governments to enforce such laws and regulations. To develop and complete a property project, the Group must apply for various licences, permits, certificates and approvals at the relevant governmental authorities. Before such authorities issue any certificate or permit, the Group must first meet the prerequisites set forth by the relevant authorities. There is no assurance that the Group will not encounter serious delay or other difficulties in fulfilling such conditions, or that the Group will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry. There may also be delay on the part of the relevant regulatory bodies in reviewing the Group's applications and granting approvals. Therefore, in the event that the Group fails to obtain, or encounters significant delays in obtaining, the necessary governmental approvals for any of its major property projects, the Group may not be able to continue with or carry out its development plans on schedule and its business and financial condition may be adversely affected.

Failure to meet all requirements for the issue of property ownership certificates may lead to compensatory liability to the Group's purchasers

According to PRC laws, property developers must meet various requirements within 90 days after delivery of the relevant property or such other time period as provided in the relevant sales contract for the Group's purchasers to apply for property ownership certificates. Such requirements include passing various governmental clearances, formalities and procedures. The Group usually stipulates the delivery dates in its sales contracts so as to leave sufficient time for it to complete the formalities and obtain the relevant approvals. However, there is no assurance that there will not be delay in its property development as a result of factors beyond its control which may delay the delivery of property ownership certificates, such as shortage in human resources at various governmental offices or inspections and approval processes taking longer than expected. Under current PRC laws and regulations and under the Group's sales contracts, the Group is required to compensate the Group's purchasers for delay in delivery of the relevant property. Such delay in delivery may adversely affect the Group's financial performance as well as its market reputation.

The Group may not be able to obtain land use right certificates with respect to certain parcels of land in the PRC

The Group had entered into land grant contracts or transfer agreements or had made other contractual arrangements in order to obtain the land use rights in respect of some of its projects in the PRC.

However, some of the land use right certificates have not been obtained. If the Group fails to obtain, or experiences material delay in obtaining, the land use right certificates with respect to these parcels of land, its reputation and business in the PRC may be adversely affected.

The illiquidity of investment properties and the lack of alternative uses of investment properties may significantly limit its ability to respond to adverse changes in the performance of its investment properties

Since property investments in general are relatively illiquid, its ability to promptly sell one or more of its investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond its control. The Group cannot predict whether it will be able to sell any of its investment properties for the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. The Group also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. Moreover, the Group may also need to incur capital expenditure to manage and maintain its properties or to correct defects or make improvements to these properties before selling them. The Group cannot assure you that financing for such expenditures would be available when needed, or at all.

Furthermore, the aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in certain property markets, such as the PRC, may adversely affect the amount of rentals and revenue the Group generates from, as well as the fair value of, its investment properties and hotels. However, investment properties may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. The Group cannot assure you that it will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede its ability to respond to adverse changes in the performance of its hotel and investment properties could affect its ability to compete against its competitors and its results of operations.

Risks Relating to Hotel Operations and Management Business

Outbreaks of highly contagious diseases, natural disasters or severe weather conditions could affect the Group's business operations

Since December 2019, the outbreak of COVID-19 has resulted in a widespread and global health crisis, which has led to restrictions on travel and public transport and prolonged closures of workplaces and has severely impacted the global economy. The entry restrictions, travel bans and quarantine measures implemented across the globe following the outbreak of COVID-19 have had a significant impact on the travel industry and have in turn adversely affected the Group's hospitality business in the form of a fall mainly in OCC and ARR. COVID-19 has had and may continue to have a material and adverse impact on the Group's hotel operations and financial condition.

In addition to the outbreak of COVID-19, there were other outbreaks of contagious diseases in the past, such as Severe Acute Respiratory Syndrome in 2003, H5N1 virus or "Avian Influenza A" in 2005 and H1N1 virus or "Swine Influenza A" in 2009, and these diseases have had a significant adverse impact on the economies of the affected countries and regions. Any further significant outbreak of a highly contagious disease such as COVID-19 or the emergence of novel COVID-19 variants such as Delta and Omicron may adversely affect the financial condition and results of operations of the Group.

There can be no assurance there will not be another significant outbreak of a highly contagious disease in Hong Kong, the PRC, Singapore, the UK, Malaysia, Australia, Europe and/or elsewhere in the future which will give rise to similar negative impacts above. If such an outbreak were to occur, it may cause a decline in corporate, convention and leisure guests of the Group's hospitality business and lead to reduced OCC and ARR, which may have a material adverse impact on the business, financial condition or results of operations of the Group.

If any of the Group's properties is damaged by severe weather conditions or any other natural disasters affecting the regions where such property is situated, the Group's business may also be materially and adversely affected.

The Group is subject to risks associated with the development and construction of hotels

The Group owns and is currently developing several hotels in Hong Kong, the PRC, Singapore, the UK, Malaysia, Australia and Europe, which are in various stages of planning, development and operation. Whilst estimated completion schedules and cost budgets are or will be in place for each project, there can be no assurance that construction deadlines will be met or that actual costs of design and construction will not exceed their estimates. As with any construction project, the Group may also face substantial cost increases, cost overruns or delays caused by a number of factors, including shortages of, or price increases in, energy, raw materials or skilled labour, unforeseen environmental problems, contractor default or insolvency as well as difficulties in obtaining or inability to obtain any requisite licences, approvals or permits from regulatory authorities. Any such cost increases, cost overruns or delays could prevent or delay the development, completion or opening of the Group's current and future hotel projects, which may materially and adversely affect the Group's business, financial condition and results of operations.

The Group faces competition in its hotel operations and management business

The hospitality sectors in Hong Kong, the PRC, Singapore, Malaysia, Australia, the UK and Europe are highly competitive. The Group's hotels generally compete with other three-star and four-star hotels in the cities where the Group's hotels are located. For example, in Hong Kong, competition is expected to remain intense in the coming years as more hotels come onto the market. Following the implementation of arrangements for Come2hk Scheme which allows individual PRC residents to visit Hong Kong and the shortening of quarantine period for foreign visitors, more competitors, including other established hotel operators, have resumed its expansions in the market or started to enter the market and a number of property developers, including competitors which have significantly greater financial and other resources or are more reputable than the Group, have started to construct new three- and four-star hotels.

There can be no assurance that new or existing competitors will not offer significantly lower room rates or offer greater convenience, services or amenities or significantly expand or improve facilities in a market in which the Group operates.

A decrease in visitor arrivals including as a result of COVID-19 and political events in Hong Kong may affect the Group's business operations

The decrease in tourists resulting from COVID-19 and the related travel restrictions imposed by the Hong Kong government and governments worldwide have had a negative impact on the hotel operations of the Group in Hong Kong. Other negative economic and geopolitical factors and other unfavourable conditions, such as weak Renminbi, reduced cross-border trade with the PRC, trade or other tensions relating to Hong Kong or otherwise, and disruptions to tourists caused by local protests, may also adversely affect the tourism industry in Hong Kong. In FY2022, the OCC of the Group's owned hotels in Hong Kong returned to 77.1 per cent., representing a slight increase of 1.6 per cent. compared to FY2021. The ARR of the Group's owned hotels in Hong Kong amounted to HK$892 for FY2022, representing a considerable increase of 67.4 per cent. compared to FY2021. However, there can be no assurance that the increase in OCC and ARR of the Group's owned hotels in Hong Kong will be sustained. If any of the unfavourable conditions persists for a prolonged period of time, this could lead to a significant decrease in tourist arrivals to Hong Kong and local tourist spending.

As tourists from the PRC account for a substantial proportion of all visitors to Hong Kong, any adverse change in the policy of the PRC government, for example, by implementing travel restrictions or tightening up its control over the grant of visas for visiting Hong Kong or expanding the scope of the Individual Visit Scheme to cover other countries and regions, may reduce the number of PRC tourists to Hong Kong and the demand for the Group's hotel services in Hong Kong. Prior to the outbreak of COVID-19, Hong Kong's tourism industry was already going through a period of uncertainty and disquiet as political protests continued in 2019, which affected the Group's hotel occupancy rates in Hong Kong. If visitor arrivals from the PRC and elsewhere decrease, this may result in a decrease in OCC and/or ARR of the Group's owned and/or managed hotels in Hong Kong which may in turn result in an adverse effect on the Group's existing business and business prospects in Hong Kong.

Risks Relating to Car Park Operations and Facilities Management Business

The Group faces competition in its car park operations and facilities management business

Although there has been growth in the Group's car park operations and facilities management business historically, there is no assurance that such growth will be sustained or maintained at the same rate, if at all. In the event new facilities are built in the vicinity of car parks owned or managed by the Group, they may compete with the Group's car parks for tenants, which may affect the Group's ability to maintain existing car park charges in respect of its car parks. In order to maintain utilisation rates, car park charges may need to be lowered, additional capital improvements may need to be made or additional inducements may need to be offered, all of which may have a negative impact on the Group's profitability in respect of this business. In addition, there is no assurance that the Group will be able to renew its existing management contracts on commercially favourable terms or that it will be able to find suitable acquisitions or third-party facilities management targets in the future to expand its car park operations and facilities management business.

Risks Relating to Gaming Operations Business

The Group's gaming businesses are subject to extensive regulation and the cost of compliance or failure to comply with such regulations may adversely affect its business and results of operations

The Group's investment and operation of gaming facilities is subject to extensive regulation by the countries, states and provinces in which the Group operates. These laws, regulations and ordinances vary from jurisdiction to jurisdiction, but generally concern the responsibility, financial stability and character of the owners and managers of gaming operations as well as persons financially interested or involved in gaming operations. As such, the Group's gaming regulators can require it to disassociate itself from suppliers or business partners found unsuitable by the regulators or, alternatively, cease operations in that jurisdiction. In addition, unsuitable activity on its part or on the part of its domestic or foreign unconsolidated affiliates or subsidiaries in any jurisdiction could have a negative effect on its ability to continue operating in other jurisdictions. The regulatory environment in any particular jurisdiction may change in the future and any such change could have a material adverse effect on its results of operations.

In particular, in 2022, Crown Resorts Ltd. ("**Crown**"), a well-known casino operator in Australia, was found by Australian government for being unsuitable to operate casinos due to several operational deficiencies such as failure to implement suspicious transaction detection system and permission of junkets with criminal links in 2022. Following the Australian government's investigation into Crown's eligibility for its gaming license, the Australian government has begun to increase its focus on the gaming industry with an intention to tighten existing regulations. For instance, in November 2021, the Australian government established a Victorian Gambling and Casino Control Commission to focus solely on gaming oversight. There are also regulations review processes initiated by the regulators. The Australian gaming authorities may also seek to tighten the regulations in relation to junket gaming given the Crown's incident and the impact of new measures remains unknown. There can be no assurance that The Star, the Group's strategic partner which the Group has invested in, will be able to satisfy the gaming license review by the Australian government. In addition, the Group may be exposed to increased compliance costs for the tightening gaming regulations. Any implementation of tightened gaming regulations may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group also deals with significant amounts of cash in its gaming operations and is subject to recordkeeping and reporting obligations as required by various anti-money laundering laws and regulations. Any violations of the anti-money laundering laws or regulations by any of its gaming properties could have an adverse effect on its financial condition, results of operations or cash flows.

The Group's gaming operations business is affected by economic and market conditions in the jurisdictions in which it operates and in the locations in which its customers reside

The Group's gaming operations business is particularly sensitive to reductions in discretionary consumer spending and corporate spending on conventions, trade shows and business development. Economic contraction, economic uncertainty or the perception by its customers of weak or weakening economic conditions may cause a decline in demand for hotels, casino resorts, trade shows and conventions and for the type of luxury amenities the Group offers. In addition, changes in discretionary consumer spending or consumer preferences could be driven by factors such as the increased cost of travel, an unstable job market, perceived or actual decrease in disposable consumer income and wealth, outbreaks of contagious diseases or fears of war and acts of terrorism or other acts of violence. Consumer preferences also evolve over time due to a variety of factors, including demographic changes, which, for instance, have resulted in recent growth in consumer demand for non-gaming offerings. The Group's success depends in part on its ability to anticipate the preferences of consumers and react to these trends in a timely manner and any failure to do so may negatively impact its results of operations. A recession, economic slowdown or any other significant economic condition affecting consumers or corporations generally is likely to cause a reduction in visitation to its gaming properties, which would adversely affect its operating results.

General Risks Relating to the Group's Business

The Group is subject to financial covenants under its various debt facilities

Certain loan facilities, bond issues and other borrowings which the Group has entered into or guaranteed contain, or may in the future contain, financial ratio undertakings or restrictive financial covenants. The Group is required to ensure ongoing compliance, such as specified loan-to-value ratios, loan-to-cost ratios, minimum debt service coverage ratios and minimum net equity. Examples of such restrictive financial covenants include restrictions on the ability of a subsidiary to pay dividends to the Guarantor, which may make it more difficult for the Guarantor to meet its payment obligations, including any debt payment obligations or guarantee it gives, if it does not receive cash dividends from its subsidiaries. Failure on the part of the Group to comply with, or obtain waivers concerning, such undertakings and covenants may also cause the Guarantor's and the Guarantor's subsidiaries' lenders, as the case may be, to accelerate the repayment obligations or require the Group to obtain waivers from its lenders. Where certain subsidiaries of the Guarantor act as guarantors of the relevant facilities, they may be required to pay the amount due under the relevant facilities immediately on demand if the relevant borrower does not pay any amount when due.

The Group's business and future growth depends on availability of funding

Development of properties and hotels is capital intensive. Capital costs are funded by the Group from operating cash flow and financing. The Group's ability to secure sufficient financing for land acquisition and property development depends on a number of factors which are beyond its control, including market conditions in debt and equity capital markets, investors' perceptions of its securities, lenders' perceptions of its creditworthiness, the economies in countries where the Group has operations and regulations which affect the availability and finance costs for real estate companies. The availability of future borrowings and access to the capital markets for financing depends on prevailing market conditions and the acceptability of the financing terms offered. The Group cannot ensure that future financings will be available, or available on acceptable terms, or in an amount sufficient to fund its needs. Any failure to obtain the required funding could result in the Group being unable to carry out planned upgrades or expansions in a timely manner or at all. This could have an adverse effect on the Group's business, financial conditions and results of operations.

The Group is subject to risks associated with new business opportunities and the Group may not be able to effectively manage its expansion

As the Group continues to look for opportunities to expand its business through organic growth and/or acquisitions, it regularly considers and evaluates new business opportunities and synergies in existing and new markets. The Group considers and evaluates such new business opportunities from time to time and in a prudent and measured manner, taking into consideration a range of internal and external factors.

The Group has significantly expanded its operations in recent years and, in conjunction with the execution of its strategy, expects to continue to expand its operations in terms of geography, customers and capital investment. To manage its growth, the Group must continue to improve its managerial, technical, operational and other resources and to implement an effective management information system. In order to fund the Group's ongoing operations and its future growth, the Group needs to have sufficient internal sources of liquidity or access to additional financing from external sources including capital markets. Further, the Group will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties in different jurisdictions.

There can be no assurance that the Group will not experience issues such as capacity and capital constraints, delay in capital contributions, construction delays, failure in training an increasing number of personnel to manage and operate those facilities and other issues including those related to business integration as a result of its pursuing new business opportunities. In particular, failure of the Group to implement its expansion plans in a timely manner could adversely affect its ability to maintain, expand and diversify its revenue base and to maintain its profitability. There can be no assurance that such expansion plans will not adversely affect the Group's existing operations, which could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects and may cause the price of the Notes to fall. Moreover, there can be no assurance that suitable new business opportunities will arrive in a timely manner or at all.

The Group has high book gearing before taking into account the hotel revaluation surplus

The Group's high level of gearing (before taking into account the revaluation surplus of the Group's hotel properties) may adversely affect the Group's future strategies and operations in a number of ways, including:

- future debt service requirements will reduce the funds available to the Group for other purposes;
- the Group's ability to obtain adequate financing for working capital and capital expenditures for its projects which will affect the projects to achieve a reasonable return to the Group; and
- the Group's high leverage level (before taking into account the revaluation surplus of the Group's hotel properties) may hinder its ability to withstand competitive pressures or adjust rapidly, if at all, to changing market conditions.

There can be no assurance that the Group's level of indebtedness and such restrictions will not materially and adversely affect the Group's ability to finance its future operations or capital needs, operate its business successfully, engage in other business activities or pay dividends.

The Group has uninsured risks

The Group maintains insurance coverage on some of its investment properties and properties under construction, business interruption and public liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to hazards such as war, civil disorder, acts of terrorism and other natural disasters. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations. Any losses arising from events for which the Group does not have adequate insurance cover may significantly affect its business operation and the Group may not have sufficient funds to replace any property damaged or destroyed as a result of such hazards. In addition, any payments the Group makes to cover any losses, damages or liabilities may have a material adverse effect on its business, financial condition and results of operations.

The Group is subject to foreign exchange risks

The Group's revenue, costs, debts and capital expenditure are mainly denominated in Hong Kong dollars, Renminbi, Australian dollars, Singapore dollars, Malaysian Ringgits, U.S. dollars, sterling and euros. Consequently, portions of the Group's costs, profit margins and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies. Some of these currencies are subject to managed exchange rates controlled by their respective governments or may not be freely convertible or exchangeable – for example, Renminbi is pegged against a basket of currencies determined by the People's Bank of China and the exchange rate can only rise and fall by 2.0 per cent. each day against the central parity rate of U.S. dollars as published by the People's Bank of China, taking into consideration the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. To the extent that the PRC responds to international pressure to revalue the Renminbi further and/or permit the Renminbi to enter into a free floating system, the Renminbi may fluctuate more than it did in the past.

The PRC government also imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside the PRC. Some of the Group's revenue is received in Renminbi and shortages in the availability of foreign currency may restrict the ability of any members of the Group to remit sufficient foreign currency to pay dividends or other payments or otherwise satisfy their foreign currency denominated or settled obligations, such as the Notes. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the State Administration of Foreign Exchange, by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside the PRC in making payments of a capital nature, such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future.

On 23 June 2016, the UK voted in a national referendum to withdraw from the European Union. The UK left the European Union on 31 January 2020 with the transition period ended on 31 December 2020. As a result of the uncertainty in the exit from the European Union coupled with a weakened economy as a result of COVID-19, the sterling has experienced significant depreciation since the vote.

The reporting currency for the Group is Hong Kong dollars. Exchange rate gains or losses will arise when the assets and liabilities in foreign currencies are translated or exchanged into Hong Kong dollars for financial reporting or repatriation purposes. If foreign currencies depreciate against the Hong Kong dollars, this may adversely affect the consolidated financial statements of the Group. While the Group engages in some hedging activities to mitigate currency exposure, these were achieved mainly by way of entering into local currency loans. Hence, the aggregate impact of such exchange rate fluctuations and any future such fluctuations on the Group's profits cannot be accurately predicted. A combination of some or all of these developments may materially and adversely affect the Group's operations and the overall financial condition and prospects of the Group.

The Group's business may be affected by global economic factors

The success and profitability of the Group's business activities depend, in part, on global economic and financial conditions. The global economic and financial conditions are still unstable, following the global financial and economic crisis, due to a series of factors including the intensifying trade tension among major economies such as that between the United States and the PRC, the European debt crisis, the UK's exit from the European Union on 31 January 2020, a slump in commodity prices, interest rate hikes, fears of a slowdown in the PRC and global economies, volatility in the PRC and other stock markets, the ongoing conflict between Ukraine and Russia, as well as the hawkish measures taken by the Federal Reserve of the United States in light of rising inflation, which have led to less favourable financial and economic conditions and could as a result have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In particular, there have been continued trade tensions between the United States and the PRC. The imposition of tariffs by the United States on products from the PRC from July 2019 and the retaliation by the PRC have caused even greater volatility in the global markets. Although the United States and the PRC entered into a "phase one" economic and trade agreement in January 2020 as an initial step towards resolving the trade disputes between them, the effect of such an agreement and the amicable resolution of such a trade war remain elusive and the lasting impact any trade war may have on the global economy and the industries that the Group operates in remain uncertain. There remains considerable uncertainty as to the timeline and outcome of the trade negotiations between the United States and the PRC. Failure of trade negotiations between the United States and the PRC may lead to material adverse consequences on the economies of Hong Kong and other Asia Pacific countries, which could, in turn, harm the Group's business and growth prospects. The election of President Joseph R. Biden, whose policy and strategy remain to be seen, has added uncertainties between the United States and the PRC.

In response to the adverse conditions in the financial markets and the global economy, many countries, including the PRC, have implemented fiscal measures and other stimulus packages targeted at reducing the adverse impact of the global economic crisis and reviving their economies. The uncertain global economic outlook, together with the withdrawal or potential withdrawal of existing monetary and fiscal stimulus put in place by various governments, may have an adverse impact on the global economy which may in turn affect the overall level of business and leisure travel to, and the economies in, countries where the Group has operations.

The Hong Kong stock market has also experienced significant volatility which may continue to affect the value of the Group's investments. Any recurrence of a global financial crisis may cause a further slowdown in the global economy. Further, such changes in the global economy and financial markets may affect the availability of credit and lead to an increase in the cost of financing. The Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Group will be able to raise finance at a reasonable cost or at all.

The Group is dependent upon services of key management personnel

The Group is dependent upon the collective services of all of the members of its senior management team. The loss of the services of any such person or several of such persons or a failure to implement succession plans and to find replacement for any such person or several of such persons, will result in inadequate management resources to lead and manage the Group's business development and will have an adverse effect on the Group's business. See "*Directors and Management*" for further details on the key management personnel of the Group.

The Group may from time to time be involved in legal or other proceedings arising out of its operations and/or products and may face significant liabilities as a result

The Group may be involved in disputes with various parties, including partners, contractors, suppliers, employees and customers in connection with its operations. Such disputes may lead to legal or other proceedings and may result in damage to the Group's reputation and substantial costs and diversion of resources and management attention. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees, resulting in pecuniary liabilities, causing delays, diverting resources and management attention or otherwise materially and adversely affecting the Group's business, financial condition or results of operations.

Since the Group implemented certain new and amendments to HKFRSs for the first time in FY2022, investors should be aware when reviewing certain comparative information

For FY2022, the Group has applied certain new and amendments to HKFRSs. See note 2 to the audited consolidated financial statements for a list of new and amendments to HKFRSs applied.

Investors should exercise caution when making comparisons of any financial information of the Group and when evaluating the Group's business, financial condition and results of operations.

Risks Relating to the PRC

A certain portion of the Group's development projects and hotel operations are located in the PRC and a certain portion of its revenue is derived from its operations in the PRC. Accordingly, the Group's financial condition, results of operations and prospects will be subject to the economic, political and legal developments in the PRC as well as the economies in the surrounding region.

The PRC's economic, political and social conditions as well as government policies could affect the Group's business

The PRC economy differs from the economies of most developed countries in many respects, including:

- extent of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. During the past four decades, the PRC government has implemented economic reform measures to utilise market forces in the development of the PRC economy. However, the PRC government may implement certain measures in order to prevent the PRC economy from overheating. These measures may cause a decrease in the level of economic activity, including demand for residential and commercial properties and may have an adverse impact on economic growth in the PRC. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the demand for the Group's properties and hospitality services may also slow down and hence the Group's business, financial condition and results of operations may be adversely affected.

While the PRC economy has generally experienced significant growth in the past three decades, growth has also been uneven, both geographically and among various sectors of the economy and the PRC economy may not be able to sustain its current growth rate. If the PRC economy experiences a decrease in growth rate or a significant downturn, the Group's business, financial condition or results of operations could be materially and adversely affected.

In addition, demand for the Group's properties and hospitality services and its business, financial condition and results of operation may be adversely affected by (among others):

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of PRC laws and regulations;
- measures which may be introduced to control inflation or deflation;
- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

Dividends payable to the Group by its PRC operating subsidiaries may be subject to PRC withholding taxes and the Group may be subject to PRC taxation on its worldwide income. Interests paid to the Noteholders by the Group may be subject to PRC withholding taxes under the new PRC tax law

Under the PRC Enterprise Income Tax Law and its implementing rules (collectively, the "**EIT Laws**"), dividends, interests, rents and royalties payable by a foreign invested enterprise in the PRC to its foreign investor who is a non-resident enterprise, as well as gains on transfers of shares of a foreign-invested enterprise in the PRC by such a foreign investor, will be subject to ten per cent. withholding tax, unless such non-resident enterprise's place of incorporation has a tax treaty with the PRC that provided for a reduced rate of withholding tax.

In addition, under the EIT Laws, an enterprise established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" for PRC tax law purposes and will generally be subject to the uniform 25 per cent. enterprise income tax rate as to their global income. The "de facto management body" is defined as the organisational body that effectively exercises overall management control over the production and business operations, personnel, finance, accounting and properties of the enterprise. It remains unclear how the tax authorities will interpret such a broad definition. If the PRC tax authorities subsequently determine that the Group should be classified as a resident enterprise, then its worldwide income will be subject to income tax at a uniform rate of 25 per cent., which will decrease its earnings from operations. Notwithstanding the foregoing provision, the EIT Laws also provides that, if a PRC resident enterprise directly invests in another PRC resident enterprise, the dividends received by the investor from the investee are exempted from income tax, subject to certain conditions. Therefore, if the Issuer is classified as a resident enterprise, the dividends that the Group receives from its PRC operating entities may be exempted from income tax. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company having ownership interests in a PRC enterprise. If the Issuer is regarded as a PRC resident enterprise, it would be obligated to withhold PRC income tax of up to seven per cent. on payments of interest and other amounts on the Notes to investors that are non-resident enterprises located in Hong Kong or ten per cent. on payments of interests and other amounts on the Notes to investors that are non-resident enterprises located in other countries or regions unless a reduced rate is available under applicable tax treaties between their countries of tax residence and the PRC, as the interests and other distributions would be regarded as being derived from sources within the PRC. Similarly, any gain realised by non-resident enterprise investors from the transfer of the Notes would be regarded as being derived from sources within the PRC and accordingly would be subject to a ten per cent. PRC withholding tax.

Investments in the PRC involve approval risks

Property development projects in the PRC require approvals to be obtained from a number of governmental authorities at different levels, receipt of which cannot be assured. These property development projects have been and may in the future be subject to certain risks, including changes in governmental regulations and economic policies, including, among others, regulations and policies restricting supply of land and construction and sales of residential properties and related limitations on extensions of credit and mortgage loans, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other property. There can be no assurance that required approvals will be obtained.

The legal system in the PRC

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have limited precedential value. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of any inadvertent violation by it of these policies or rules until some time after such violation. In addition, litigation in the PRC may be protracted and may result in substantial costs. Since the administrative and court authorities in the PRC have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative or court proceedings in the PRC than in more developed legal systems. The Group cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The enforcement of regulations on land appreciation tax ("LAT") by the PRC tax authorities may adversely affect the Group's cash flow position

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax promulgated on 13 December 1993, which took effect on 1 January 1994 and was amended on 8 January 2011, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax dated 27 January 1995 (the "**LAT Implementation Rules**"), all units and individuals receiving net profit from the sale or transfer of state-owned land use rights, buildings and their attached facilities are required to pay LAT at progressive rates from 30 per cent. to 60 per cent. on the appreciation value as defined in the relevant tax laws. If the taxpayer constructs ordinary residential properties and the amount of appreciation does not exceed certain thresholds set forth in the tax regulation, the taxpayer is exempt from payment of LAT. On 28 December 2006, the State Administration of Taxation issued the Notice in Relation to the Settlement of LAT levied on Real Estate Development Enterprises (the "**LAT Notice**"), which became effective on 1 February 2007. The LAT Notice sets forth, among others, methods of calculating LAT and a time frame for settlement.

The Group has paid off the LAT for most property development projects in Shanghai at the amount assessed by the tax authorities upon the completion of such projects. For those properties still under development, the Group believes it has made adequate provisions based on its estimate of the amount of applicable LAT payable in accordance with the requirements set forth in the relevant PRC tax laws and regulations, but it has only prepaid a portion of such provisions each year as required by the local tax authorities. The Group will make a final accounting of the appreciation values in connection with the sale of the Group's properties of each of its projects according to the requirements of the LAT Notice and shall be prepared to settle the difference with the tax authorities if necessary.

As at 31 March 2020, 2021 and 2022, the Group made provisions for LAT in connection with its Shanghai and Guangzhou subsidiaries in the amounts of approximately HK$40.0 million, HK$111.2 million and HK$70.3 million, respectively. Properties provisioning for LAT requires the Group's management to use a significant amount of judgment with respect to, among others, the anticipated total proceeds to be derived from the sale of the Group's property development projects, the total appreciation of land value and the various deductible items. If the LAT provisions the Group has made are substantially lower than the actual LAT amounts assessed by the tax authorities in the future, its results of operations will be materially and adversely affected.

If the Group is required by the tax authorities to settle the full amount of LAT assessed within a short period of time, its liquidity and cash flow position may be materially and adversely affected. The Group may be required to obtain additional financing to pay for its land acquisition or other operating activities. If the Group is unable to obtain additional financing in a timely manner and on acceptable terms or at all, this will materially and adversely affect its business and results of the Group's operations.

Risks associated with the political and economic situation in Hong Kong and the PRC

On 1 July 1997, Hong Kong became a Special Administrative Region of the PRC. Although Hong Kong has thus far enjoyed a high degree of legislative, judicial and economic autonomy since the handover, there can be no assurance that there will not be a change in regulatory oversight as a consequence of the exercise of PRC sovereignty over Hong Kong or, should such change occur, that the Group's business, financial condition and the results of its operations will not be adversely affected.

A significant portion of the Group's revenue is generated from its operations in Hong Kong. Accordingly, its operations and performance may be affected by the general political and economic circumstances in Hong Kong and the PRC. Future political or economic instability or a sustained slowdown in domestic economic activities, especially in relation to property, will adversely affect the Group's business if it leads to an increase in defaults of tenants.

In recent years, Hong Kong has experienced certain civil unrest, including, for example, the anti-extradition bill protests during 2019 which caused disruption to businesses and transportation in various parts of Hong Kong and affected inbound tourism to Hong Kong. Despite the enactment of Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region effective on 30 June 2021, there can be no assurance that further large-scale protests will not occur in the future nor is it possible to predict as to the authorities' reactions to any such protests if they recur and the effect on the stability of the political and economic conditions in the region.

Risks Relating to the Notes Issued under the Programme and the Guarantee

The Issuer is a special purpose financing entity with no operation of its own. Its ability to make payments under the Notes will depend on timely payments under on-lent loans of the proceeds from the issue of the Notes

The Issuer is a wholly-owned subsidiary of the Guarantor. As at the date of this Offering Circular, the Issuer has not sold any products or provided any services and has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation, corporate treasury functions and in connection with the Programme and the issue of Notes and any other activities in connection therewith or incidental thereto (such activities shall, for the avoidance of doubt, include (i) the establishment and maintenance of the Programme and (ii) the offering, sale or issuance of the Notes under the Programme). The Issuer's ability to make payments under the Notes is directly dependent on timely remittance of funds from the Guarantor and/or other members of the Group.

The Notes and the Guarantee are unsecured obligations

The Notes and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Notes and the Guarantee may be adversely affected if:

- the Issuer or the Guarantor (as the case may be) enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings; or

- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Notes or the Guarantee.

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Modification and waivers of a formal, minor or technical nature may be agreed to without the consent of Noteholders or Couponholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders or Couponholders agree, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes, the Agency Agreement or the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

The Trustee may request that the Noteholders provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Noteholders

In certain circumstances (including the giving of notice to the Issuer pursuant to Condition 10 and the taking of enforcement steps pursuant to Condition 12), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed constituting the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable laws or regulations, it will be for the Noteholders to take such actions directly.

A change in English law which governs the Notes may adversely affect Noteholders

The Conditions are governed by English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s)

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or lodged with CMU (each of Euroclear, Clearstream, Luxembourg and CMU, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg or, as the case may be, to CMU, for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies.

Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade

Notes may be issued with a minimum denomination. The Pricing Supplement for a Tranche of Notes may provide that, for so long as the Notes are represented by a Global Note and the relevant Clearing System(s) so permit, the Notes will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of an amount lower than the minimum denomination.

Definitive Notes will only be issued if the relevant Clearing System(s) is/are closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business. The Pricing Supplement may provide that, if Definitive Notes are issued, such Notes will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that Definitive Notes that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote) in respect of such Notes.

The Issuer or the Guarantor may be unable to redeem the Notes

On certain dates, including upon a change in relevant taxation laws in the Cayman Islands or Hong Kong or on a Change of Control Event (as defined in "*Terms and Conditions of the Notes*") of the Issuer, and at maturity, the Issuer or the Guarantor (as the case may be) may, and at maturity will, be required to redeem all or a portion of a Tranche of Notes. If such an event were to occur, the Issuer or the Guarantor (as the case may be) may not have sufficient cash in hand and may not be able to arrange financing to redeem the Tranche of Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer or the Guarantor (as the case may be) would constitute an event of default under the relevant Tranche of Notes, which may also constitute a default under the terms of other Tranches of Notes and of other indebtedness of the Group. If the other indebtedness of the Group were to be accelerated, the Issuer or the Guarantor (as the case may be) may not have sufficient funds to purchase the Notes and repay the indebtedness.

The Guarantor is primarily a holding company and payments with respect to the Notes are structurally subordinated to liabilities and obligations of each of the Guarantor's subsidiaries

The Guarantor is primarily a holding company and its ability to make payments in respect of the Notes depends largely upon the receipt of dividends, distributions, interests or advances from its wholly or partly-owned subsidiaries and associated companies. The ability of the subsidiaries and associated companies of the Guarantor to pay dividends and other amounts to the Guarantor may be subject to their profitability and to applicable laws. Payments under the Notes are structurally subordinated to all existing and future liabilities and obligations of each of the Guarantor's subsidiaries and associated companies. Claims of creditors of such companies will have priority as to the assets of such companies over the Guarantor and its creditors, including holders of the Notes.

As at 31 March 2022, the Guarantor's subsidiaries had unsubordinated indebtedness in the amount of HK$30,088 million (U.S.$3,841.4 million) and capital commitments contracted for in the amount of HK$2,334 million (U.S.$298.0 million). The Notes and the Trust Deed do not restrict the ability of the Guarantor's subsidiaries to issue certain categories of guarantees in the ordinary course of business.

In addition, the Issuer's secured creditors would have priority as to the Group's assets securing the related obligations over claims of the holders of the Notes. As at 31 March 2022, the Group had secured bank borrowings in the amount of HK$20,587.6 million (U.S.$2,628.5 million).

The regulation, reform and discontinuation of certain "benchmarks" may adversely affect the value of Notes linked to such "benchmarks" (including Floating Rate Notes)

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including the Euro Interbank Offered Rate ("**EURIBOR**"), in particular with respect to certain floating rate Notes where the Reference Rate (as defined in the Conditions) may be EURIBOR or another such benchmark. The Pricing Supplement for Notes will specify whether EURIBOR or another such benchmark is applicable.

Benchmarks are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

Regulation (EU) No. 2016/1011 (the "**EU Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. Regulation (EU) No. 2016/1011 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. The EU Benchmarks Regulation or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to EURIBOR or another benchmark rate or index, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation, and such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

As an example of such benchmark reforms, on 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the new Euro short-term rate ("**€STR**") as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the benchmarks regulation, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

The elimination of certain benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the benchmarks regulations reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Risks Relating to the Structure of a Particular Issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed

Unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Hong Kong or the Cayman Islands or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Dual currency notes have features which are different from single currency issues

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected; and

(d) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of partly paid Notes may result in an investor losing all of its investment

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice versa, may have lower market values than other Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any index linked Notes issued

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are index linked Notes or variable redemption amount Notes, there is a risk that investors may lose the value of its entire investment or part of it.

Risks Relating to the Market Generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Interest rate risk

The Group is subject to the risk of rising interest rates associated with borrowings on a floating rate basis. In June 2022, the United States Federal Reserve announced the decision to raise the benchmark federal funds rate to a range between 1.5 per cent. and 1.75 per cent. for the purposes of curbing inflation. The 75 basis point increase coupled with a prior 50 basis point increase in May 2022 will mark largest interest rate increase since 1994. This and any further rise in interest rates will increase the financing costs of the Group. The Group seeks to manage all or part of its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that the Group does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect the Group's results.

Although the Group's interest rate hedging transactions are undertaken to achieve economic outcomes in line with its treasury policy, there can be no assurance that such transactions or treasury policy will be effective.

The rising interest rates may also discourage consumers from discretionary spending, including the spending in relation to hotels and gaming, that may in turn affect the industries in which the Group operates. The rising interest rates may also adversely impact the demand for mortgages services offered by the BC Invest given the general trend of not purchasing new residential properties and incurring mortgages under the high interest rates environment. There can be no assurance that interest rates will not be further increased.

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). The Notes may initially be sold to a small number of investors. A limited number of investors may purchase a significant portion of the Notes offered. Accordingly, a liquid trading market may not develop or be sustained, in which case investors may not be able to resell their Notes at their fair market value or at all. If such a market were to develop, the Notes may trade at a discount to their initial offering price depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and of the Group. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application has been made for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the "**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Risks Relating to Renminbi-denominated Notes

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into or outside the PRC

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the U.S. dollar, despite significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Currently, participating banks in Singapore, Hong Kong and Taiwan have been permitted to engage in the settlement of Renminbi trade transactions. This represents a current account activity.

On 7 April 2011, the State Administration of Foreign Exchange ("**SAFE**") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (國家外匯管理局綜合司關於規範跨境人民幣資本項目業務操作有關問題的通知) (the "**SAFE Circular**"), which became effective on 1 May 2011. According to the SAFE Circular, in the event that foreign investors intend to use cross-border Renminbi (including offshore Renminbi and onshore Renminbi held in the capital accounts of non-PRC residents) to make contribution to an onshore enterprise or make payment for the transfer of equity interest of an onshore enterprise by a PRC resident, such onshore enterprise shall be required to submit the prior written consent from the relevant Ministry of Commerce ("**MOFCOM**") to the relevant local branch of SAFE of such onshore enterprise and register for a foreign invested enterprise status. Further, the SAFE Circular clarifies that foreign debts borrowed and the foreign guarantee provided, by an onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt and foreign guarantee regime.

On 13 October 2011, the People's Bank of China ("**PBOC**") promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (外商直接投資人民幣結算業務管理辦法) (the "**PBOC Renminbi FDI Measures**"), which was amended on 5 June 2015 and 4 February 2021, as part of the implementation of the PBOC's detailed foreign direct investment ("**FDI**") accounts administration system. The system covers almost all aspects of FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, the PBOC further issued the implementing rules for the PBOC Renminbi FDI Measures, which was amended on 5 June 2015 and 4 February 2021. Under the PBOC Renminbi FDI Measures, special approval for FDI and shareholder loans from the PBOC which was previously required is no longer necessary. In some cases however, post-event filing with the PBOC is still necessary.

On 3 December 2013, the MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the Notice on Issues in relation to Cross-border Renminbi Foreign Direct Investment (商務部關於跨境人民幣直接投資有關問題的通知) promulgated by MOFCOM on 12 October 2011 (the "**2011 MOFCOM Notice**"). Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the amount of capital contribution is required for each FDI. Compared with the 2011 MOFCOM Notice, the MOFCOM Circular no longer contains the requirements for central level MOFCOM approvals for investments of CNY300 million or above, or in certain industries, such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macro-regulation. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

There is no assurance that the PRC government will continue to liberalise control over cross-border remittance of Renminbi in the future or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance their respective obligations under Renminbi Notes and their ability to do so will be subject to the overall availability of Renminbi outside the PRC.

The availability of Renminbi outside the PRC may be limited, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Currently, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement mechanism for participating banks in Singapore, Hong Kong, Taiwan, London and Frankfurt. Each of Industrial and Commercial Bank of China, Singapore Branch, Bank of China (Hong Kong) Limited, Bank of China, Taipei Branch, China Construction Bank (London) Limited and Bank of China, Frankfurt Branch (each a "**Renminbi Clearing Bank**") has entered into settlement agreements with the PBOC to act as the Renminbi clearing bank in Singapore, Hong Kong, Taiwan, London and Frankfurt respectively.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are only allowed to square their open positions with the relevant Renminbi Clearing Bank after consolidating the Renminbi trade position of banks outside Singapore, Hong Kong and Taiwan that are in the same bank group of the participating banks concerned with their own trade position and the relevant Renminbi Clearing Bank only has access to onshore liquidity support from the PBOC for the purpose of squaring open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The relevant Renminbi Clearing Bank is not obliged to square for participating banks any open positions as a result of other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the settlement agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent the Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by Global Notes held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU and/or Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

[**MiFID II product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance/Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market.*] Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; [or] (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II[.]/[; or] (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")[1]. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); [or] (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the

1 Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

FSMA to implement [Directive (EU) 2016/97 / the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[.]/[; or] [(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.][2] Consequently no key information document required by [Regulation (EU) No 1286/2014 / the PRIIPs Regulation] as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**Singapore Securities and Futures Act Product Classification**: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.][3]

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Professional Investors**") only.

Notice to Hong Kong investors: Each of the Issuer and the Guarantor (each as defined below) confirms that the Notes are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") on that basis. Accordingly, each of the Issuer and the Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes, the Guarantee, the Issuer, the Guarantor or the Guarantor and its subsidiaries taken as a whole (the "Group") or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purposes of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.][4]

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2 Paragraph (iii) is not required where the Notes have a denomination of at least €100,000 or equivalent.

3 For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

4 Applicable for Notes to be listed on the Hong Kong Stock Exchange only.

Pricing Supplement dated [●]

FEC Finance Limited
Issue of *[Aggregate Nominal Amount of Tranche] [Title of Notes]*
Guaranteed by Far East Consortium International Limited
under the U.S.$2,000,000,000 Guaranteed Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 3 August 2022. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

1	(i)	Issuer:	FEC Finance Limited (Legal Entity Identifier code: 549300TTP03NH9IE6530)
2	(ii)	Guarantor:	Far East Consortium International Limited
3	[(i)]	Series Number:	[●]
	[(ii)	Tranche Number: (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]	[●]
4	Specified Currency or Currencies:		[●][5]
5	Aggregate Nominal Amount:		
	[(i)]	Series:	[●]
	[(ii)	Tranche:	[●]]

5 If the specified currency is the Hong Kong dollar, transfers of the Notes may be subject to the Hong Kong stamp duty and specific tax advice should be sought.

6	[(i)]	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (in the case of fungible issues only, if applicable)]*
	[(ii)	Net proceeds:	[●] *(Required only for listed issues)]*
7	(i)	Specified Denominations:	[●][6, 7, 8]
	(ii)	Calculation Amount:	*[If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor] [N.B. There must be a common factor in the case of two or more Specified Denominations]*
8	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[*Specify*/Issue date/Not Applicable]
9	Maturity Date:		*[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*[9]
10	Interest Basis:		[[●] per cent. Fixed Rate] *[[specify reference rate] +/- [●] per cent. Floating Rate]* [Zero Coupon] [Other *(specify)*)] (further particulars specified below)
11	Redemption/Payment Basis:		[Redemption at par] [Dual Currency] [Instalment] [Other *(specify)*)]
12	Change of Interest or Redemption/Payment Basis:		*[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
13	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]

6 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

7 If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower nominal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000.

8 Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000(or equivalent in other currencies).

9 Note that for Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here.

14	(i)	Status of the Notes:	Senior
	(ii)	Date of Board Resolutions approving the issuance of the Notes and the Guarantee:	[●] [and [●], respectively]
15	Listing:		[The Stock Exchange of Hong Kong Limited/Other (specify)/None] *(For Notes to be listed on the Hong Kong Stock Exchange, insert the expected effective listing date of the Notes)*
16	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[●] per cent., per annum payable [annually/semi-annually/ quarterly/monthly] in arrear
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]*
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[10]
	(iv)	Broken Amount:	[●] per Calculation Amount, payable on the Interest Payment date falling [in/on] [●]
	(v)	Day Count Fraction (Condition 5(j)):	[30E/360/Actual/Actual – ICMA /Actual/365 (fixed)/other]
	(vi)	Determination Date(s) (Condition 5(j)):	[●] in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual – ICMA]*

10 For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, in the case of Renminbi denominated Fixed Rate Notes, or to the nearest HK$0.01, in the case of Hong Kong dollar denominated Fixed Rate Notes, CNY0.005 or HK$0.005, respectively, being rounded upwards."

	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
18	Floating Rate Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
	(i)	Interest Period(s):	[●]
	(ii)	Specified Interest Payment Dates:	[●]
	(iii)	Interest Period Date(s):	[●] *(Not applicable unless different from Interest Payment Date)*
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other *(give details)*]
	(v)	Business Centre(s) (Condition 5(j)):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[The Hongkong and Shanghai Banking Corporation Limited/other (give details)]
	(viii)	Screen Rate Determination (Condition 5(b)(ii)(B)):	
	•	Reference Rate:	[●] *(Either EURIBOR, HIBOR, CNH HIBOR or other, although additional information is required if other)*
	•	Interest Determination Date:	[●] *(the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling or Hong Kong Dollars or first day of each Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollar or the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro)*

	•	Relevant Screen Page:	[●] *[(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)]*
	(ix)	ISDA Determination (Condition 5(b)(ii)(A)):	
	•	Floating Rate Option:	[●]
	•	Designated Maturity:	[●]
	•	Reset Date:	[●]
	•	ISDA Definitions:	[2006 (if different to those set out in the Conditions, please specify)]/*[To set out definitions in details or in a schedule]*
	(x)	Margin(s):	[+/-] [●] per cent., per annum
	(xi)	Minimum Rate of Interest:	[●] per cent., per annum
	(xii)	Maximum Rate of Interest:	[●] per cent., per annum
	(xiii)	Day Count Fraction (Condition 5(j)):	[●]
	(xiv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
	(xv)	Calculation Agent:	[●]
19	Zero Coupon Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Amortisation Yield (Condition 6(b)):	[●] per cent., per annum
	(ii)	Any other formula/basis of determining amount payable:	[●]

20	Dual Currency Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate of Exchange/Method of calculating Rate of Exchange:	*[Give details]* [●]
	(ii)	Calculation Agent:	[●]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Call Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) per Calculation Amount of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	If redeemable in part:	
		(a) Minimum Redemption Amount:	[●] per Calculation Amount
		(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	Notice period:	[●]

22	Put Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) per Calculation Amount of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	Notice period:	[●]
23	Final Redemption Amount of each Note:		[●] per Calculation Amount
24	Early Redemption Amount:		
	(i)	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	[Bearer Notes/Exchangeable Bearer Notes/ Registered Notes] *[Delete as appropriate]* [temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] [temporary Global Note exchangeable for Definitive Notes on [●] days' notice][11] [permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

11 If the specified denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

26	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/*Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 17(ii) and 18(iv) relate*]
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28	Details relating to Instalment Notes: amount of each Instalment, date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late repayment:	[Not Applicable/*give details*]
29	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions] [annexed to this Pricing Supplement] apply]
30	Consolidation provisions:	[Not Applicable/The provisions] [annexed to this Pricing Supplement] apply]
31	Other terms or special conditions:	[Not Applicable/give details]

DISTRIBUTION

32	(i) If syndicated, names of Managers:	[Not Applicable/give names]
	(ii) Stabilisation Manager(s) (if any):	[Not Applicable/*give name(s)*]
33	If non-syndicated, name of Dealer(s):	[Not Applicable/*give name*]
34	U.S. selling restrictions:	[Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
35	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no Key Information Document will be prepared, "Applicable" should be specified.)*

36	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no Key Information Document will be prepared, "Applicable" should be specified.)*
37	Additional selling restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

38	ISIN Code:	[[●]/Not Applicable]
39	Common Code:	[[●]/Not Applicable]
40	CMU Instrument Number:	[[●]/Not Applicable]
41	The Legal Entity Identifier of FEC Finance Limited	549300TTP03NH9IE6530
42	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
43	Delivery:	Delivery [against/free of] payment
44	Additional Paying Agent(s) (if any):	[●]
45	Registrar (if other than The Hongkong and Shanghai Banking Corporation Limited):	*[please specify (if any)]*

GENERAL

46	The aggregate nominal amount of Notes issued has been translated into [U.S. dollars] at the rate of [●], producing a sum of (for Notes not denominated in [U.S. dollars]):	[Not Applicable/[U.S.$][●]]
47	In the case of Registered Notes, specify the location of the office of the Registrar if other than Hong Kong:	[Not Applicable/(specify other)]

48	In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than London:	[Not Applicable/(specify other)]
49	Use of proceeds:	[As described in the "Use of Proceeds" section in the Offering Circular/(specify other)] *(to be specified if different from the use of proceeds set out in the Offering Circular)*

[Listing Application

This Pricing Supplement comprises the final terms required for the listing on the Hong Kong Stock Exchange of the Notes described herein pursuant to the U.S.$2,000,000,000 Guaranteed Medium Term Note Programme of FEC Finance Limited guaranteed by Far East Consortium International Limited.]

[Stabilisation

In connection with this issue, [*Insert name of Stabilisation Manager*] (the "**Stabilisation Manager**") (or persons acting on behalf of any Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or persons acting on behalf of any Stabilisation Manager) in accordance with all applicable laws and rules.]

[Material Adverse Change Statement

[Except as disclosed in this document, there/There[12]] has been no adverse change in the financial condition, prospects, results of operations, business, management or properties of the Issuer, the Guarantor or of the Group since [*Insert date of last published annual accounts*] which is material and adverse in the context of the issue and offering of the Notes.]

Responsibility

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular [and the supplemental Offering Circular] referred to above, contains all information that is material in the context of the issue and offering of the Notes.

Signed on behalf of the Guarantor:	Signed on behalf of the Issuer:
By: Duly authorised	By: Duly authorised

12 If any change is disclosed in the Pricing Supplement, it will require approval by the Stock Exchange(s). Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the Trust Deed and in Part A of the relevant Pricing Supplements, provided that, in the event of inconsistency between the relevant Pricing Supplement and these Conditions, the relevant Pricing Supplement will prevail. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme. References in these Conditions to information and/or elections as specified or shown "hereon" shall mean as specified in the applicable Pricing Supplement.

The Notes are constituted by an amended and restated trust deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 3 August 2022 between the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. An amended and restated agency agreement (as further amended, restated and/or supplemented from time to time, the "**Agency Agreement**") dated 3 August 2022 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agent(s), the exchange agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar), the "**Exchange Agent(s)**" and the "**Calculation Agent(s)**" (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrar, Transfer Agent(s), Exchange Agent(s) and Calculation Agent(s) being together referred to as the "**Agents**"). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection at all reasonable times during usual business hours (being between 9:00 a.m. to 3:00 p.m.) at the principal office in Hong Kong of the Trustee (presently at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong) and at the specified offices of the Paying Agents and the Transfer Agents following prior written request and proof of holding satisfactory to the Trustee or, as the case may be, the Paying Agents or the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Pricing Supplement and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, "**Tranche**" means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical.

All capitalised terms that are not defined in these Conditions will have meanings given to them in the Trust Deed, the Agency Agreement and in the relevant Pricing Supplement, provided that, in the event of inconsistency between the relevant Pricing Supplement and these Conditions, the relevant Pricing Supplement will prevail.

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms not defined in these Conditions have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, and by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of seven days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of seven days prior to (and including) any redemption date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after an Exercise Notice has been deposited in respect of such Note, or (iv) during the period of seven days ending on (and including) any Record Date.

3 Guarantee and Status

(a) The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes. Its obligations in that respect (the "**Guarantee**") are contained in the Trust Deed. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) The Notes and the Receipts and the Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future.

4 Negative Pledge

Each of the Issuer and the Guarantor undertakes that, so long as any of the Notes remains outstanding (as defined in the Trust Deed) or any amount is due under or in respect of any Note or otherwise under the Trust Deed, it will not, and will procure that none of its subsidiaries will, create or permit to subsist or arise any Encumbrance upon the whole or any part of their respective present or future assets or revenues to secure any Relevant Indebtedness of the Issuer or any other subsidiary or associate (as defined in the Trust Deed) of the Guarantor (or any guarantee or indemnity in respect thereof) unless the outstanding Notes are forthwith secured by the same Encumbrance or, at the option of the Issuer by such other security as the Noteholders by Extraordinary Resolution may approve.

In these Conditions:

(a) any reference to an "**Encumbrance**" is to a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person;

(b) any reference to "**Relevant Indebtedness**" is to any indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement); and

(c) any reference to a "**subsidiary**" or "**Subsidiary**" of the Issuer or the Guarantor is to a company the financial statements of which, in accordance with applicable law and generally accepted accounting principles, are or should be consolidated with those of the Issuer or the Guarantor.

5 Interest and Other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) **Interest Payment Dates**: Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, "Interest Payment Date" shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) **Rate of Interest for Floating Rate Notes**: The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent (as defined below in this sub-paragraph (A)) under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

Unless otherwise specified in the applicable Pricing Supplement, for the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes where the Reference Rate is an interbank offered rate

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or as at 11.15 a.m. (Hong Kong time, or if, at or around that time it is notified that the fixing will be published at 2.30 p.m., then 2.30 p.m. Hong Kong time, in the case of CNH HIBOR) on the Interest Determination Date in question plus or minus the Margin (if any) as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

(y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall so notify the Issuer as soon as reasonably practicable, and the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Issuer (and notified by the Issuer to the Calculation Agent) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time), or if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the Interest Determination Date in question. If the Issuer has provided the Calculation Agent with such offered quotations from two or more of the Reference Banks, the Rate of Interest for such Interest Accrual Period shall be calculated on the basis of the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Issuer determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be calculated on the basis of the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer (and notified by the Issuer to the Calculation Agent) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11.15 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) inform the Issuer (and the Issuer shall so notify the Calculation Agent) it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than EURIBOR, HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

(C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as a risk-free alternative reference rate

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined and where the Reference Rate is a risk-free alternative reference rate (such as SOFR), the Rate of Interest for each Interest Accrual Period (including the method or basis of calculating or determining the Rate of Interest) will be as further specified hereon.

(iii) **Rate of Interest for Index Linked Interest Notes**: The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(iv) **Benchmark discontinuation**

(A) Independent Adviser

(x) If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer or the Guarantor shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(b)(iv)(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(b)(iv)(D)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(b)(iv) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the

Issuer, the Trustee, the Paying Agents, the Noteholders, the holders of Receipts or the Couponholders for any determination made by it, pursuant to this Condition 5(b)(iv).

(y) If (i) the Issuer or the Guarantor is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with Condition 5(b)(ii)(B) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this Condition 5(b)(iv)(A)(y) shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in Condition 5(b)(iv)(A)(x).

(B) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

(x) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iv)); or

(y) there is no Successor Rate but there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iv)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(iv) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark

Amendments, then the Issuer or the Guarantor shall, subject to giving notice thereof in accordance with Condition 5(b)(iv)(E), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer or the Guarantor, but subject to receipt by the Trustee of a certificate signed by two directors of the Issuer or the Guarantor, the Trustee shall (at the expense of the Issuer or the Guarantor), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer or the Guarantor in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 5(b)(iv)(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(iv) will be notified promptly by the Issuer or the Guarantor to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 17, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer or the Guarantor shall deliver to the Trustee a certificate signed by an authorised signatory of the Issuer or the Guarantor:

(a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(iv); and

(b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer or the Guarantor under Conditions 5(b)(iv)(A), (B), (C) and (D), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(ii) will continue to apply unless and until a Benchmark Event has occurred.

As used in this Condition 5(b)(iv)

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made, or in the case of an Alternative Rate) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) (if Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative to the Reference Rate which the Independent Adviser determines in accordance with Condition 5(b)(iv)(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 5(b)(iv)(D).

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer, the Guarantor or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that in the case of sub-paragraphs (ii), (iii), (iv) and (v), the Benchmark Event shall occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, or the date the Original Reference Rate is no longer representative of its relevant underlying market, as the case may be, and not the date of the relevant public statement.

Financial Stability Board is an international body that monitors and makes recommendations about the global financial system.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer or the Guarantor under Condition 5(b)(iv)(A).

"**Original Reference Rate**" means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part thereof) on the Notes.

"**Relevant Nominating Body**" means, in respect of a Reference Rate:

(i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

(f) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(g) Margin, Maximum Rates of Interest/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 5(g)(ii).

(ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(h) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula).

Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed and/or admitted to trading on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(l), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties and the Noteholders.

(j) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "Actual/Actual" or "Actual/Actual – ISDA" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{([360\times(Y2-Y1)]+[30\times(M2-M1)]+(D2-D1))}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{([360\times(Y2-Y1)]+[30\times(M2-M1)]+(D2-D1))}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

(vi) if "30E/360 (ISDA)" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{([360\times(Y2-Y1)]+[30\times(M2-M1)]+(D2-D1))}{360}$$

where:

"Y1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30;

(vii) if "Actual/Actual-ICMA" is specified hereon,

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon.

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or (ii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR.

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

"**ISDA Definitions**" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"**Reference Banks**" means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR or CNH HIBOR, the principal Hong Kong office of four major banks dealing in the Specified Currency in the Hong Kong inter-bank market, in each case selected by the Issuer or as specified hereon.

"**Reference Rate**" means the rate specified as such hereon.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(k) Calculation Agents

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior written approval of the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place.

(l) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the

Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) Early Redemption

(i) Zero Coupon Notes

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately before the giving of such notice that the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or, as the case may be, Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation will apply on the occasion of the next payment due in respect of the Notes and cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate signed by two directors of the Issuer (as a certificate signed by two directors of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, and (B) an opinion of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective) and the Trustee shall be entitled without further enquiry to accept such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above of this Condition 6(c), in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) Redemption at the Option of Noteholders

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or (as applicable) any Transfer Agent within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Change of Control Event

Following the occurrence of a Change of Control Event (as defined below), the holder of each Note will have the right at such holder's option, to require the Issuer to redeem all or some only of that holder's Notes on the Change of Control Redemption Date (as defined below) at 100 per cent. of their nominal amount together with interest accrued to the date fixed for redemption. To exercise such right, the holder of the relevant Note must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Change of Control Redemption Notice**"), together with the Certificate evidencing the Notes to be redeemed, by not later than 60 days following a Change of Control Event, or, if later, 60 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 17. The "**Change of Control Redemption Date**" shall be the 14th day after the expiry of such period of 60 days as referred to above.

A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether an Event of Default or Change of Control Event or any event which could lead to the occurrence of an Event of Default or Change of Control Event has occurred.

The Issuer shall give notice to Noteholders in accordance with Condition 17 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Change of Control Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition and shall give brief details of the Change of Control Event.

For the purposes of this Condition 6(f):

a "**Change of Control Event**" occurs when:

(i) any Person or Persons (other than David Chiu and/or the estate of Deacon Te Ken Chiu, companies directly or indirectly controlled by either or both of them, or trusts of which either or both of them or their family members or relatives are beneficiaries, acting individually or together (the "**Permitted Persons**")) acting together acquires Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on the Issue Date;

(ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person or Persons (other than the Permitted Persons), unless the consolidation, merger, sale or transfer will not result in such other Person or Persons acquiring Control over the Guarantor or the successor entity;

(iii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or

(iv) one or more Persons (other than the Permitted Persons) acquires the legal or beneficial ownership of all or substantially all of the Guarantor's issued share capital;

"**Control**" means, with respect to any Person:

(i) the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital such Person; or

(ii) the right to appoint and/or remove all or the majority of the members of such Person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and

"**Person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Guarantor's directors or any other governing board and does not include the Guarantor's wholly-owned direct or indirect Subsidiaries.

Prior to the publication of any notice of redemption pursuant to this Condition 6(f), the Issuer shall deliver or procure that there is delivered to the Issuing and Paying Agent to make available at its specified office to Noteholders a certificate signed by one director of the Issuer or the Guarantor (as the case may be) stating that the circumstances referred to above prevail and setting out the details of such circumstances, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above in this Condition 6(f), in which event it shall be conclusive and binding on the Noteholders.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

(h) Purchases

The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) and 12 or as provided in the definition of "outstanding" in the Trust Deed.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer the Guarantor or any of their respective Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relevant Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by wire transfer to an account denominated in such currency with a Bank; and

(ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In this Condition 7(a) and in Condition 7(b), "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the CMU for their distribution, on the order of the holder of the Bearer Notes, to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time and payment made in accordance thereof shall discharge the obligations of the Issuer, the Guarantor, the Trustee or, as the case may be, the relevant Agent, in respect of that payment.

(b) Registered Notes

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifth (in the case of Renminbi) and fifteenth (in the case of a currency other than Renminbi) day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(x) in the case of a currency other than Renminbi, in the relevant currency by wire transfer to the registered account of the holder (or to the first named of joint holders) of such Note. For the purposes of this Condition 7(b)(ii)(x), a holder's "registered account" means an account in the relevant currency maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the Record Date. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(y) in the case of Renminbi, by transfer to the registered account of the Noteholder. In this Condition 7(b)(ii)(y), "registered account" means the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

So long as the Global Note or the Global Certificate (as applicable) is held on behalf of Euroclear and/or Clearstream, Luxembourg, each payment in respect of the Global Note or the Global Certificate (as applicable) will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January. In respect of any Global Note or Global Certificate (as applicable) held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate (as applicable) are credited (as set out in a CMU Issue Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) at the close of business on the Clearing System Business Day immediately prior to the due date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the CMU for their distribution, on the order of the holder of the Registered Notes, to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time, and payment made in accordance thereof shall discharge the obligations of the Issuer, the Guarantor, the Trustee or, as the case may be, the relevant Agent, in respect of that payment.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents, the Exchange Agents and the Calculation Agents initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents, any Exchange Agent appointed under the Agency Agreement and the Calculation Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, any Exchange Agent or any Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, in each case in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where these Conditions so require, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed and/or admitted to trading, in the case of each Agent referred to in (i), (ii), (iii), (iv) and (v) of this Condition 7(e), as approved in writing by the Trustee.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c) above.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Noteholders.

(f) Unmatured Coupons and Receipts and unexchanged Talons

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), the Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation (if presentation and/or surrender of such Note, Receipt or Coupon is required), in such jurisdictions as shall be specified as "Financial Centres" hereon and:

(i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day; or

(iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal, premium and interest made by the Issuer or the Guarantor under or in respect of the Notes, the Receipts, the Coupons, or under the Guarantee (as the case may be), the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Cayman Islands or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer or the Guarantor (as the case may be) will pay such additional amounts as will result in the receipt by the Noteholders and Couponholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Note:

(a) to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with the Cayman Islands or Hong Kong otherwise than merely by holding the Note or by the receipt of amounts in respect of the Note; or

(b) (in the case of a payment of principal) if the Note (or Certificate in respect of such Note) is surrendered for payment more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes hereof, "**Relevant Date**" means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Trustee or the Issuing and Paying Agent on or prior to such due date, the date on which the full amount having been so received, notice to that effect shall have been given to the Noteholders and payment made.

References in these Conditions to principal, interest and premium (if any) shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Noteholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Prescription

Claims against the Issuer in respect of amounts due in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest or premium) from the Relevant Date (as defined in Condition 8) in respect thereof.

10 Events of Default

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give notice to the Issuer and the Guarantor that the Notes are, and they shall accordingly thereby become, immediately due and repayable at their Early Redemption Amount together with accrued and unpaid interest if any of the following events has occurred (each an "**Event of Default**"):

(a) a default is made for more than three days in the payment of any principal or interest due in respect of the Notes;

(b) the Issuer or the Guarantor does not perform or comply with one or more of its other obligations in the Notes or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer or the Guarantor (as the case may be) by the Trustee;

(c) the Issuer or the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or any material part of its debts which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor or any of their Principal Subsidiaries; an administrator or liquidator of the Issuer or the Guarantor or any of their Principal Subsidiaries or the whole or any part of the assets and turnover of the Issuer or the Guarantor or any of their Principal Subsidiaries is appointed (or application for any such appointment is made);

(d) (i) any other present or future indebtedness (whether actual or contingent) of the Issuer or the Guarantor or any of the Principal Subsidiaries for or in respect of moneys borrowed or raised becomes, or becomes capable of being declared, due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(d) have occurred equals or exceeds U.S.$20,000,000 or its equivalent in any other currency on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity;

(e) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any of the property, assets or turnover of the Issuer or the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 days;

(f) an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any of the Principal Subsidiaries (except for a members' voluntary solvent winding-up), or the Issuer or the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except, in each case, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor or another of the Principal Subsidiaries;

(g) an encumbrancer takes possession or an administrative or other receiver, manager, administrator or other similar officer is appointed, of the whole or any part of the property, assets or turnover of the Issuer or the Guarantor or any of the Principal Subsidiaries (as the case may be) and is not discharged within 30 days;

(h) (i) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or the Guarantor or any of the Principal Subsidiaries; or (ii) the Issuer or the Guarantor or any of the Principal Subsidiaries is prevented from exercising normal control over all or any substantial part of its property, assets and turnover;

(i) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable each of the Issuer and the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Notes, the Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the Guarantee and the Trust Deed admissible in evidence in the courts of the Cayman Islands or England or Hong Kong is not taken, fulfilled or done;

(j) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed;

(k) the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or

(l) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(a) to 10(k) (both inclusive).

For the purpose of these Conditions, "**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose gross revenues or (in the case of a Subsidiary which itself has subsidiaries) consolidated gross revenues, as shown by its latest audited statement of profit or loss are at least five per cent. of the consolidated gross revenues as shown by the latest published audited consolidated statement of profit or loss of the Guarantor; or

(b) whose gross assets or (in the case of a Subsidiary which itself has subsidiaries) gross consolidated assets, as shown by its latest audited statement of financial position are at least five per cent. of the amount which equals the amount included in the consolidated gross assets of the Guarantor as shown by the latest published audited consolidated statement of financial position of the Guarantor, including the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interest;

provided that, in relation to paragraphs (a) and (b) above in respect of this definition:

(i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;

(ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total assets and revenue of the Guarantor and/or any such Subsidiary shall be determined on the basis of *pro forma* consolidated accounts prepared for this purpose by the Guarantor and reviewed by the Auditors (as defined in the Trust Deed) for the purposes of preparing a certificate thereon to the Trustee;

(iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total assets and revenue (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor and reviewed by the Auditors for the purposes of preparing a certificate thereon to the Trustee;

(iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor; and

(v) any Subsidiary of the Guarantor to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate), of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a) or (b) above of this definition.

In addition, for purposes of this Condition 10, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary if the gross revenues (or consolidated gross revenues if the Subsidiary itself has subsidiaries) or gross assets (or consolidated gross assets if the Subsidiary itself has subsidiaries) attributable to such Subsidiary when aggregated with the gross revenues (or consolidated gross revenues if appropriate) or gross assets (or consolidated gross assets if appropriate) attributable to any other Subsidiary which is not itself a Principal Subsidiary and with respect to which any of the events referred to in this Condition 10 (disregarding the necessity for any opinion of the Trustee or any requirement for the Trustee to be satisfied as to any matter) has occurred since the Issue Date of the Notes, exceeds five per cent. of the consolidated gross revenues or consolidated gross assets of the Guarantor.

A certificate by two of the directors of the Guarantor that in their opinion (making such adjustments (if any) as they shall deem appropriate) a Subsidiary of the Guarantor is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Guarantor, the Trustee and the Noteholders.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing over 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The consent or approval of the Noteholders shall not be required in the case of amendments to these Conditions pursuant to Condition 5(b)(iv) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 5(b)(iv), where the Issuer or the Guarantor has delivered to the Trustee a certificate pursuant to Condition 5(b)(iv)(E).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Notes, the Agency Agreement or the Trust Deed that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes, the Agency Agreement or the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, such modification shall be notified by the Issuer to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require and subject to the Trustee obtaining approval by way of an Extraordinary Resolution of the Noteholders, to the substitution of the Issuer or the Guarantor's successor in business or any Subsidiary as defined in the Trust Deed of the Issuer or the Guarantor or their respective successor in business in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. No Noteholder, Couponholder or Receiptholder shall, in connection with any such substitution be entitled to claim any indemnification or payment in respect of any tax consequence thereof to such Noteholder, Couponholder or holder of a Receipt except to the extent provided for in Condition 8 (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

(d) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee, acting for and on behalf of Noteholders, shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders. For the avoidance of doubt, the provisions of this Condition 11(d) shall not restrict or prevent the Trustee from claiming any indemnity or payment from the Issuer or the Guarantor for its own account.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer (or the Guarantor, as the case may be) as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

The Trustee may refrain from taking any actions and/or steps and/or instituting any proceedings in any jurisdiction if the taking of such actions and/or steps and/or the instituting of such proceedings in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such actions and/or steps and/or instituting such proceedings if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including, without limitation, from taking proceedings to enforce payment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or the Guarantor and any entity related to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely conclusively without liability to Noteholders or Couponholders on any report, confirmation or certificate from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, advice or opinion, in which case such report, confirmation, certificate, advice or opinion shall be binding on the Trustee and the Noteholders.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders or the Couponholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or any authority therein or thereof having power to tax.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Noteholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Noteholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Noteholders or in the event that no direction is given to the Trustee by the Noteholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer (or the Guarantor, as the case may be) in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Noteholder or Couponholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite nominal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Noteholder or Couponholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder or Couponholder shall not rely conclusively on the Trustee in respect thereof.

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes.

16 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 16, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

17 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Hong Kong. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Issue Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or Global Certificate.

18 Contracts (Rights of Third Parties) Act 1999

No Noteholder or Couponholder shall have any right to enforce any term or condition of the Notes or any provisions of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

19 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Service of Process

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably appointed an agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

(d) Waiver of immunity

Each of the Issuer and the Guarantor has irrevocably agreed in the Trust Deed that no immunity (to the extent that it may now or hereafter exist, whether on the grounds of sovereignty or otherwise) from any Proceedings or from execution of judgment shall be claimed by or on behalf of it or with respect to its assets, any such immunity being irrevocably waived by the Issuer, and the Issuer has irrevocably consented in the Trust Deed generally in respect of any such Proceedings to the giving of any relief or the issue of any process in connection with any such Proceedings including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgment which may be made or given in such Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Terms used in this section that are not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Notes".

1 Initial Issue of Notes

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or a sub-custodian for the HKMA as operator of the CMU.

Upon the initial deposit of a Global Note with the Common Depositary or with a sub-custodian for the HKMA as operator of the CMU or registration of Registered Notes in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg or (ii) the HKMA and delivery of the relative Global Certificate to the Common Depositary or the sub-custodian for the HKMA as operator of the CMU (as the case may be), Euroclear or Clearstream, Luxembourg or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system ("Alternative Clearing System") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules shall be the only person(s) entitled (or, in the case of Registered Notes, directed or deemed by the CMU as entitled) to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU, as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined in paragraph 3.6 below):

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme – Selling Restrictions*"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the amended and restated agency agreement dated 3 August 2022 (as amended or supplemented from time to time) (the "**Agency Agreement**") for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Issue Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the temporary Global Note for an interest in a permanent bearer Global Note or for Definitive Notes is improperly withheld or refused.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes if the permanent Global Note is held on behalf of Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

If the relevant Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2 may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, provided that, in the case of the first transfer of part of a holding as contemplated above, the person whose name is entered in the Register (the

"**Registered Holder**") has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent). In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes.

Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon).

Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes, within five business days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Notes. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(f)(vi) will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of "business day" set out in Condition 5 (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate representing Notes held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in the records of the CMU) at the close of business on the Clearing System Business Day immediately prior to the date for payment and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose. For the purposes of this paragraph, "**Clearing System Business Day**" means a day on which the CMU is operating and open for business.

So long as the Notes are represented by a Global Note or Global Certificate and the Global Note or Global Certificate is held on behalf of the Clearing Systems, the Issuer has promised, inter alia, to pay interest in respect of such Notes from the Interest Commencement Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Notes represented by the Global Note or Global Certificate.

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent), for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate nominal amount of the Certificates in the register of the certificate holders, whereupon the nominal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required.

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes, while such Notes are represented by a Global Note or Global Certificate and such Global Note or Global Certificate is held by or on behalf of a clearing system, may be exercised by (i) the holder giving notice to any of the Paying Agents (or, in the case of CMU Notes, the CMU Lodging and Paying Agent) within the time limits in respect of which the option is exercised and presenting the Global Note or Global Certificate for endorsement or exercise (if required) or (ii) a holder of a book-entry interest in the Notes represented by the Global Note or Global Certificate delivering to any of the Paying Agents (or, in the case of CMU Notes, the CMU Lodging and Paying Agent) the relevant exercise notice, duly completed by or on behalf of such holder (on appropriate proof of its identity and interest), in each case within the time limits specified in the Conditions and otherwise in accordance with the rules and procedures of the relevant clearing system. In the case of (ii) above, deposit of the Global Note or Global Certificate with any of the Paying Agents (or, in the case of CMU Notes, the CMU Lodging and Paying Agent) together with such exercise notice shall not be required.

4.8 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee or sub-custodian for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 Notices

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the CMU in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate, and any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to the CMU.

5 Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

USE OF PROCEEDS

The net proceeds of any Notes issued under the Programme shall be used for refinancing, business development and general corporate purposes or as may otherwise be disclosed in the relevant Pricing Supplement.

CAPITALISATION AND INDEBTEDNESS

As at 31 March 2022, the authorised share capital of the Guarantor was HK$400,000,000 divided into 4,000,000,000 ordinary shares of HK$0.1 par value each ("**Shares**") and its issued share capital was HK$241,961,867.90, consisting of 2,419,618,679 ordinary shares of HK$0.1 par value each.

The following table sets forth the consolidated capitalisation and indebtedness of the Guarantor as at 31 March 2022:

	As at 31 March 2022
	(HK$'000)
Current portion of bank borrowings	11,450,133
Non-current portion of bank and other borrowings	
Non-current portion of bank borrowings	15,140,281
Notes	4,604,128
Total non-current portion of bank and other borrowings and Notes	19,744,409
Equity	
Share capital	241,962
Share premium	4,650,772
Reserves	9,738,998
Owners of perpetual capital notes	2,901,589
Other non-controlling interests	376,611
Total equity	17,909,932
Total capitalisation[1]	37,654,341
Total current portion of bank and other borrowings and total capitalisation	37,654,341

Note:

(1) Total capitalisation represents the sum of total non-current portion of bank and other borrowings and Notes and total equity.

Other than as disclosed above, there has been no material change in the capitalisation and indebtedness of the Guarantor since 31 March 2022.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer was established as a limited liability company in Hong Kong on 12 January 2018 under the name "Topping Excel Limited". It was subsequently converted to a public company limited by shares upon special resolution passed on 20 August 2019 under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and its name was changed to "FEC Finance Limited". The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The Issuer has no material assets and will conduct no business except in connection with corporate treasury functions, including the establishment of the Programme and the issuance of the Notes. The Issuer's registered office is at 16 Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong.

BUSINESS ACTIVITY

The Issuer has not sold any products or provided any services and has undertaken no business activities since the date of its incorporation, other than those incidental to its incorporation, corporate treasury functions and in connection with the Programme and the issue of Notes and any other activities in connection therewith or incidental thereto (such activities shall, for the avoidance of doubt, include (i) the establishment and maintenance of the Programme and (ii) the offering, sale or issuance of the Notes under the Programme).

DIRECTORS

The directors of the Issuer are Tan Sri Dato' David CHIU and Mr Cheong Thard HOONG.

As at the date of this Offering Circular, Tan Sri Dato' David CHIU has an interest in (i) the 7.375 per cent. U.S.$ Senior Guaranteed Perpetual Capital Notes issued by the Issuer, a wholly-owned subsidiary of the Guarantor, in the principal amount of U.S.$9,000,000 of which U.S.$5,000,000 was held by Tan Sri Dato' David CHIU and U.S.$4,000,000 was held by his spouse, Ms. Nancy CHIU NG and (ii) the 5.1 per cent. U.S.$ Medium Term Notes 2024 issued by the Issuer in the principal amount of U.S.$4,000,000 of which U.S.$1,000,000 was held by Tan Sri Dato' David CHIU and U.S.$3,000,000 was held by his spouse, Ms. Nancy CHIU NG. As at the date of this Offering Circular, Ms. Wing Kwan Winnie CHIU, the daughter of Tan Sri Dato' David CHIU, has an interest in (i) the 7.375 per cent. U.S.$ Senior Guaranteed Perpetual Capital Notes issued by the Issuer in the principal amount of U.S.$1,000,000 and (ii) the 5.1 per cent. U.S.$ Medium Term Note 2024 issued by the Issuer in the principal amount of U.S.$3,000,000. The Issuer does not have any employees and has no subsidiaries.

SHARE CAPITAL

As at the date of this Offering Circular, the total paid-up share capital of the Issuer was HK$1.00 divided into 1 share of HK$1.00 each.

DESCRIPTION OF THE GROUP

Introduction

The Group is based in Hong Kong and is primarily engaged in property development and investment, hotel operations and management, car park operations and facilities management, gaming operations and provision of mortgage services. As at 29 July 2022, the market capitalisation of the Guarantor, based on the closing price of HK$2.53 per share and 2,419,618,679 issued shares, was approximately HK$6.12 billion. The Group's property development and investment division focuses on the execution of property development projects and investment in retail and commercial properties. The hotel operations and management division operates and manages hotels owned by the Group and those owned by third parties. The car park operations and facilities management division monitors a strong and diversified portfolio of car parks owned by the Group and those owned by third parties. The gaming operations division, an addition to the Group's business in 2018, operates and manages casinos owned by the Group. The mortgage services division, as an extension to the Group's property development division, provides residential mortgages to international property buyers. The majority of the Group's revenue is generated in Hong Kong, the PRC, Australia and New Zealand, Malaysia, Singapore, the UK and Europe.

For FY2022, the Group recorded revenue of HK$5,895.6 million, a slight decrease of 0.8 per cent. as compared to HK$5,943.7 million in FY2021. This decrease was caused primarily by the lower recognition of revenue from residential development but partially offset by robust recovery of all recurring income businesses. For the same period, the Group launched two new projects, including Mount Arcadia in Hong Kong and Queen's Wharf Residences (Tower 5) in Brisbane. The Group's cumulative pre-sales revenue of properties under development hit its highest amount ever at approximately HK$16.7 billion as at 31 March 2022. Construction is ongoing for a number of new hotels including the Ritz-Carlton in Melbourne. Over the years, the Group built a solid development pipeline across its regional operations and the GDV reached approximately HK$66.6 billion including acquisitions made as at 31 March 2022. This pipeline, which is sufficient for eight to ten years, provides a clear visibility for revenue contribution in the coming years. Though the repercussions of the COVID-19 remain, rebounding revenues from the Group's recurring income businesses indicate the Group's position for sustainable growth through the cycles.

As at the date of this Offering Circular, the Guarantor had an authorised share capital of HK$400 million consisting of 4,000 million ordinary shares of HK$0.1 each and an issued and fully paid up share capital of approximately HK$242 million consisting of 2,419,618,679 ordinary shares of HK$0.1 each.

As at the date of this Offering Circular, the aggregate interests of Tan Sri Dato' David CHIU, the single largest shareholder of the Guarantor, and other members of the Chiu family were approximately 61.95 per cent. of the issued Shares. Save as disclosed herein, the Guarantor is not aware of other individual shareholder which holds an interest of ten per cent. or more in the issued share capital of the Guarantor.

History

The Guarantor was incorporated in Hong Kong on 18 August 1972 under the name of "Far East Consortium Limited". It was listed on the Stock Exchange in September 1972 (HKSE Stock Code: 35) by a public offering of 5.5 million shares. The Guarantor was re-domiciled from Hong Kong to the Cayman Islands on 3 April 1990.

Property development has remained as the Group's core business for almost 50 years. During the period, the Group expanded its businesses to regions such as Australia and the UK and tapped into the gaming and entertainment industry in the Czech Republic and Australia. The Group also encompassed a strong and diversified portfolio of investment properties with total value of approximately HK$7.9 billion as at 31 March 2022.

In 1992, the Group began to diversify its business from property development to hotel operations and management through multiple acquisitions and subsequently began to develop its own hotel assets. Its hotel operations and management business has now become one of the Group's core business segments.

In 2009, the Group acquired certain car park operation businesses located in Australia and New Zealand. The steady growth of the car park operation businesses allowed the Group to further expand to car park facilities management services around the world.

In 2018, the Group acquired TWC, adding to its portfolio three casinos in the Czech Republic. In the same year, the Group also entered into a strategic alliance agreement with The Star, one of the two major casino operators in Australia and CTF.

In 2020, the Group established a new team to focus on a new safe deposit box business, Far East Vault Limited ("**FEV**"), with around 4,500 safe deposit boxes in Hong Kong.

In recent years, the Group established a mortgage lending platform under BC Invest that specialises in providing residential mortgages to international buyers. BC Invest expanded to the UK in late FY2021.

The following table sets forth the contribution to revenue of the Group, from its principal business activities for FY2020, FY2021 and FY2022:

	For the year ended 31 March		
	2020	**2021**	**2022**
		(audited) **(HK$'000)**	
Revenue			
Property development	4,834,976	4,226,066	3,378,357
Property investment	66,121	90,411	92,749
Hotel operations and management	1,345,534	888,958	1,405,408
Car park operations and facilities management	759,782	502,195	664,277
Gaming operations	271,223(1)	87,811(1)	231,478(1)
Securities and financial product investments	136,061	107,700	93,135
Provision of mortgage services	36,907	40,553	30,232
Total revenue	7,450,604	5,943,694	5,895,636

Note:

(1) After deduction of gaming tax amounting to HK$89 million, HK$37 million and HK$95 million in FY2020, FY2021 and FY2022 respectively.

The following table sets forth the Group's revenue by geographical markets for FY2020, FY2021 and FY2022:

	For the year ended 31 March		
	2020	**2021**	**2022**
		(audited)	
		(HK$'000)	
Revenue			
Australia and New Zealand	2,184,870	2,837,878	2,430,785
Hong Kong	1,853,114	860,154	1,032,418
Malaysia	224,945	84,541	118,493
PRC	499,532	931,144	773,277
Singapore	2,034,199	1,050,244	337,570
Europe (other than UK)	369,864	132,009	309,018
UK	284,080	47,724	894,075
Total revenue	7,450,604	5,943,694	5,895,636

The following is an analysis of the Group's revenue by operating segments for FY2020, FY2021 and FY2022:

	For the year ended 31 March		
	2020	**2021**	**2022**
		(audited)	
		(HK$'000)	
Property development			
– Australia	1,368,695	2,214,158	1,658,006
– Hong Kong	1,195,573	234,501	125,627
– Malaysia	23,199	6,529	7,253
– PRC	294,960	778,550	568,224
– Singapore	1,951,357	986,886	265,346
– UK	1,192	5,442	753,901
Property investment			
– Australia	9,669	6,877	10,170
– Hong Kong	39,844	41,078	34,427
– PRC	16,608	42,456	41,731
– UK	–	–	6,421
Hotel operations and management			
– Australia	56,215	110,028	166,888
– Hong Kong	472,195	468,619	772,794
– Malaysia	189,979	76,648	90,854
– PRC	187,964	110,138	163,322
– Singapore	82,842	63,358	72,224
– Europe (other than UK)	121,448	28,780	48,623
– UK	234,891	31,387	90,703

	For the year ended 31 March		
	2020	2021	2022
		(audited) (HK$'000)	
Car park operations and facilities management			
– Australia and New Zealand	674,258	474,518	571,924
– Europe (other than UK)	73,757	15,418	28,917
– Malaysia	11,767	1,364	20,386
– UK	–	10,895	43,050
Gaming operations			
– Australia	48,568	–	–
– Czech Republic	222,655	87,811	231,478
Securities and financial product investments in Hong Kong	136,061	107,700	93,135
Provision of mortgage services			
– Australia	27,466	32,297	23,797
– Hong Kong	9,441	8,256	6,435
Segment revenue	7,450,604	5,943,694	5,895,636

Recent Developments

COVID-19

The COVID-19 pandemic created some supply chain and labour issues and affected the progress of some construction activities. Nevertheless, this affected all property developers and the situation is getting back to normal. The Group also launched a number of new projects that have been met with a solid response.

The Group's hotels were impacted by COVID-19 but are recovering as business and leisure travellers are returning. In Hong Kong, business impact was mitigated partially by the repositioning of a number of hotels as quarantine and close contact hotels. The car park and facilities management business slowly recovered as the lock-downs were lifted. Similarly, attendance and revenue rebound strongly for the Group's gaming business as soon as the COVID-19 restriction were lifted. For more information, see "*Risk Factors – Outbreaks of highly contagious diseases, natural disasters or severe weather conditions could affect the Group's business operations*".

Replenishment of land bank

The Group continued to replenish its residential pipeline in FY2022. In Hong Kong, additions to the pipeline included a site in Lam Tei, Tuen Mun, a residential development in Ho Chung, Sai Kung and another development in Kai Tak. In the UK, the Group acquired three parcels of land in Manchester as part of the Victoria North development.

In April 2022, the Group completed the acquisition of Vauxhall Square in London. The Vauxhall Square is acquired from R&F Properties (HK) Company Limited with a consideration of approximately HK$977 million. Vauxhall Square is under planning consent of approximately 133,000 sq. m. GFA of mixed-use development comprising residential, hotel and hostel, office, retail and leisure as approved under planning permission and subsequent non-material amendment approvals.

Active review and recycling of non-core assets

As part of the Group's ongoing strategy of actively recycling non-core assets, the Group completed several disposals in FY2022. In aggregate, the Group signed contracts to sell approximately HK$5.7

billion of non-core assets in FY2022. Transactions included the sale of Dorsett City London for GBP115 million which was completed in June 2021, the affordable housing units in the UK for approximately GBP69 million, the office portion of the Kai Tak Development in Hong Kong for HK$3,380 million, and several car parks and retail units in Australia and New Zealand for an aggregate value of approximately AUD66.8 million. The Group remains focus on monetising non-core assets as it provides us with additional capital that can be re-invested in attractive investment opportunities without unduly leveraging the balance sheet.

Recovery in the performance of the Group's hotel operations

Amidst the ongoing COVID-19 pandemic, glimmers of a return to normality continued at a steady pace, with hotels operations making a strong recovery overall. Travel restrictions were progressively lifted, which brought eager business and leisure travellers back to the Group's hotels. The Group opened Dorsett Gold Coast in Australia with 313 rooms on 26 December 2021 with resounding success. Additionally, the Group continued to focus its hotel business model towards quarantine guests. Shifts in travel behaviour emerged as well, particularly with the rise of remote working and the tendency to travel less frequently but stay for a longer period a time. In order to target this opportunity, the Group will have two aparthotels under the newly-launched Dao by Dorsett brand, which targets the long-stay market. Dao by Dorsett West London, a 74-room aparthotel adjacent to Dorsett Shepherds Bush, was opened in June 2022. Following that, Oakwood Premier AMTD Singapore, a 268-room hotel acquired in 2019 by a joint venture company between AMTD and the Group, was rebranded as Dao by Dorsett AMTD Singapore in July 2022.

Fourth RMBS offering issued by BC Invest

In April 2022, BC Invest issued its fourth residential mortgage-backed security ("**RMBS**") offering, raising AUD416 million from institutional investors around the world. This transaction was unique in that it included a number of domestic borrowers and green tranches issued as part of the BC Invest Green Framework. All of BC Invest's previous RMBS offerings were backed by first mortgage loans to non-residents of Australia. BC Invest continues to broaden its sources of financing and is in active discussion with institutional investors and international banks to secure additional funding.

Bonus issue of shares

To celebrate its 50th anniversary of the listing of the Guarantor's shares on the Stock Exchange, the Guarantor's board of directors recommended a bonus issue of shares on the basis of one bonus share for every 10 existing ordinary shares held by the shareholders whose names appear on the Guarantor's registrar of members on 14 September 2022. The proposed bonus issue of shares will be subject to (i) shareholders' approval at the forthcoming annual general meeting of the Guarantor and (ii) the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted thereunder.

Final dividend for FY2022

The Guarantor's board of directors has recommended the payment of a final dividend for the year ended 31 March 2022 of HK$16.0 cent. per ordinary share. The proposed final dividend will be paid to the shareholders whose names appear on the Guarantor's registrar of members on 14 September 2022. The proposed final dividend will be paid in the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements. The scrip dividend entitlements will be subject to (i) shareholders' approval of the proposed final dividend at the Guarantor's forthcoming annual general meeting; and (ii) the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted thereunder.

Key Credit Strengths

High visibility of cash flow from property development business

During FY2022, the Group continued to actively sell its existing projects and launched pre-sales for two major residential property development projects, namely (i) Mount Arcadia in Hong Kong and (ii)

Queen's Wharf Residences (Tower 5) in Brisbane. As at 31 March 2022, the Group achieved cumulative pre-sales of properties amounting to approximately HK$16.7 billion. The Group also expects to launch two development projects for FY2023, namely (i) Monument in Melbourne; and (ii) Kai Tak Residential in Hong Kong. The total attributable GDV of the Group's active residential property development projects under various stages of completion amounted to approximately HK$66.6 billion as at 31 March 2022. The Group expects to complete several developments in FY2023, namely (i) The Star Residences (Tower 1) on the Gold Coast; (ii) New Cross Central in Manchester; (iii) Hornsey Town Hall in London; and (iv) West Side Place (Towers 3 and 4) in Melbourne, providing steady cash inflows to the Group.

The land resources currently owned by the Group is sufficient for its development through the next decade. The Group strategically invests in different regions to minimise risks caused by real estate cycles. Regional diversification enables the Group to acquire land at lower costs when a particular market is heading downswing. In FY2022, the Group made a number of land acquisitions to replenish its land bank and to further add to its development pipeline, including a development in Lam Tei, Tuen Mun, a development in Ho Chung, Sai Kung, and another development in Kai Tak, all of which are in Hong Kong and three parcels of land in Manchester as part of the Victoria North development. Post FY2022, the Group also completed the acquisition of Vauxhall Square, a large-scale mixed-use development of approximately 133,000 sq. m. GFA in London. The Group will continue to identify and invest in regions with strong population growth and property demand such as key cities in the UK and Australia as well as selected cities in Asia.

The Group is also actively looking to work with property owners for redevelopment opportunities, an example of which is the partnership with The Star. Similarly, in early September 2021, the Group signed an exclusivity agreement with C&R, a UK-based specialist property real estate investment trust with a portfolio of shopping malls in greater London, to explore co-development opportunities on or around some of its retail properties. The Group hopes to co-develop high-quality residential properties across, and potentially beyond, the existing portfolio of C&R in the UK. These land acquisition strategies have resulted in a relatively low land cost base for the Group's development projects and little capital being kept idle. With current cumulative pre-sales and anticipated new projects in the pipeline, the Group anticipates clear revenue visibility and significant growth in relation to cash flow contribution from its property development business in the coming years.

Growing and recurring income streams from hotel operations and management, car park operations and facilities management and gaming operations

The Group enjoys a strong cash flow profile evidenced by its solid track record in its earnings before interest, tax, depreciation and amortisation ("**EBITDA**") and growing and recurring income streams from hotel operations and management, car park operations and facilities management and gaming operations. Stable recurring income base reduces the potential volatility in the Group's financial results whilst providing a liquidity buffer to mitigate the effect of market downturns and other adverse events on the Group's operations.

For the years ended 31 March 2020, 2021 and 2022, the Group's EBITDA[1] amounted to HK$1.9 billion, HK$2.3 billion and HK$2.8 billion and the Group's gross profit margin before depreciation and amortisation of hotel and car park assets (represented by dividing gross profit before depreciation and amortisation of hotel and car park assets by revenue) amounted to 35.2 per cent., 36.6 per cent. and 39.0[2] per cent. for the respective periods, evidencing its strong cash flow profile.

For FY2022, revenue and adjusted cash profit[3] of approximately HK$2,393.9 million and HK$1,001 million, respectively, were contributed by the Group's recurring income businesses, mainly its hotel operations, car park operations, gaming operations and property investment segments, representing 40.6 per cent. and 70.2 per cent. of the Group's revenue and adjusted cash profit, respectively. In addition, the integrated resort component of QWB Project, which will be developed by the Group as part of the Destination Brisbane Consortium and is 25 per cent. owned by the Group, was granted a casino licence from the State of Queensland for a term of 99 years with a 25-year casino exclusivity period, giving the joint venture, among others, gaming tax rates consistent with current levels, 2,500 maximum approved electronic gaming machines and unrestricted gaming tables. This is further expected to provide a recurrent source of income to the Group and further diversify its revenue stream as it commences operations in FY2023.

The Group expects its recurring business to benefit from a full re-opening of the global economy. As more cities welcome business and leisure travellers, the Group anticipates its hotel assets to achieve higher occupancy and similarly, its car park operations to see more traffic.

Diversified and balanced portfolio of businesses

The Group has a diversified and balanced portfolio of businesses which spans more than 30 cities in ten countries. It primarily engages in (a) property development, (b) hotel operations and management, (c) car park operations and facilities management, (d) gaming operations and (e) other businesses, which contributed to 57.3 per cent., 23.8 per cent., 11.3 per cent., 3.9 per cent. and 3.7 per cent. of the Group's revenue for FY2022, respectively.

The Group holds interests in property development projects and has investments in retail and commercial buildings in the PRC, Hong Kong, Singapore and Australia and a diversified portfolio in residential property development in Australia, the PRC, Hong Kong, the UK, Malaysia and Singapore. As part of the Destination Brisbane Consortium, a joint venture among the Group, The Star and CTF, the Group is also developing an entertainment precinct and integrated resort development site with a residential development component in QWB Project.

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1 EBITDA for any period represents profit before tax, finance costs and depreciation and amortisation. EBITDA includes gains on disposals. EBITDA is not a measure of performance under HKFRSs. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA has been included because the Group believe it is a useful supplement to cash flow data as a measure of its performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

2 For the years ended 31 March 2020, 2021 and 2022, the Group's gross profit before depreciation and amortisation of hotel and car park assets has excluded the depreciation of leased properties under HKFRS 16.

3 Adjusted cash profit represents the profit attributable to shareholders of the Company before (i) change in fair value of investment properties (after tax); (ii) change in fair value of financial assets at fair value through profit or loss; (iii) gain on disposal of debt instruments at FVTOCI; (iv) change in fair value of derivative financial instruments; (v) impairment loss under expected credit loss model recognised on trade debtors; (vi) impairment loss under expected credit loss model recognised on debt instruments at FVTOCI; and (vii) depreciation and impairment; and adjusted for minority interests.

As at 31 March 2022, the Group owned and operated 31 hotels, with a total of approximately 8,149 rooms in Hong Kong, Malaysia, the PRC, Singapore, Australia, the UK and Europe and had 12 hotel projects under planning or construction and are expected to be opened in the next three years (by the end of FY2025). Post the FY2022, the Group also opened Dao by Dorsett West London as the extension of Dorsett Shepherds Bush. The upcoming opening of the Ritz-Carlton Melbourne will contribute to the Group's revenue in FY2023.

The Group's car park management portfolio comprises self-owned car parks and third-party owned car parks primarily in Australia, New Zealand, Hungary, the UK and Malaysia. The balanced portfolio of businesses of the Group allows it to successfully diversify its revenue stream and capture the growth opportunities in each business without heavily depending on any particular project or any particular country and region.

The Group will continue to focus on developing future projects in the regions where it has presence. The diversified locations allows the Group to take advantage of the property cycle in different markets and reduce the overall effects of cyclical and geographical risks. As such, the Group has the flexibility to continue to search for attractive development opportunities to replenish its land bank going forward.

Substantial revaluation surplus can be unlocked via monetisable hotel assets

The Group has historically recorded its hotel assets at cost on its consolidated statement of financial position, resulting in the accumulation of a substantial hotel revaluation surplus[4] which amounted to HK$18.8 billion as at 31 March 2022. The Group has a proven capability of recycling its capital by selling hotels profitably and investing in new projects with the capital raised, thereby enabling the Group to generate higher financial returns for shareholders. For example, in May 2017, the Group sold Silka West Kowloon at a consideration of HK$453 million, realising a gain in excess of HK$320 million. The Group also sold Dorsett City London for GBP115 million in June 2021, realising a gain of approximately HK$547 million. The Group is continually evaluating options to monetise certain of its hotel assets in order to unlock value tied up in its hotel portfolio and will selectively source accretive opportunities in order to further improve the liquidity position of the Group.

As at 31 March 2022, the Group had 12 hotels under development. These hotels are located at prime locations in major cities. As these hotels are to be completed in the coming years, their value is expected to substantially increase, thereby further enhancing the revaluation surplus from the Group's hotel portfolio.

Solid financial position, prudent capital management and active assets recycling

Another key strength of the Group is its solid financial position, prudent capital management and active assets recycling strategy.

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[4] Based on the independent valuations carried out as at 31 March 2022.

The Group's bank and cash balances[5] were approximately HK$6.9 billion and investment securities were approximately HK$3.0 billion, and total assets (including revaluation surplus on hotel assets) were approximately HK$73.6 billion as at 31 March 2022. The net gearing ratio of the Group (representing net debts[6] of HK$21.3 billion as a percentage of total equity (adjusted for hotel revaluation surplus[7] of HK$18,796 million, which is not recognised on the balance sheet)) was 57.9 per cent. as at 31 March 2022, compared to 54.9 per cent. as at 31 March 2021. The ratio of net debts to total assets of the Group remained at a healthy level of 28.9 per cent. as at 31 March 2022, compared to 28.2 per cent. as at 31 March 2021. Such rise in net gearing ratio and ratio of net debts to total assets were primarily due to capital expenditure for some of the projects reaching a more advanced stage of development, namely Aspen at Consort Place and West Side Place (Towers 3 and 4) and acquisition of new development opportunities.

During FY2022, the Group continued with its prudent approach to financial management. It (i) issued an additional US$150 million 2024 Notes; (ii) completed a number of major loan financings including a GBP255 million construction loan for Aspen at Consort Place, a AUD75 million term loan for the Ritz-Carlton hotel in Perth and a number of unsecured corporate facilities raising in aggregate approximately HK$1 billion; (iii) fully redeemed the 2021 Notes amounting to approximately US$236.6 million, which were issued on 8 September 2016 and (iv) repaid approximately SGD146 million and GBP19 million in loan facility in relation to 21 Anderson Road and Dorsett City London respectively upon their disposal. These proceeds will further optimise the Group's capital structure by enabling the Group to maintain a comfortable liquidity position, keep costs low and lengthen the debt maturity profile.

The Group also, through its wholly-owned subsidiary, repurchased on the Stock Exchange (i) 4.5 per cent. USD Medium Term Notes 2023 in the aggregate principal amount of U.S.2,645,000 and (ii) 5.1 per cent. USD Medium Term Notes 2024 in the aggregate principal amount of U.S.$1,500,000. These Notes were repurchased for the benefit of the shareholders and were subsequently cancelled. The Group will continue to adopt a prudent approach to capital management by maintaining its net gearing ratio at a healthy level. Due to the solid financial position maintained by the Group, the Group enjoys financial flexibility to cater to its operating activities as well as its existing and potential investment activities. The Group has a balanced debt profile which is supported by strong financing capabilities, with five unencumbered hotel assets in the Group's portfolio as at 31 March 2022 with a capital value of HK$1.7 billion and approximately HK$6.7 billion in unencumbered and unsold completed residential inventory. The Group's loans are primarily denominated in currencies (including the Australian dollar, Renminbi, Hong Kong dollar, Singapore dollar, Sterling and Malaysian Ringgit) which match the currencies associated with potential revenues expected from the projects and investments for which such loans were taken out and hence enabling it to minimise the currency risks. The current pipeline maintained by the Group at relatively low land costs provides it with the flexibility to wait for optimal conditions to commence development or to sell properties, allowing it to maximise the price obtained on sales and to stagger its developments over property cycles.

The Group has been able to borrow from banks and to tap into the equity and debt capital markets for financing. The Group has also developed longstanding relationships with several international banks, thereby enhancing its ability to secure financing in numerous markets. The Group will continue to selectively and prudently look to secure additional debt financing sources as and when appropriate, including loan facilities, corporate bonds and other debt financing arrangements, to support its ongoing business and funding needs.

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5 Bank and cash balances represent total restricted bank deposits, deposits in financial institutions and bank balances and cash.

6 Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.

7 Based on the independent valuations carried out as at 31 March 2022.

As part of the Group's ongoing strategy of actively recycling non-core assets, the Group completed several disposals in FY2022. In aggregate, the Group signed contracts to sell approximately HK$5.7 billion of non-core assets in FY2022. Transactions included the sale of Dorsett City London for GBP115 million which was completed in June 2021, the affordable housing units in the UK for approximately GBP69 million, the office portion of the Kai Tak Development in Hong Kong for HK$3,380 million, and several car parks and retail units in Australia and New Zealand for an aggregate value of approximately AUD66.8 million. The Group remains focused on monetising non-core assets as it provides the Group with additional capital that can be re-invested in attractive investment opportunities without unduly leveraging the balance sheet.

Proven track record and backed by reputable major shareholders

Incorporated in Hong Kong on 18 August 1972 and listed on the Stock Exchange in September 1972, the Guarantor has a long history of almost 50 years of operation in Hong Kong. It commenced its business as a property developer in Hong Kong and then successfully ventured into the property development and investment, hotel operations and management, car park operations and facilities management and also gaming operations and mortgage business in Hong Kong, the PRC, Australia, Singapore, Malaysia, New Zealand, the UK and Europe. The Group is a leading property conglomerate in the Asia-Pacific region. The Group has also consistently demonstrated its ability to create significant value for the Group's stakeholders and its ability in weathering downturns in the property and economic cycles.

The largest shareholder of the Guarantor is the reputable Chiu family, which owned approximately 61.95 per cent. of the issued share capital of the Guarantor as at the date of this Offering Circular. Headed by Tan Sri Dato' David CHIU, the Chiu family has a long history of business success in a wide range of industries, including hospitality, property development and entertainment.

Dedicated and experienced senior management team

The Group has a dedicated and experienced senior management team which has a proven track record of success in property development and hotel operations. Members of the Group's senior management team have an average of over 20 years of experience in the property and hotel markets and have a detailed understanding of the property and hotel markets in the regions where the Group has a business presence. Tan Sri Dato' David CHIU, Chairman and Chief Executive Officer of the Guarantor, has over 30 years of experience in property development and also has extensive experience in hotel development. Mr Cheong Thard HOONG, Managing Director, has now been with the Group for over 10 years and has shaped the Group's direction of development over the years. Mr. Dennis CHIU, Executive Director of the Guarantor, has over 30 years of experience in property development and has been actively involved in the business development in the PRC, Singapore and Malaysia. Mr. Craig Grenfell WILLIAMS, Executive Director of the Guarantor, has over 40 years of experience in property development and was a director of all development companies of the Lend Lease Group, Australia's largest property developer, before he joined the Guarantor. Ms. Wing Kwan Winnie CHIU, Executive Director of the Guarantor, has over 10 years of experience in property development and also has extensive experience in hotel development. The in-depth market knowledge of the management team of the Group means that it is able to identify market trends and formulate strategies which are in the best interests of the Group.

See "*Directors and Management*" for further details on the Group's management team.

Strategies

The Group's business strategies are to focus on its core businesses to enhance profitability and optimise returns to its shareholders. The Group intends to implement the following business strategies in its different business segments:

Property development and investment division

The Group intends to increase its asset turnover rate. For FY2022, the Group had launched two pre-sales of properties and had 19 property projects in the pipeline. The Group also intends to explore opportunities to provide affordable upscale living for the growing affluent middle class in Asia. Where different regions have different property cycles, the Group would continue to seek attractive opportunities in the right markets in order to grow its business long run. The Group will seek to partner with local operators to jointly develop their sites for regeneration or repurposing to improve utilisation of land resources. To finance its development projects, the Group will diversify its large-scale development portfolio by adding new land banks through selective opportunistic replenishment. The Group will streamline its investment property portfolio to focus on larger assets for better efficiency and continue to dispose of its assets.

Hotel operations and management division

The Group will continue to promote its hospitality brand in order to facilitate its expansion into the hotel operations and management business in various markets. The Group will redeploy capital by disposing of hotels that are not profitable and applying the proceeds in new projects. The Group adopted the "Asian Wallet" strategy by targeting middle class customers from Asia for the growing outbound tourism market and for the increasing appetite in international property investment business. With approximately 12 new hotels or approximately 2,900 new rooms coming online in the next three years (by the end of FY2025), the Group is poised to benefit from the return of travel as the COVID-19 restrictions are lifted or loosened in the markets where the Group operates its hotel business.

Car park operations and facilities management division

The Group intends to deepen the influence of its "Care Park" brand in regions where the Group has an existing presence. The Group will continue to look for acquisition opportunities and expand third-party facilities management operations.

Gaming operations division

As this division is a relatively recent addition to the Group's business portfolio, the Group plans to strengthen relationship with existing strategic allies while exploring growth opportunities. The Group also initiated ground work for the award of a Malta online gaming license, which will enable the Group's gaming operations to offer its gaming products to other regional customers by leveraging its gaming experience.

Business

The principal activities of the Group comprise property development and investment, hotel operations and management, car park operations and facilities management, gaming operations, securities and financial product investments and provision of mortgage services.

Property Development

The Group is engaged in the development of residential properties primarily in Hong Kong, the PRC, Singapore, Malaysia, Australia and the UK. For FY2020, FY2021 and FY2022, revenues from property development amounted to HK$4.8 billion, HK$4.2 billion and HK$3.4 billion, respectively, or approximately 64.9 per cent., 71.1 per cent. and 57.3 per cent. of the Group's total revenues for the respective periods. As at 31 March 2022, the expected attributable GDV of the Group's active residential property development projects under various stages of completion across the regions was approximately HK$66.6 billion. The Group's strong regional diversification reinforces its resilience and allows it to take advantage of different property cycles. The Group has established strong local teams to carry out property development in each of these markets.

Development of the Group's properties usually entails four phases: land acquisition, land development, project construction and marketing.

The Group oversees and largely performs the acquisition and marketing aspects of its development operations, including the selection and purchase of sites, the obtaining of government approvals for zoning and modifications and the marketing, sales, leasing and management of completed projects. The Group engages independent third-party contractors to provide various land development and construction services, including piling and foundation, construction, property fitting-out work and interior decoration who works directly with the internal engineering and design teams on all projects. The Group's projects are usually undertaken by independent contractors selected by way of open tender.

The Group's property development business is focused on mass market mid- to high-rise residential developments and mixed-use residential and hotel developments.

During FY2022, the Group continued to actively sell its existing projects and launched pre-sales for two major residential property development projects, namely (i) Mount Arcadia in Hong Kong and (ii) Queen's Wharf Residences (Tower 5) in Brisbane. Major contributors to the revenues were West Side Place (Towers 1 and 2) in Melbourne and MeadowSide (Plots 2, 3 and 5) in Manchester and sale of other inventories in Australia, the PRC and Hong Kong as well as revenue recognition over time of projects in Singapore and Malaysia. As at 31 March 2022, the Group achieved cumulative pre-sales of properties amounting to approximately HK$16.7 billion. The Group also expects to launch two development projects for FY2023, namely (i) Monument in Melbourne and (ii) Kai Tak Residential in Hong Kong with a total attributable GDV of HK$9.3 billion as at 31 March 2022.

In early September 2021, the Group signed an exclusivity agreement with C&R, a UK-based specialist property real estate investment trust with a portfolio of shopping malls in greater London, to explore co-development opportunities on or around some of its retail properties. The Group hopes to co-develop high-quality residential properties across and potentially beyond C&R's existing portfolio.

The following are some of the major development projects which are being developed by the Group as at 31 March 2022:

Australia

West Side Place, Melbourne – a mixed-use residential development located in the CBD of Melbourne. This development comprises approximately 3,000 apartments spreading over four towers with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK$11.4 billion. The development consists of two hotels, including one under the Group's Dorsett brand with 316 hotel rooms located in Tower 3 and another hotel to be operated by Ritz-Carlton with 257 hotel rooms located at the top levels of Tower 1. All four towers have launched pre-sales. Towers 1 and 2 comprise a total of 1,377 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK$5.6 billion. The lower levels of Towers 1 and 2 were completed in FY2021. The handover process started in FY2021 and is expected to continue by phases until FY2023. Tower 3 comprises 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK$2.7 billion. HK$2.5 billion worth of units were pre-sold as at 31 March 2022 and the project is expected to be completed in FY2023. Tower 4 comprises 835 apartments with a total saleable floor of approximately 621,000 sq. ft. and a total expected GDV of HK$3.2 billion. HK$2.7 billion worth of units were pre-sold as at 31 March 2022 and the project is also expected to be completed in FY2023. With the strong pre-sales recorded for this development, the Group expects to receive significant cash flow and earnings in the coming few years.

Monument, Melbourne – a residential development at 640 Bourke Street comprising of one-, two-, and three-bedroom units in Melbourne CBD, near the West Side Place development. The property has been approved to be redeveloped into a residential project with total saleable floor area of approximately 595,000 sq. ft., a total GDV of HK$2.7 billion and is expected to provide approximately 876 residential units. The property will also comprise an art gallery, ground floor for retail and retain the historic Eliza Tinsley building façade. Pre-sales of this development is expected to be launched in FY2023, with completion of the development expected in FY2026. Though the Group will continue with its build-to-sell approach, the development has also attracted attention as a potential build-to-rent option.

The Towers at Elizabeth Quay, Perth – a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in saleable floor area of residential apartments and a luxury Ritz-Carlton hotel of 205 rooms. As at 31 March 2022, the expected GDV of the remaining apartments available for sales was HK$722 million.

Perth Hub, Perth – a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Perth Hub is the first phase of the Perth City Link project. It is a mixed-use development adjacent to the Perth Arena representing Lots 2 and 3 of the Perth City Link project, featuring 314 residential apartments with a total expected GDV of HK$913 million and 264 hotel rooms to be operated by Dorsett. As at 31 March 2022, the Group has pre-sold HK$575 million worth of units. Completion of the development is expected in FY2025.

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

The Destination Brisbane Consortium – a joint venture between the Group, The Star and CTF, entered into development agreements with the State of Queensland, Australia for the delivery of the QWB Project located in Brisbane. The QWB Project comprises:

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

(2) the residential component owned in the proportion of 50 per cent. by the Group and 50 per cent. by CTF.

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

Tower 4 is the only residential tower directly connected to the integrated resort development, featuring 667 residential apartments with a total saleable floor area of approximately 506,000 sq. ft. and a GDV of HK$3.4 billion. As at 31 March 2022, the Group has pre-sold HK$3.3 billion (attributable GDV of HK$1.7 billion) worth of units. Completion of the development is expected in FY2024. The Group launched Queen's Wharf Residences (Tower 5) in FY2022. Tower 5 is across the street from Tower 4 and will house 819 residential apartments with total GDV of HK$5.1 billion. After its launch in March 2022, the project received a strong response with pre-sold value of HK$3.9 billion (attributable GDV of HK$1.9 billion) recorded up to the end of April 2022. Completion of the development is expected to be in FY2025. Tower 6 was originally considered to be another residential tower but given the strong interest for office space in that location, the Group is considering selling the tower as an office building to a single landlord. The discussions are ongoing.

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

The first tower of the development features a 313-room Dorsett hotel and 422 residential apartments with a total saleable floor area of approximately 332,000 sq. ft. and a GDV of HK$1.6 billion. The Dorsett hotel formally commenced operation in December 2021. Total pre-sold value of HK$1.5 billion (attributable GDV of HK$511 million) was recorded as at 31 March 2022 and the completion of the first tower of the development is expected to take place in FY2023.

Epsilon, which is the second tower of the development, will feature a 201-room five-star hotel and 440 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a GDV of HK$1.9 billion. Total pre-sold value of HK$1.8 billion (attributable GDV of HK$591 million) was recorded as at 31 March 2022. Completion of the development is expected in FY2024.

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

PRC

California Garden, Shanghai – a premier township development in Shanghai comprising a diversified portfolio of residences including low-rise apartments, high-rise apartments and townhouses. The two phases of the development, namely King's Manor and Royal Crest II, continued to make a contribution to the Group's revenue and profit with HK$220 million of GDV settled in FY2022.

Royal Riverside, Guangzhou – a five-tower residential development comprising 607 apartments situated at the riverside with a large portion of greenery and designed in modern art deco style. The entire development has been completed. In FY2022, 64 apartments were settled and recognised of approximately HK$349 million revenue.

Hong Kong

The Group built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, participating in government tender and bidding for projects with the Hong Kong Urban Renewal Authority. More recently, the Group has also acquired projects from other developers facing financial strain.

Marin Point – a residential development at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in total saleable floor area. Total pre-sold value of HK$568 million was recorded as at 31 March 2022 and the remaining units will be sold on a completed basis.

Manor Parc – a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in total saleable floor area and a GDV of HK$719 million. Total pre-sold value of HK$602 million for 21 town houses was recorded as at 31 March 2022 and the remaining units will be sold on a completed basis.

Mount Arcadia – a residential development at Tai Po Road. The project comprises 62 apartments and four houses and has a total saleable floor area of approximately 84,000 sq. ft. and a GDV of HK$1.8 billion. The project was completed and launched in late March 2022. The project received a strong response post FY2022, with pre-sold value of HK$598 million was recorded up to end of April 2022.

Kai Tak Development – a piece of land in Kai Tak adjacent to the Kai Tak Sports Park which the Group acquired for mixed-used development through a government tender in August 2019. The project has an approximate saleable floor area of 174,000 sq. ft. and comprises an office portion, a hotel portion that will house a flagship 400-room Dorsett hotel as well as some retail space. The office portion of the development was pre-sold for HK$3.38 billion in FY2022 and expected to be completed in FY2024.

Kai Tak Residential – a residential development which the Group acquired 50 per cent. ownership through a joint venture in November 2021. The joint venture partner is New World Development Company Limited. The construction had started on the site, which will significantly reduce the delivery time. The residential development will feature approximately 1,300 residential apartments, with a total saleable floor area of approximately 506,000 sq. ft. and a GDV of HK$13.2 billion. The development is expected to launch in FY2023 and expected to complete in FY2026.

Site at Lam Tei, Tuen Mun – a site at Lam Tei, Tuen Mun which the Group acquired in June 2021 for residential development with a total saleable floor area of approximately 180,000 sq. ft. and a GDV of HK$2.97 billion. The project is currently under planning, with overall plans and timetable under review.

Site at Ho Chung, Sai Kung – a residential site located in Ho Chung, Sai Kung which the Group acquired 33.3 per cent. ownership through a joint venture in September 2021. The residential development will feature a number of high-end houses with total approximately 58,000 sq. ft. of saleable floor area and a GDV of HK$1.7 billion.

UK

Hornsey Town Hall, London – a mixed-use redevelopment project located in North London, which involves the conversion of an existing town hall into a hotel/serviced apartment tower with communal areas, as well as a residential component which will provide 146 apartments (including 11 social/affordable units) with a total saleable floor area of approximately 108,000 sq. ft. for private residential units. This development also has a 67-room hotel and a commercial component covering approximately 37,400 sq. ft.. Total pre-sold value of HK$488 million was recorded as at 31 March 2022. Completion of the development is expected in FY2023.

Aspen at Consort Place, London – a mixed-use development site at Marsh Wall, Canary Wharf, London, which was granted planning approval for a complex featuring private residences of approximately 478,000 sq. ft. in total saleable floor area, consisting of approximately 495 residential units, 139 affordable housing units and a hotel of 231 rooms as well as commercial spaces. Total pre-sold value of HK$1.1 billion was recorded for the residential units as at 31 March 2022 and the 139 affordable housing units were pre-sold for approximately GBP43 million in FY2022. The completion of the development is expected in FY2025.

Ensign House, London – the Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to Aspen at Consort Place. Ensign House is planned to be a 56-storey residential tower consisting of 385 residential units. It will have a total saleable floor area of approximately 285,000 sq. ft. and a GDV of HK$3.2 billion. The project was recently received planning approval.

Vauxhall Square, London – a large mixed-use development in London's city centre with a gross floor area of 133,000 sq. m. which the Group entered into an agreement to acquire from R&F Properties (HK) Company Limited for approximately GBP95.7 million and the transaction was closed in April 2022. The transaction provided a repurchase option. The development has planning consent for residential, hotel and hostel, office, retail and leisure space.

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

The strategic regeneration framework ("**SRF**") of the Victoria North development was approved by the Manchester City Council ("**MCC**") in February 2019. The SRF provides an illustrative masterplan in order to guide development proposals within Victoria North. It will be used to guide and co-ordinate development brought forward by the joint venture formed between the Group and MCC, to deliver a series of vibrant, sustainable and integrated residential neighbourhoods within the extended city centre of Manchester.

Since entering into the development agreement with MCC in April 2017, the Group has acquired various land plots within the Victoria North area which will be developed into individual projects as the overall masterplan pans out.

In July 2019, the Group further acquired 20 acres of land from Network Rail in central Manchester to facilitate its delivery of the Victoria North. The site is expected to offer over 1,500 new homes including the first elements of the River City Park at St Catherine's Wood, which will link Angel Meadow to the north of Manchester. The Victoria North project is expected to provide the Group with a significant and long-term pipeline within the UK. As at 31 March 2022, the Group has already secured several land plots within the Victoria North territory, which provide a pipeline with saleable floor area of more than three million sq. ft., which is expected to deliver approximately 4,500 new homes over the next five to eight years.

MeadowSide – a residential development site in Manchester at NOMA which is one of the major residential growth areas of the city and is sitting on the doorstep of the Group's Victoria North development. The development will feature four Plots (Plots 2, 3, 4 and 5) comprising 756 apartments with approximately 560,000 sq. ft. of total saleable floor area around the historic Angel Meadow Park near Victoria Station which is one of the major transportation hubs in the city. Plots 2 and 3 have a total saleable area of approximately 217,000 sq. ft. and a GDV of HK$948 million. Total pre-sold value of HK$787 million was recorded as at 31 March 2022. Handover starts in March 2022 smoothly and recognised approximately HK$148 million revenue in FY2022. The development will continue the handover by phases in FY2023. Plot 5 with a total saleable area of approximately 99,000 sq. ft. and a GDV of HK$419 million. Handover process starts in FY2022 and the cumulative GDV of approximately HK$406 million has been delivered as at 31 March 2022. The process is expected to continue in FY2023. Planning permit to build 40 floors residential building for Plot 4 was granted. The Group is currently assessing and exploring for opportunity to increase GFA and enhance the GDV accordingly.

New Cross Central – one of the initial sites acquired from MCC as part of the development agreement for the Victoria North project. The development is located within New Cross at the northern edge of the Manchester city centre. The development comprises 80 residential apartments with a total saleable floor area of approximately 62,000 sq. ft. and a GDV of HK$260 million. Total pre-sold value of HK$184 million was recorded as at 31 March 2022. Construction work is progressing smoothly and the project is expected to be completed in FY2023.

Victoria Riverside – development located within the Victoria North masterplan area in close proximity to major transport links including Victoria Station and Manchester city centre. It is a key gateway into the Victoria North masterplan area, expanding the city centre northwards from MeadowSide. It will be predominantly a residential development incorporating a high-quality public realm with commercial and leisure use and a landmark building. The development features three towers comprising 634 units with total saleable floor area of approximately 460,000 sq. ft. and a GDV of HK$2.0 billion. Tower A is still under planning. Tower B comprises 128 affordable housing units and has been pre-sold at a consideration of approximately GBP26 million to Trafford Housing Trust, which is part of L&Q, one of the largest housing associations in England. Tower C features 213 residential units with a total saleable floor area of approximately 149,000 sq. ft. and a GDV of HK$658 million. Pre-sales of Tower C was launched in late March 2021 and total pre-sold value of HK$233 million was recorded as at 31 March 2022. The development is expected to be completed in FY2025.

Singapore

Hyll on Holland – a premium development of 319 residential units at Holland Road, a highly attractive and reputable neighbourhood in Singapore. The development has a saleable floor area attributable to the Group of approximately 194,000 sq. ft. and an attributable GDV of HK$2,876 million, in which the Group has an 80 per cent. interest. Attributable GDV of HK$755 million was pre-sold as at 31 March 2022 and completion of the development is expected in FY2024.

Cuscaden Reserve – a residential development site at the prime area of District 9 in Singapore. The development is expected to comprise approximately 16,000 sq. ft. in attributable saleable floor area and an attributable GDV of HK$356 million. The Group has a 10 per cent. interest in the joint venture which is undertaking the development. Pre-sales of the development was launched in FY2020, with completion of the development expected in FY2025.

Malaysia

Dorsett Bukit Bintang – a residential development adjacent to the Group's Dorsett Kuala Lumpur. The development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in total saleable floor area. The development was completed with a number of the remaining units converted into serviced apartments managed by the Group's hotel team. The rest is to be sold on a completed basis.

Dorsett Place Waterfront Subang – a joint development between the Group and Malaysia Land Properties Sdn. Bhd. ("**Mayland**"). The Group has a 50 per cent. interest in this development, which is situated in close proximity of the Group's renowned 5-star hotel, Dorsett Grand Subang. Consisting of three blocks, the development will offer 1,989 fully-serviced suites. Total pre-sold value of HK$312 million (attributable GDV of HK$156 million) was recorded as at 31 March 2022. Completion of the development is expected in FY2024.

Property Investment

The investment property portfolio of the Group comprises retail and office buildings located mainly in the PRC, Hong Kong, Australia, Singapore and the UK. In FY2022, a fair value gain on investment properties of approximately HK$643 million was recorded. This was attributable primarily to the revaluation gain from the office portion of the Kai Tak Development in Hong Kong amounting to approximately HK$499 million, and 21 Anderson Road in Singapore amounted to approximately HK$100 million. As at 31 March 2022, the valuation of investment properties was approximately HK$7.9 billion.

In September 2021, the Group entered into a sale and purchase agreement to sell the company holding the freehold condominium development in Singapore located at 21 Anderson Road, which comprises 34 residential units, for an aggregate consideration of SGD216 million. The transaction was completed on 1 November 2021.

In December 2021, the Group entered into a sale and purchase agreement with a subsidiary of CLP Holdings Limited to sell the office portion of its landmark Kai Tak Development for a consideration of approximately HK$3.4 billion. The delivery and disposal of office building is expected to be completed by FY2024.

Previously, the Group acquired two sites at Baoshan District in Shanghai and both sites will be developed into residential blocks for leasing purposes. In FY2022, construction commenced on one of the sites with lettable floor area of approximately 573,000 sq. ft. which is expected to offer over 1,200 units of accommodation. The completion of the development is expected to be in FY2027.

The usual lease terms for the Group's investment properties are typically of a one to five-year fixed period that may or may not carry an option to renew the lease for a further term of two or three years. The rental income from the investment property portfolio is expected to continue to provide a stable and recurrent income base for the Group.

In accordance with HKFRSs, the Group values its investment properties annually in its consolidated statement of financial position at their open market value on the basis of an independent professional valuation. Any gains or losses arising from the change in the fair value are included in profit or loss for the period in which they arise.

In most cases, the rents quoted by the Group do not include property management charges and rates payable by its tenants.

The following table sets forth the Group's current major property development and investment properties (excluding hotel properties) as at 31 March 2022:

Name of property and location		Group interest	Approximate GFA	Purpose[1]
		(per cent.)	(m^2)	
Shanghai				
1	133 units of shoplots in Jinqiu Xintiandi, Lane 809, Jinqiu Road, Baoshan District	98.2	23,446	S
2	Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 171, California Garden, Jinqiu Road, Baoshan District	98.2	21,943	F
3	5 car parking bays, Area 16, California Garden, Jinqiu Road, Baoshan District	98.2	159	CP
4	273 car parking bays, California Garden, Jinqiu Road, Baoshan District	98.2	11,188	CP
5	King's Manor, Area 16, California Garden, Jinqiu Road, Baoshan District	98.2	1,156	R
6	The Royal Crest II, Area 17 II, California Garden, Jinqiu Road, Baoshan District	98.2	416	R
7	Area 17A, California Garden, Jinqiu Road, Baoshan District	98.2	1,191	R
8	Land parcel no. E1B-01, Lot 47/6 Block 3, Qilian Town, Baoshan District	98.2	53,301	R
9	Land parcel no. E2A-01, Lot 93/8, Block 3, Qilian Town, Baoshan District	98.2	73,013	R
Guangzhou				
1	New Times Plaza, Jian She Heng Road, Yue Xiu District	50	21,343	R
2	Gan Tang Yuan, Huadidadao East, Li Wan District	100	47,080	R
3	Royal Riverside, 10 Miaoqianjie North, Chajiao, Li Wan District	100	7,910	R&S
4	276 car parking bays, 10 Miaoqianjie North, Chajiao, Li Wan District	100	2,413	CP
Hong Kong				
1	Star Ruby, Ground and 1st Floors, No. 1 San Wai Street, Hung Hom	100	1,230	S
2	16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors, Flat Roof on 24th Floor), Far East Consortium Building, 121 Des Voeux Road Central	100	2,474	O
3	Far East Consortium Building, 204–206 Nathan Road, Tsim Sha Tsui	100	3,597	S&O
4	Fung Lok Wai, Yuen Long	25.33	–	R

	Name of property and location	Group interest	Approximate GFA	Purpose[1]
		(per cent.)	(m^2)	
5	Various shops on LG/F and UG/F, Tsuen Wan Gardens Phase 1, 15-23 Castle Peak Road, Tsuen Wan	100	3,822	S
6	Route TWISK, Chuen Lung, Tsuen Wan	100	5,232	Planning
7	Manor Parc, No. 3 Tan Kwai Tsuen Lane, Yuen Long .	100	4,463	R
8	Various lots, Pak Kong, Sai Kung	100	–	A
9	Yau Kam Tau, Tsuen Wan	100	–	A
10	Basement to 5th Floor, Nos. 135–143, Castle Peak Road, Tsuen Wan	100	3,469	S&O
11	Aspen Crest, Nos. 68-86A Wan Fung Street, Wong Tai Sin, Kowloon	100	923	S
12	The Garrison, Mei Tin Road, Tai Wai, Shatin, New Territories	100	516	S
13	Marin Point, No. 31 Shun Lung Street, Sha Tau Kok, New Territories	100	5,660	R&S
14	Mount Arcadia, 8388 Tai Po Road, Sha Tin Heights, New Territories	100	7,795	R
15	Bakerview, 66 Baker Street, Hung Hom, Kowloon . . .	100	578	S
16	Kai Tak Commercial Plot, Shing Kai Road, Kai Tak, New Kowloon Inland Lot No.6607	100	17,651	S&O
17	Lots in D.D. 130 San Hing Tsuen, Lam Tei, Tuen Mun	100	19,650	R
18	Lot No. 2195 in D.D. 244, Ho Chung, Sai Kung	33.3	5,410	R
19	Kai Tak Area 4B site, New Kowloon Inland Lot No. 6591	50	47,029	R
Australia				
1	The FIFTH, 605–611 Lonsdale Street, Melbourne, Victoria	100	290	S
2	The Towers at Elizabeth Quay, Edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth, Western Australia	100	8,233	R
3	West Side Place, 250 Spencer Street, Melbourne, Victoria	100	155,083	R&S
4	Perth Hub, 600 Wellington Street, Perth, Western Australia	100	22,018	R&S
5	Queen's Wharf, Brisbane, Queensland		138,201	
	Tower 4	50		R&S
	Tower 5	50		R&S
	Tower 6	50		O
6	The Star Residences Casino Drive, Broadbeach Island, Gold Coast, Queensland		165,399	
	Tower 1	33.3		R
	Tower 2 – Epsilon	33.3		R
	Towers 3 to 5	33.3		R
7	Monument, 640 Bourke Street, Melbourne	100	55,894	R&S
8	Rebecca Walk, Flinders Street, Melbourne, Victoria . .	100	809	S
9	Upper West Side, 313–349 Lonsdale Street, Melbourne, Victoria	100	2,717	S

Name of property and location		Group interest	Approximate GFA	Purpose(1)
		(per cent.)	(m^2)	
10	Northbank, Flinders Street, Melbourne, Victoria	100	45	S
Malaysia				
1	Mukim of Kerling, District of Hulu Selangor, Selangor, Darul Ehsan	90	422,896(2)	A
2	Dorsett Bukit Bintang, Lot 470, Jalan Imbi, Kuala Lumpur	100	2,595	R
3	Dorsett Place Waterfront Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor	50	83,809	R
Singapore				
1	Hyll on Holland, District 10, Singapore	80	22,473	R
2	Cuscaden Road, District 9, Singapore	10	15,835	R
UK				
1	Aspen at Consort Place, 50 Marsh Wall, London	100	44,728	R&S
2	Hornsey Town Hall, The Broadway, Crouch End, London	100	13,982	R&O
3	MeadowSide, Angel Meadows, Aspin Lane, Manchester	100	41,458	R&S
4	Victoria North, Manchester			
	– New Cross Central	100	5,731	R
	– Victoria Riverside	100	43,828	R&S
	– Network Rail	100	142,328	Planning
	– Others	100	111,655	Planning
5	Ensign House, Admirals Way, Isle of Dogs, London	100	26,773	R&S

Notes:

(1) O – Office
CP – Car Park
S – Shops
R – Residential
F – Ancillary Facilities
A – Agricultural

(2) This represents site area.

Hotel Operations and Management

The Group diversified into the hotel operations business in Hong Kong in 2000 by acquiring two three-star hotels, namely, the Dorsett Garden Hotel and Dorsett Seaview Hotel. As at 31 March 2022, the Group owns and operates its hotel portfolio through four distinct lines of business, which focuses on three- to four-star hotel segment. These include the Dorsett Hotel and Resorts, which features the upscale "Dorsett Grand", the mid-scale "Dorsett", the value-led "Silka" branded hotels and the "d.Collection" boutique hotels with unique identifies. "Dao by Dorsett", a newly-launched long-stay aparthotel brand post FY2022 which offers a collection of creative and harmonious aparthotels. In April 2018, the Group completed the acquisition of TWC, which owns and operates two four-star hotels and one three-star hotel in Germany, one four-star hotel in Austria and one four-star hotel in the Czech Republic. In FY2022, the Group added Dorsett Gold Coast in Australia. These hotels are expected to further diversify the Group's hotel portfolio and strengthen its recurring income stream.

As at 31 March 2022, the Group owned 31 hotels with approximately 8,149 rooms in operations and had 12 hotels with approximately 2,900 rooms in the development pipeline. The 31 operating hotels, including the wholly-owned Dorsett Group, TWC Hotel Group and the Ritz-Carlton hotel in Perth as well as the partially-owned Dorsett Gold Coast, Sheraton Grand Mirage in Gold Coast and Oakwood Premier AMTD in Singapore, spread over Hong Kong, PRC, Singapore, Malaysia, Australia, the UK and Europe. Moreover, the Group also manages three other hotels in Malaysia with approximately 824 rooms and Dorsett City London in the UK with approximately 267 rooms.

Amidst the ongoing COVID-19 pandemic, glimmers of a return to normality continued at a steady pace, with hotel operations making a strong recovery overall. Travel restrictions were progressively lifted, which brought eager business and leisure travellers back to the Group's hotels; additionally, the Group continued to focus its hotel business model towards quarantine guests. As at 31 March 2022, the Group has welcomed over half a million quarantine guests globally. Shifts in travel behaviour emerged as well, particularly with the rise of remote work and the tendency to travel less frequently but stay for a longer time. In order to target this opportunity, the Group will have two aparthotels under the newly-launched Dao by Dorsett brand, which targets the long-stay market. Dao by Dorsett West London, a 74-room aparthotel adjacent to Dorsett Shepherds Bush, was opened in June 2022. Following that, Oakwood Premier AMTD Singapore, a 268-room hotel acquired in 2019 by a joint venture company between AMTD and the Group, was rebranded as Dao by Dorsett AMTD Singapore in July 2022.

The rebound of the Group's hotel operations can be attributed to the exceptional work of the Dorsett Group management team. The prompt tactical adjustments made to the business model of each hotel property together with the strong relationships build with local and overseas authorities ensured that the Group became a partner of choice during the COVID-19 pandemic. The Group's Hong Kong hotels played a vital role in Hong Kong's anti-pandemic efforts by serving as Designated Quarantine Hotels and Community Isolation Facility Hotels. Globally, many of the Group's properties were used to support healthcare staff or quarantined travellers.

For FY2020, FY2021 and FY2022, revenues from the hotel operations and management division amounted to HK$1,345.5 million, HK$889.0 million and HK$1,405.4 million, respectively, or approximately 18.1 per cent., 15.0 per cent. and 23.8 per cent. of the Group's total revenues for the respective periods.

The occupancy rate of the Group's owned hotels is as follows:

	For the year ended 31 March		
	2020	**2021**	**2022**
		(per cent.)	
Region			
Hong Kong	70.8	75.5	77.1
Malaysia	65.6	37.4	44.1
PRC	55.7	43.6	44.3
Singapore(1)	76.0	75.3	90.8
UK	74.3	12.9	45.7
Australia(2)(3)	61.0	39.2	49.6
Dorsett Group Total(4)	67.0	54.6	61.6
TWC Hotel Group	58.8	17.4	28.3

Notes:

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

(2) Excludes Sheraton Grand Mirage and Dorsett Gold Coast which are equity accounted.

(3) For the year ended 31 March 2020 amounts represent results of Ritz-Carlton Perth for the period from 19 November 2019 to 31 March 2020.

(4) Excludes TWC Hotel Group but includes Ritz-Carlton in Perth.

The average room rate (total room revenue divided by number of paid and occupied rooms for the year) of the Group's owned hotels is as follows:

	For the year ended 31 March		
	2020	**2021**	**2022**
Region			
Hong Kong (HK$)	578	533	892
Malaysia (MYR)	197	160	183
PRC (RMB)	389	273	307
Singapore (SGD)(1)	174	138	125
UK (GBP)	129	68	85
Australia (AUD)(2)(3)	354	410	425
Dorsett Group Total(4)	607	513	764
TWC Hotel Group	634	607	638

Notes:

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

(2) Excludes Sheraton Grand Mirage and Dorsett Gold Coast which are equity accounted.

(3) For the year ended 31 March 2020 amounts represent results of Ritz-Carlton Perth for the period from 19 November 2019 to 31 March 2020.

(4) Excludes TWC Hotel Group but includes Ritz-Carlton in Perth.

The following table sets forth the Group's owned hotels that are currently in operation or under development.

	Name of hotel /casino	Location	Group Interest
			(per cent.)
Hong Kong			
1	Dorsett Wanchai, Hong Kong	Nos. 387–397 Queen's Road East, Wan Chai	100
2	Cosmo Hotel Hong Kong	Nos. 375–377 Queen's Road East, Wan Chai	100
3	Lan Kwai Fong Hotel@Kau U Fong	No. 3 Kau U Fong, Central	100
4	Silka Far East, Hong Kong	Nos. 135–143 Castle Peak Road, Tsuen Wan	100
5	Silka Seaview, Hong Kong	No. 268 Shanghai Street, Yau Ma Tei	100
6	Dorsett Mongkok, Hong Kong	No. 88 Tai Kok Tsui Road, Tai Kok Tsui	100
7	Dorsett Kwun Tong, Hong Kong	No. 84 Hung To Road, Kwun Tong	100
8	Dorsett Tsuen Wan, Hong Kong	No. 28 Kin Chuen Street, Kwai Chung	100
9	Silka Tsuen Wan, Hong Kong	No. 119 Wo Yi Hop Road, Kwai Chung	100
10	Dorsett Kai Tak	Shing Kai Road, Kai Tak, New Kowloon Inland Lot No.6007	100

Name of hotel /casino		Location	Group Interest
			(per cent.)
PRC			
1	Dorsett Grand Chengdu	No. 168 Xiyulong Street, Qingyang District, Chengdu, Sichuan Province	100
2	Dorsett Wuhan	Hong Kong & Macau Centre, No. 118 Jianghan Road, Hankou, Wuhan, Hubei Province	100
3	Dorsett Shanghai	No. 800 Hua Mu Road, Pudong New Area, Shanghai	100
4	Lushan Resort	Wenquan Zhen, Xingzi Xian, Jiujiang City, Jiangxi Province	100
Malaysia			
1	Dorsett Kuala Lumpur	172, Jalan Imbi, 55100 Kuala Lumpur, Malaysia	100
2	Dorsett Grand Subang	Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia	100
3	Dorsett Grand Labuan	462, Jalan Merdeka, 87029 Federal Territory of Labuan, Malaysia	100
4	Silka Maytower Kuala Lumpur	No. 7 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia	100
5	Silka Johor Bahru	Lot 101375 Jalan Masai Lama, Mukim Plentong, 81750 Johor, Malaysia	100
6	Dorsett Residences Bukit Bintang	172 A Jalan Imbi, 55100 Bukit Bintang, Kuala Lumpur, Malaysia	100
7	J-Hotel by Dorsett	Jalan Jati, Off Jalan Imbi, 55100 Kuala Lumpur, Malaysia	100
Singapore			
1	Dorsett Singapore	333 New Bridge Road, 088765 Singapore	100
2	Oakwood Premier AMTD Singapore	6 Shenton Way, OUE Downtown #07-01, 068809 Singapore	49
UK			
1	Dorsett Shepherds Bush, London	58 Shepherd's Bush Green, London	100
2	Dao by Dorsett West London	56 Shepherd's Bush Green, London	100
3	Dorsett Canary Wharf, London	63-69 Manilla Street & 50 Marsh Wall, London	100
4	Dao by Dorsett Hornsey	The Broadway, Crouch End, London	100
Australia			
1	Ritz-Carlton	Tower 1, West Side Place, Melbourne, Australia	100
2	Ritz-Carlton	Elizabeth Quay, Perth, Australia	100
3	Queen's Wharf	Brisbane, Australia	25
4	Sheraton Grand Mirage Resort	71 Sea World Drive, Main Beach, Gold Coast, Queensland	25

Name of hotel /casino		Location	Group Interest
			(per cent.)
5	Dorsett Melbourne	Tower 3, West Side Place, Melbourne, Australia	100
6	Dorsett at Perth City Link	City Link, Perth, Australia	100
7	Dorsett Gold Coast	Casino Drive, Broadbeach, Queensland, Australia	33.3
8	The Star Residences – Epsilon	Casino Drive, Broadbeach Island, Broadbeach, Queensland	33.3
9	Dorsett Sydney	Union Street, Pyrmont, Sydney, Australia	50
Europe			
1	Hotel Columbus	Seligenstadt, Germany	100
2	Hotel Freizeit Auefeld	Hann Münden, Germany	100
3	Hotel Kranichhöhe	Much, Germany	100
4	Hotel Donauwelle	Linz, Austria	100
5	Hotel Savannah	Czech-Austrian Border	100

Hong Kong

The closing of Hong Kong borders to non-residents since March 2020 has had a significant negative impact on the Group's hotel operations and the Hong Kong hospitality industry as a whole. According to the Hong Kong Tourism Board, Hong Kong received only 91,398 international visitors in 2021, as compared to approximately 55.9 million in 2019 and approximately 3.6 million in 2020. Nevertheless, the COVID-19 pandemic remained relatively under control in Hong Kong for most of 2021, leading to an upward trend in the overall performance of Hong Kong's hotel market.

The Group's hotel operations quickly readjusted its operating model to cater to quarantine stays in the beginning of the COVID-19 period. As a continued supporter of the Hong Kong government's anti-pandemic efforts, all nine of the Group's Hong Kong hotels have been partnering with authorities in various initiatives such as the Community Isolation Facility and Designated Quarantine Hotel schemes and an agreement with the Social Welfare Department. These operations providing short-term accommodations for a range of guests such as overseas returnees, those who tested positive for COVID-19 but were asymptomatic or only had mild symptoms, medical frontliners and domestic helpers. This allowed the Group to effectively reposition all of its Hong Kong hotels and maximise their utilisation in spite of the COVID-19 situation.

As a result, total revenue for Hong Kong hotel operations recorded a growth of 64.8 per cent. as compared with FY2021. Hong Kong remained the main contributor to the Group's hotel operations with a total revenue of approximately HK$773 million for FY2022, which accounted for approximately 55.0 per cent. of the Group's hotel revenue. OCC in Hong Kong increased 1.6 percentage points to 77.1 per cent. and ARR increased by 67.4 per cent. to HK$892 as compared with FY2021, resulting in an increase of 70.9 per cent. in RevPAR to HK$687.

PRC

Restraints on international travel in the PRC remained in place during the FY2022, which limited most hotels to cater to domestic demand. The Group's hotels in the PRC actively worked to drive online sales, widen distribution channels and increase brand awareness in order to attract more local leisure travellers, particularly travel groups.

Throughout the FY2022, Dorsett Chengdu, the Group's largest hotel in the PRC with 556 rooms, was periodically appointed by the local government to help combat several waves of COVID-19 outbreaks by serving as a quarantine centre. Additionally, Dorsett Shanghai was expropriated in March 2022 to support the local community as the city grappled with its recent outbreak.

Despite sporadic COVID-19 outbreaks, revenue from the Group's PRC hotels recorded an increase of 40.2 per cent. to RMB136 million, most of which was due to local travellers. ARR increased 12.5 per cent. year-on-year to RMB307 while OCC remained at similar level to FY2021 at 44.3 per cent., resulting in a recorded increase in RevPAR of 14.3 per cent. to approximately RMB136.

UK

Due to several rounds of outbreaks and lockdowns in the UK, business at the Group's UK hotels in FY2022 started out very weak, which led to the Group's reluctant closure of both of its hotels in the UK in January 2021. In May 2021, Dorsett Shepherds Bush reopened and entered a six-month government contract to serve quarantine guests arriving from certain countries. Bookings noticeably improved later on in mid-2021, which was largely attributed to the leisure segment. To capitalise on the growing demand, the Group reopened Dorsett City London in May 2021, prior to completion of the hotel's sale on 30 June 2021. Although the Group continues to manage and operate for the new owner for two years post disposal, the hotel performance for Dorsett City London has not been consolidated.

As a result, total revenue increased by 200.0 per cent. to approximately GBP9 million in FY2022, with an increase of 32.8 percentage points in OCC to 45.7 per cent. and a 25.0 per cent. increase in ARR to GBP85, due to the very low base in FY2021.

With the announcement of the loosening of several COVID-19 restrictions in January 2022 and the subsequent removal of all testing requirements for eligible fully vaccinated arrivals in February 2022, travel bookings to the UK increased significantly; thus, the Group expects strong performance from its UK hotels in FY2023.

Europe

Given the continued restrictions on global travel due to the impact and uncertainties of the COVID-19 pandemic, FY2022 remained a challenging year for the Group's hotels in Europe. Nevertheless, performance improved in FY2022 as barriers to travel were gradually reduced, which allowed business to improve.

As a result, total revenue increased by 69.0 per cent. to approximately HK$49 million in FY2022, as compared with a very low base in FY2021. Overall OCC increased by 10.9 percentage points to 28.3 per cent. and ARR increased by 5.1 per cent. to HK$638, which resulted in a 70.8 per cent. growth in RevPAR to HK$181.

Australia

The Western Australian tourism industry was hit hard by the delayed reopening of state borders and acceleration of local community cases in 2021, which inevitably impacted the Ritz-Carlton hotel in Perth. Furthermore, the hotel saw a reduction in catering demand following a plunge in customer confidence due to the capacity restrictions that were imposed in lieu of lockdowns for food and beverage venues. Despite this challenging environment, the Ritz-Carlton Perth leveraged its leadership position in the local market and successfully attracted a significant amount of domestic travellers by launching a series of marketing promotions, leading to satisfactory overall performance in FY2022.

The Ritz-Carlton Perth recorded a total revenue of approximately AUD28 million with 49.6 per cent. OCC and AUD425 ARR for FY2022, which represented a growth of 40.0 per cent. in total revenue and 31.1 per cent. growth in RevPAR over FY2021.

Following the reopening of Western Australia's state borders to both domestic and international travellers in March 2022, the hotel performed strongly due to an improvement in demand for hotel rooms. As such, the Group is poised to see significant recovery of hotel business in FY2023.

Malaysia

In May 2021, the Malaysian government announced a third lockdown. As such, the Group continued to work with local authorities by serving guests with quarantine needs at Dorsett Grand Labuan and Dorsett Grand Subang, which provided a total room inventory of 658 rooms. Dorsett Kuala Lumpur, with 322 rooms in the city centre located next to Dorsett Bukit Bintang, was temporarily closed in June 2021 and reopened in August 2021 to welcome long-stay guests, in line with the overall recovery of Malaysia's hotel industry in the second half of FY2022, after travel and quarantine restrictions for non-residents gradually relaxed.

Consequently, the Group's hotels in Malaysia showed an improvement in year-on-year business performance for FY2022 despite the temporary closures of Silka Johor Bahru, Silka Maytower Kuala Lumpur and J-Hotel by Dorsett during the financial year. Total revenue from the Group's Malaysia hotels increased 11.4 per cent. to approximately MYR49 million as compared with FY2021 and ARR increased by 14.4 per cent. to MYR183 and OCC increased to 44.1 per cent., resulting in a 35.0 per cent. increase in RevPAR to MYR81 amidst the relatively low base in FY2021.

After two years of travel restrictions, Malaysia reopened its borders to fully-vaccinated foreign travellers on 1 April 2022 and the Group anticipates that the loosened policy will bring more foreign travellers to Malaysia.

Singapore

Dorsett Singapore, a 285-room hotel in downtown Singapore, was re-selected as one of the government facilities to accommodate quarantine guests in FY2022, thereby contributed its full room inventory to serve the local community from May 2021 to March 2022, an action that generated steady revenues as the pandemic continued to weigh down the local economy.

As a result, Dorsett Singapore's total revenue for FY2022 experienced a growth of 30.0 per cent. to approximately SGD13 million, mainly due to the jump in OCC from 75.3 per cent. to 90.8 per cent., which subsequently resulted in a 9.6 per cent. increase in RevPAR to SGD114.

In September 2021, the Civil Aviation Authority of Singapore launched Vaccinated Travel Lanes for 32 countries/regions, which was progressively extended to allow international travellers holding a valid Vaccinated Travel Pass to enter Singapore without being subjected to quarantine requirements. After the conclusion of the government contract in March 2022, Dorsett Singapore started to welcome domestic and international travellers, marking a resumption of its normal operations in FY2023.

Car Park Operations and Facilities Management

The Group's car park operations and facilities management business, including car park operations that operate under the "Care Park" brand, has a portfolio of car park bays amounting to 120,201 bays which were owned and/or managed by the Group as at 31 March 2022. Among the Group's 424 car parks, 27 were self-owned car parks with approximately 9,370 car parking bays. The remaining 110,831 car park bays in Australia, New Zealand, the UK, Hungary and Malaysia remain under management contracts with third-party car park owners.

In FY2022, the Group's car park operations remained affected by COVID-19; however, the business environment has improved with the gradual loosening of restrictions. Revenue improved by 32.3 per cent. to approximately HK$664 million as compared to FY2021.

The Group monetised several car parks in Australia and New Zealand for an aggregate consideration of approximately AUD47 million in FY2022. Most of these disposed car parks will continue to be managed by Care Park. The proceeds from the disposals have been used to reduce debt or to invest in operations.

Gaming Operations

Czech Republic

The Group completed the acquisition of TWC on 30 April 2018 and through TWC the Group operates its portfolio of three casinos in the Czech Republic. All the casinos of TWC feature gaming tables and slot machines and are situated on the Czech borders with Germany and Austria catering to cross-border guests from these countries. All the casinos were rebranded as "PALASINO" during FY2022 to enhance its brand image and refresh customer experience.

The three casinos were temporarily closed for much of FY2021, but reopened in May 2021. As a result of increasingly relaxed COVID-19 related restrictions and recovery of the economic environment, gaming operations quickly resumed and generated positive returns. Revenue from TWC's gaming operations for FY2022 reached HK$231.5 million (which is net of gaming tax), representing a 163.6 per cent. jump from HK$87.8 million for FY2021 despite being temporarily closed for two months due to the COVID-19 restrictions. The higher revenue was mainly due to the re-opening of the gaming operations and the solid rebound in attendance, which generally reached or sometimes exceeded pre-COVID-19 levels.

TWC is continuing with its previous initiative to obtain an online gaming license in Malta to offer its services to more guests.

The following tables set forth certain operating data of TWC's casinos for the three years ended 31 March 2022:

	As at 31 March 2020	**As at 31 March 2021**	**As at 31 March 2022**
Number of slot machines	543	442	446
Number of tables	59	65	65

	FY2020	**FY2021**	**FY2022**
Table game revenue[(1)] *(HK$ million)*	58	21	55
Slots revenue[(1)] *(HK$ million)*	140	55	145
Average table game win rate[(2)]	20%	20.1%	20.9%
Average slot win per machine per day *(HK$)*	1,087	1,063	1,644

Notes:

(1) Net of gaming tax.

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

Australia

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF and took a 4.99 per cent. equity stake in The Star, one of the two major casino operators in Australia which has a dominant position in Sydney, Gold Coast and Brisbane.

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

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

- allowing the Group to increase its exposure to the QWB Project and benefit from The Star's future growth; and

- benefiting from cross-selling through future co-operation with The Star which is synergistic to the gaming platform of the Group.

The Group owns 25 per cent. of the integrated resort QWB Project in Brisbane. Together with The Star and CTF, the Group is building three world-class hotels, high-end gaming facilities with VIP rooms, F&B outlets and more than 6,000 sq. m. of retail and eatery space that will be operated by DFS Group ("**DFS**"), a global leader in retail operations.

The QWB Project is under construction with its first stage expected to complete and open in mid-2023.

Provision of Mortgage Services

As an extension of its property development business, the Group established a mortgage lending platform under BC Invest. BC Invest specialises in the provision of residential mortgages to non-resident international buyers. BC Invest is highly synergistic to the Group's property development business and offers significant growth potential beyond the existing property development business of the Group. Indeed, less than five per cent. of the loans extended to non-resident buyers were used to purchase residential properties of the Group.

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

Loan and advances reached approximately AUD2.6 billion as at 31 March 2022, an increase of about 122.8 per cent. from the loans and advances as at 31 March 2021. BC Invest has strict lending rules, a highly diversified portfolio and a prudent weighted average loan-to-value ratio of 60.9 per cent. for Australia and 62.8 per cent. for the UK on average as at 31 March 2022. Net interest margin was maintained at 1.29 per cent. in FY2022 as BC Invest aimed to capture more market share. Whilst most of the capital was provided by third parties, the Group has committed approximately AUD70 million and GBP9 million as at 31 March 2022, which was classified as investment securities. Including interest income from funding, BC Invest business contributed approximately HK$22.6 million to the Group's profit during FY2022.

In October 2021, BC Invest entered into a strategic partnership and long-term funding support arrangement with Mortgageport Management Pty. Ltd. ("**Mortgageport**"), a well-established Australian mortgage products provider. The transaction allowed BC Invest to own a 53 per cent. stake in Mortgageport, including a significant placement of new equity and sponsorship of Mortgageport's current and future warehouse facilities. Mortgageport is a leading non-bank lender, catering mostly to domestic borrowers. Including third-party assets under management, BC Invest had a total assets under management of approximately AUD3.8 billion as at 31 March 2022.

On the funding side, BC Invest continued to tap the RMBS market to diversify its funding sources. BC Invest completed a number of residential RMBS offerings that raised approximately AUD800 million in FY2022. In February 2022, BC Invest launched the BC Invest Australian Credit Fund, which is Australia's first green mortgage fund targeting green residential buildings. In April 2022, BC Invest announced a new AUD416 million RMBS transaction, which contained a proportion of domestic borrowers and green tranches.

Competition

The Group competes with other property developers in Hong Kong, the PRC, Australia, Malaysia, the UK and Singapore for the acquisition of suitable development sites and available investment properties. Competition in the hotel industry in the markets where the Group's hotels operate has been at times intense. Competition is based primarily on average room rates, quality of accommodation, brand recognition, service level, convenience of location and the quality and scope of other amenities. The Group's hotels generally compete with other three-star and four-star hotels in the cities where the Group's hotels are located. The Group also competes with other property developers to acquire existing hotels as well as to look for suitable sites to construct its hotels.

With respect to the car park operations and management division, concentration of car park facilities in the regions which the Group operates could heighten competition amongst them. In order to differentiate from its competition, the Group will continue to monitor the factors, such as quality of service offered to drivers and the location and parking rates as compared with other car park competitors near the chosen location.

Since the Group acquired TWC in FY2019, it will face competition against those gaming operators in Continental Europe with well-established scale and market leading position.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability. See "Risk Factors – The Group has uninsured risks" for risks relating to the Group's insurance coverage.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies in the relevant jurisdiction and with commercially reasonable deductibles and limits on coverage.

Government Regulations

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates.

The success of the Group's strategy to expand its existing properties, acquire new properties or open newly-constructed properties and hotels is contingent upon, among others, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits, environmental, health and safety permits and (in the case of hotels) food and liquor licences. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing licence.

The Group believes that the Group in all material respects complies with government regulations currently in effect in the jurisdictions in which it operates. The Group has not experienced significant problems with government regulations with regard to these issues and is not aware of any pending government legislation that might have a material adverse effect on its property or hotel operations.

Legal Proceedings or Related Matters

On 27 July 2021, it was announced that the Group entered into a settlement agreement to wind up a joint venture company in Guangzhou and to withdraw from the legal proceedings surrounding a mandatory enforcement procedure regarding land use rights and the Group's subsequent appeal. Subject to the provision under the settlement agreement, a settlement consideration of RMB408 million should be paid to the Group. The Group expects to fulfil its obligation and to recognize a gain in FY2023.

During FY2022, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("**EHFL**") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("**EHL**"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf, London. At this juncture, the management is of the opinion, upon advised by the legal counsel, that the claim is not valid as there is no breach of contract and therefore these allegations of wrongdoing will be rigorously denied and the proceedings are being fully contested.

Other than the legal proceedings previously mentioned, neither the Guarantor nor any of its subsidiaries are involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Environmental and Safety Matters

The Group believes that the Group in all material respects complies with applicable environmental and safety laws and regulations in countries where it operates. As at the date of this Offering Circular, the Group was not aware of any material environmental or safety proceedings or investigations to which it was or might become a party.

Employees

As at 31 March 2022, a total of approximately 3,500 employees were engaged in the Group's operations. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions. None of the Group's employees are members of a trade union and the Group has not experienced any strikes or disruptions due to labour disputes. The Guarantor considers its relations with its employees to be good.

Corporate Governance and Corporate Social Responsibility

The Group believes that a high standard of corporate governance is key to facilitating sustainable development. The Group adopts an active approach to investors' communication and provides a high degree of transparency to its investors and is committed to continuing its efforts to enhance various areas of corporate social responsibility.

Corporate Governance

In order to enhance the quality of corporate governance, the Group engaged external consultants to analyse sustainability governance and risk management and to identify areas for improvement, and formulated action plans to refine existing sustainability governance structures.

Corporate Social Responsibility

As part of the Group's efforts to contribute to the communities in which it operates, the Group entered into agreements to sell 128 affordable housing units at Victoria Riverside, Manchester and 139 affordable housing units at Consort Place, London and participates in employee volunteering and strategic giving.

Environmental Responsibility

The Group has integrated green building elements into its property designs and implemented building material control and waste monitoring and reduction policies at construction sites. The Group's hotels have also implemented sustainable practices such as replacing single-use items with reusable items, sustainable purchasing, energy conservation and efficiency initiatives. The Group continues to explore the feasibility of solar energy use and energy efficient technologies in its hotel operations. The Group implemented a sustainable finance framework in November 2021 and received an aligned opinion from S&P Global Ratings in preparation for the possibility of raising green financing in the future.

As part of the Group's goal to move towards a sustainable future and turn climate change initiative into sustainable business opportunities, the Group is establishing a net zero strategy roadmap in line with the latest science around climate change. The Group will develop business-as-usual emission projections for the purpose of short- and long-term goal setting, which will in turn be used to identify and assess the most effective interventions based on reduction impact.

In recognition of the Group's efforts in its investor relations functions, corporate governance, corporate social responsibility, environmental, social and governance efforts, the Group received a number of international awards during FY2022:

- Six awards in "2021 Asia's Best Companies" Poll by FinanceAsia, including "Asia's Overall Best Managed Company" and "Best Managed Listed Company in Hong Kong";
- Five awards at "Questar Awards 2021";
- Titanium Award at "The Asset ESG Corporate Awards 2021";
- Four awards at "11th Asian Excellence Award 2021", including "Best Investor Relations Company" and "Best Environmental Responsibility";
- Eight awards in "2021 7th Investor Relations Awards" by HKIRA, including "Best IR Company", "The ESG Grand Award (Small Cap)"; "Best ESG(E)"; "Best ESG(S)" and "Best ESG(G)";
- Five awards at the "iNOVA Awards 2021", including the "Bronze: Corporate Social Responsibility Report";
- "Honourable mention of the ESG Excellence Awards" of the "Hong Kong Corporate Governance & ESG Excellence Awards 2021";
- Certificate for Excellence in Investor Relations at IR Magazine Awards Greater China 2021;
- "9th Outstanding Corporate Social Responsibility Award" at The Mirror Post Monthly Post; and
- Silver award in the category of "Property Development: Residential" of "Traditional Annual Report" at "The International ARC 2021 Awards".

Intellectual Property

As at the date of this Offering Circular, the Group is the registered owner of its material domain names, including www.fecil.com.hk and www.dorsett.com, and has registered, its material trademarks in several countries, including Hong Kong, the PRC, Malaysia, Singapore and Macau. Its material registered trademarks are set out in the table below:

Material trademarks indirectly held by the Guarantor:

Proprietor	Word marks/Logo marks	Countries in which the trademark is registered
Far East Consortium (IP) Holding Limited		Australia New Zealand Singapore UK
	(A) (B)	Hong Kong Malaysia
	Far East Consortium	Australia New Zealand UK
	FEC	Australia New Zealand Singapore UK
	(A) FEC (B) FEC	Hong Kong Malaysia
	远东发展	Australia New Zealand UK

Proprietor	Word marks/Logo marks	Countries in which the trademark is registered
	遠東發展	Australia New Zealand UK
	(A) 遠東發展 (B) 遠東發展 (C) 远东发展 (D) 远东发展	Malaysia
	(A) Far East Consortium (B) Far East Consortium	Hong Kong
	遠東發展 遠東發展 远东发展 远东发展	Hong Kong

Material trademarks held within the hotel operations and management segment:

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
Dorsett	DORSETT	Australia Malaysia Singapore Taiwan Hong Kong Europe Macau PRC Indonesia UK

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
Dorsett Grand	DORSETT GRAND	Australia Malaysia Singapore Taiwan Hong Kong Europe Macau PRC Indonesia UK
帝盛	帝盛	PRC Singapore Taiwan Hong Kong Macau
帝盛君豪	帝盛君豪	Australia Europe Hong Kong Indonesia Macau Malaysia Singapore Taiwan PRC UK
Dorsett	(a) Dorsett (b) Dorsett	Hong Kong Singapore Taiwan
	Dorsett	Malaysia
	Grand Dorsett	Malaysia

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
		Hong Kong
		Hong Kong
		Singapore
		Macau PRC Taiwan
		PRC Macau Taiwan
Silka		Malaysia Macau Australia Taiwan Indonesia PRC
		Hong Kong Singapore
	Silka	Hong Kong Malaysia Singapore Taiwan Australia Indonesia PRC Macau

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
絲麗	絲麗	Australia Hong Kong Indonesia Macau Malaysia Taiwan Singapore
d. COLLECTION	A d. COLLECTION B d. COLLECTION	Hong Kong Malaysia Singapore
D. COLLECTION	d. COLLECTION	Australia Europe Indonesia Taiwan Macau PRC UK
Stay Vibrant	A Stay Vibrant B STAY VIBRANT C stay vibrant D Stay vibrant	Hong Kong Malaysia
Stay Vibrant	Stay Vibrant	Australia Europe Japan PRC UK

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
Dao by Dorsett	d a O BY DORSETT d a O BY DORSETT	Hong Kong Singapore UK
麗悅	麗悅	Australia Hong Kong Singapore Taiwan Macau Malaysia PRC Indonesia
帝軒	帝軒	Hong Kong Singapore Taiwan
帝悅	帝悅	Macau
帝薈	帝薈	Macau

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
COSMOPOLITAN	COSMOPOLITAN	Taiwan
帝豪	帝豪	Hong Kong Taiwan
KOSMOPOLITO	KH KOSMOPOLITO Hotels International HOTEL KOSMOPOLITO	Macau
Cosmo Hotel	A Cosmo Hotel B Cosmo Hotel C COSMO HOTEL	Hong Kong
Kosmo Hotels	Kosmo Hotels	Hong Kong
Hotel Kosmopoli	Hotel Kosmopolito	Macau
Dorsett	Dorsett	Macau PRC
Care Park	CARe PARK	Australia PRC Hong Kong
		Australia Hong Kong Malaysia
	CARE GROUP	Australia

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
	CARe PARK	Australia Bosnia and Herzegovina Croatia Hungary Montenegro Serbia UK
	CARe PARK	New Zealand
	My CAREPARK .com.au	Australia
	AUSTRALIAN PROPERTY MANAGEMENT	Australia
	UNIHOUSE	Australia
	CARE PARK	New Zealand

Commitments

	As at 31 March		
	2020	2021	2022
		(audited) (HK$'000)	
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:	1,298,342	1,190,711	2,333,820
– Acquisition, development and refurbishment of:			
– *hotel properties*	1,186,814	906,875	1,390,056
– *investment properties*	–	55,867	718,902
– Commitment to provide credit facility to a joint venture	94,000	213,981	80,580
– Capital injection to investment funds	–	13,988	144,282
– Others	17,528	–	–

Financial Condition and Liquidity

Property and hotel development and investment activities are capital intensive, in which the Group has contracted substantial commitments over the next few years. The Group has historically funded its capital needs primarily through internally generated funds from operations (including pre-sale deposits and recurring hotel, car park and rental income), supplemented by external lines of credit, term loans and, to a lesser extent, equity issues. Working capital and capital expenditure requirements in FY2022 were financed principally through a combination of funds generated from operations and external borrowings.

As at 31 March 2022, the Group's total bank and other borrowings were HK$26.6 billion, of which HK$11,450 million was repayable within one year or on demand and HK$15,140 million was repayable after one year. The Group's borrowings are primarily denominated in Hong Kong dollars, Singapore dollars, Australian dollars and Sterling.

As at 31 March 2022, the Group maintained a comfortable level of total liquidity position of HK$9.9 billion, comprising bank and cash balances[8] of HK$6.9 billion and investment securities of HK$3.0 billion. The Group had approximately HK$73.6 billion of total assets (adjusted for hotel revaluation surplus[9]) and HK$21.3 billion of net debts[10] as at 31 March 2022. The ratio of the net debts to total assets (adjusted for hotel revaluation surplus[11]) was approximately 28.9 per cent. as at 31 March 2022. Although the Group has significant capital commitments for its projects under development, the Group believes that, with existing bank balances and cash, the proceeds from pre-sales of its development properties and external financing, it will have adequate sources of capital for its continuing operations.

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8 The amount represents total restricted bank deposits, deposits in financial institutions, and bank balances and cash.

9 Based on the independent valuation carried out as at 31 March 2022.

10 Net debts represent total bank loans, notes and bonds less investment securities, bank and cash balances.

11 Based on the independent valuation carried out as at 31 March 2022.

DIRECTORS AND MANAGEMENT

The members of the board (the "**Board**") of directors of the Guarantor (the "**Directors**") as at the date of this Offering Circular are as follows:

Executive Directors

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

Independent Non-executive Directors

Kwok Wai CHAN
Kwong Siu LAM
Lai Him Abraham SHEK

The biographies of the Executive Directors, Independent Non-executive Directors and Senior Management at the date of this Offering Circular are as follows:

Tan Sri Dato' David CHIU, B.Sc.
(Executive Director, Chairman and Chief Executive Officer)

Tan Sri Dato' David CHIU, aged 68, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 30 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering the PRC, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Guarantor). He was appointed as Deputy Chairman and Chief Executive Officer of the Guarantor on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Guarantor. He is also a director of various subsidiaries of Guarantor. Currently, he is the vice-chairman and a non-executive director of i-CABLE Communications Limited (stock code: 1097).

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

Mr. Cheong Thard HOONG, B.ENG., ACA
(Executive Director and Managing Director)

Mr. HOONG, aged 53, was appointed as an Executive Director of the Guarantor in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group's overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

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

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

Mr. Dennis CHIU, B.A.
(Executive Director)

Mr. CHIU, aged 63, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Guarantor) in 1978. He has been actively involved in the business development in the PRC, Singapore and Malaysia. He is also a director of various subsidiaries of the Guarantor.

Mr. CHIU has been elected as the chairman of Federation of Hong Kong Business Worldwide of 45 Hong Kong Business Associations in 34 countries and regions with over 13,000 individual associates; and the chairman of Hong Kong Singapore Business Association ("**HSBA**") in 2018. He was the president of HSBA from 2014 to 2018. In addition, he is a patron and Adviser of Ayer Rajah Single Member Constituency, West Coast Group Representation Constituency Singapore; and the governor of Harrow International School Bangkok since 2004. He was also involved in other charitable organisations, including Yan Chai Hospital and Ju Ching Chu English College Limited, previously.

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

Mr. Craig Grenfell WILLIAMS, B.ENG. (CIVIL)
(Executive Director)

Mr. WILLIAMS, aged 70, was appointed as an Executive Director of the Guarantor in 2000. He is responsible for all property developments in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Guarantor, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the past president of the St. Kilda Road Campaign Inc. He is also a director of various subsidiaries of the Guarantor.

Ms. Wing Kwan Winnie CHIU, B.Sc.
(Executive Director)

Ms. CHIU, aged 42, was appointed as an Executive Director of the Guarantor in June 2019. She obtained a degree of Bachelor of Science in Business Management in King's College London, University of London in 2003. She became honorary fellowships of the Hong Kong Academy for Performing Arts and Vocational Training Council in 2017. She was appointed as Justice of the Peace of Hong Kong in July 2016. She has also served as a committee member in some government committees including Betting and Lotteries Commission since August 2017 and the Business Facilitation Advisory Committee since July 2018. She is a council member of The Better Hong Kong Foundation since 2012; a member of the committee of overseers of Wu Yee Sun College of the Chinese University of Hong Kong since August 2016; an advisor of Our Hong Kong Foundation since January 2018; a board member of the Community Chest since June 2018; a primary company representative of Dorsett at Hong Kong General Chamber of Commerce since June 2018; an honorary vice president of GHM (Guangdong Hong Kong Macao) Hotel General Managers Society since February 2019; a board member of YPO Hong Kong Chapter, and a member of Hong Kong – Japan Business Co-operation Committee.

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

Ms. CHIU joined the Group in 2005 as a director of property development. She was appointed as the president and an executive director of Dorsett, in June 2010 and November 2011, respectively, to oversee its overall strategic growth and development. She is currently the chairman of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange. Ms. CHIU was appointed as an independent director of Prenetics Global Limited on 18 May 2022, a company listed on Nasdaq. She is also a director of various subsidiaries of the Guarantor.

Previously, Ms. CHIU worked in Credit Suisse. She has been a director of Malaysia Land Properties Sdn. Bhd. ("**Mayland**") since 2002. She has been involved in the different aspects of property development which include development of shopping centre, retail management and service apartment of Mayland.

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

Mr. Kwok Wai CHAN
(Independent Non-executive Director)

Mr. CHAN, aged 63, was appointed as an Independent Non-executive Director of the Guarantor in November 2005. He is a member of The Hong Kong Securities and Investment Institute and a member of CPA Australia. Mr. CHAN is a director of High Progress Consultants Limited and also an independent non-executive director of Chinese Estates Holdings Limited (stock code: 127), China Investments Holdings Limited (stock code: 132), Tern Properties Company Limited (stock code: 277) and National Electronics Holdings Limited (stock code: 213).

Mr. Kwong Siu LAM
(Independent Non-executive Director)

Mr. LAM, aged 88, was appointed as an Independent Non-executive Director of the Guarantor in September 2011. He was the delegate of the 10th National People's Congress. Mr. LAM currently serves as the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Association, the life honorary chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the life honorary chairman of the Chinese General Chamber of Commerce, an adviser of the Hong Kong Chinese Enterprises Association, the honorary president of the Chinese Bankers Club of Hong Kong, and director of Chu Hai College of Higher Education Limited since November 2021 and the chairperson since December 2021. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002. Currently, he is an independent non-executive director of Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Group Holdings Company Limited (formerly known as "Yuzhou Properties Company Limited") (stock code: 1628). Mr. LAM was an independent non-executive director of Vico International Holdings Limited (stock code: 1621) until April 2019, China Overseas Land & Investment Limited (stock code: 688) until June 2020 and Skymission Group Holdings Limited (stock code: 1429) until September 2021. Mr. LAM was awarded Hong Kong Gold Bauhinia Star in 2016 and Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

Mr. Lai Him Abraham SHEK (Alias: Abraham Razack)
(Independent Non-executive Director)

Mr. SHEK, aged 77, was appointed as an Independent Non-executive Director of the Guarantor in June 2019. He obtained a bachelor degree of arts and a diploma in education in the University of Sydney in May 1969 and March 1970, respectively. He obtained a Juris Doctor degree in the City University of Hong Kong in June 2022. He became the honorary fellow of Lingnan University, The Hong Kong University of Science and Technology, The University of Hong Kong and The Education University of Hong Kong in November 2008, June 2014, September 2016 and March 2018, respectively. In addition to his achievements in the academic field, Mr. SHEK has also earned certain honorary titles in various ambits. He was appointed as Justice of the Peace in July 1995 and awarded the Silver Bauhinia Star and Gold Bauhinia Star in Hong Kong 2007 and 2013 Honors Lists, respectively. He has also been a member of the advisory committee board of the Independent Commission Against Corruption since January 2017. He has been a non-executive director of Mandatory Provident Fund Schemes Authority of Hong Kong until March 2021. He has also been the chairman and an independent member of the board of Governors of English Schools Foundation until May 2021 and a member of the Legislative Council for Hong Kong from 2000 to 2021. Mr. SHEK is currently a member of the Honorary Member of The Hong Kong University of Science and Technology, the court and the council member of The University of Hong Kong, a member of the executive committee of Hong Kong Sheng Kung Hui Welfare Council Limited, the first director (non-remunerated) of Construction Charity Fund Integrated Service Centre Limited and non-executive director (non-remunerated) of Chinese-Italian Cultural Society Limited.

In addition, Mr. SHEK is an independent non-executive director of the following listed companies and collective investment schemes, all of which are listed on the Stock Exchange: (a) Paliburg Holdings Limited (stock code: 617); (b) Lifestyle International Holdings Limited (stock code: 1212); (c) Chuang's Consortium International Limited (stock code: 367); (d) NWS Holdings Limited (stock code: 659); (e) Country Garden Holdings Company Limited (stock code: 2007); (f) Chuang's China Investments Limited (stock code: 298); (g) ITC Properties Group Limited (stock code: 199); (h) China Resources Cement Holdings Limited (stock code: 1313); (i) Lai Fung Holdings Limited (stock code: 1125); (j) Cosmopolitan International Holdings Limited (stock code: 120); (k) Everbright Grand China Assets Limited (stock code: 3699); (l) CSI Properties Limited (stock code: 497); (m) Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust (stock code: 1881); (n) Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (stock code: 2778); (o) Landing International Development Limited (stock code: 582); (p) Hao Tian International Construction Investment Group Limited (stock code: 1341); and (q) International Alliance Financial Leasing Co., Ltd. (stock code: 1563). He has been the independent non-executive director of Goldin Financial Holdings Limited (stock code: 530), and was appointed as vice chairman and re-designated to executive director since March 2021. Mr. SHEK has been re-designated from vice chairman to chairman of the board of Goldin Financial Holdings Limited since June 2022.

Mr. SHEK also served as an independent non-executive director of Dorsett from September 2010 to October 2015. Mr. SHEK was also an independent non-executive director of the following companies, all of which are listed on the Stock Exchange: (a) MTR Corporation Limited (stock code: 66) until May 2019; (b) Hop Hing Group Holdings Limited (stock code: 47) until June 2020; and (c) SJM Holdings Limited (stock code: 880) until May 2021.

Mr. Wai Hung Boswell CHEUNG
(Chief Financial Officer and Company Secretary)

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

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

Board Committees

As at the date of this Offering Circular, the Board has established five Board committees, namely the Executive Committee, the Environmental, Social and Governance ("**ESG**") Steering Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the affairs of the Group. All the Board committees should report to the Board on their decisions or recommendation made.

Executive Committee

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

ESG Steering Committee

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

Audit Committee

The Audit Committee comprises a total of three members, being the three Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK. The chairman of the Audit Committee is Mr. Kwok Wai CHAN who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Guarantor's auditor in matters within the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises a total of three members, being one Executive Director, namely Tan Sri Dato' David CHIU, and two Independent Non-executive Directors, namely Mr. Kwok Wai CHAN and Mr. Lai Him Abraham SHEK. The chairman of the Remuneration Committee is Mr. Kwok Wai CHAN. Accordingly, the majority of the members are Independent Non-executive Directors.

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

Nomination Committee

The Nomination Committee comprises a total of four members, being one Executive Director, namely Tan Sri Dato' David CHIU, and three Independent Non-executive Directors, namely Mr. Kwok Wai CHAN, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

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

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

The Guarantor also recognises and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the Corporate Governance Code to the Listing Rules, a Board diversity policy was adopted by the Guarantor in 2013 and modified in 2018, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board diversity policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board. In November 2018, the Group has also established a Director Nomination Policy setting out the approach and procedures adopted for the nomination and selection of Directors.

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

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES, DEBENTURES AND SHARE OPTIONS

Substantial Shareholders

As at the date of this Offering Circular, according to the register of interests in shares and short positions in shares and underlying shares or debentures of the Guarantor, required to be kept under Section 336 of the SFO (other than the interests of directors as set out below) and as far as the Guarantor is aware, the following persons had interests of five per cent. or more or short positions in the shares of the Guarantor:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Guarantor's issued share capital[3]
Sumptuous Assets Limited	Beneficial owner	1,207,054,420[1] (long position)	49.89
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.54
	Interest of controlled corporations	140,942,693[2] (long position)	5.82
	Interest of spouse	1,624,301[2] (long position)	0.07

Notes:

(1) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the section below headed "Directors' Interests". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(2) 140,942,693 shares were held by various companies under Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Guarantor forms part of his estate.

(3) The percentage represents the number of ordinary shares interested divided by the Guarantor's issued shares as at the date of this Offering Circular.

Save as disclosed above, as at the date of this Offering Circular, the Guarantor was not notified of any persons (other than its directors or the chief executive officer) who had an interest or short positions in the shares or underlying shares of the Guarantor as recorded in the register required to be kept by the Guarantor pursuant to Section 336 of the SFO.

Directors' Interests

As at the date of this Offering Circular, the interests and short positions of the directors and chief executive of the Guarantor in the shares, underlying shares or debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Guarantor under Section 352 of SFO; or as otherwise notified to the Guarantor and the Model Code were as follows:

(a) The Guarantor

I Long position in ordinary shares

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of the Guarantor's issued share capital(5)
David CHIU	Beneficial owner	23,023,223	0.95
	Interest of spouse	18,899,905(1)	0.78
	Interest of controlled corporations	1,207,071,442(1)	49.89
Cheong Thard HOONG	Beneficial owner	13,814,265	0.57
	Joint interest	496,184(2)	0.02
Dennis CHIU	Beneficial owner	4,984	0.00
	Interest of controlled corporations	3,893,575(3)	0.16
	Joint interest	2,139,261(4)	0.09
Wing Kwan Winnie CHIU	Beneficial owner	78,602	0.00

Notes:

(1) 1,207,054,420 shares were held by Sumptuous Assets Limited and 17,022 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 18,899,905 shares were held by Ms. Nancy CHIU NG, spouse of Tan Sri Dato' David CHIU.

(2) 496,184 shares were held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

(3) 3,893,575 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

(4) 2,139,261 shares were held by Mr. Dennis CHIU jointly with his spouse, Ms. Lee Keng LEOW.

(5) The percentage represents the number of ordinary shares interested divided by the number of the Guarantor's issued shares as at the date of this Offering Circular.

II Debentures

As at the date of this Offering Circular, Tan Sri Dato' David CHIU was deemed to have an interest in (i) the 7.375 per cent. U.S.$ Senior Guaranteed Perpetual Capital Notes issued by the Issuer in the principal amount of U.S.$9,000,000, of which U.S.$5,000,000 was held by Tan Sri Dato' David CHIU and U.S.$4,000,000 was held by his spouse, Ms. Nancy CHIU NG, and (ii) the 5.1 per cent. U.S.$ Medium Term Notes 2024 issued by the Issuer in the principal amount of U.S.$4,000,000, of which U.S.$1,000,000 was held by Tan Sri Dato' David CHIU and U.S.$3,000,000 was held by his spouse, Ms. Nancy CHIU NG.

As at the date of this Offering Circular, Mr. Cheong Thard HOONG was deemed to have an interest in the 4.5 per cent. U.S.$ Medium Term Notes 2023 issued by the Guarantor in the principal amount of U.S.$1,000,000 of which U.S.$300,000 was held by Mr. Cheong Thard HOONG and U.S.$700,000 was held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

As at the date of this Offering Circular, Ms. Wing Kwan Winnie CHIU has an interest in (i) the 4.5 per cent. U.S.$ Medium Term Notes 2023 issued by the Guarantor in the principal amount of U.S.$400,000, (ii) the 7.375 per cent. U.S.$ Senior Guaranteed Perpetual Capital Notes issued by the Issuer in the principal amount of U.S.$1,000,000, and (iii) the 5.1 per cent. U.S.$ Medium Term Notes 2024 issued by the Issuer in the principal amount of U.S.$3,000,000.

(b) Associated corporations

Name of Director	Name of associated corporation	Capacity	Number of ordinary share(s) interested	Approximate percentage of the relevant issued share capital
Wing Kwan Winnie CHIU	BC Invest	Beneficial owner	114,376	0.50(1)
Cheong Thard HOONG	BC Invest	Beneficial owner	1,249,885	5.46(1)
Craig Grenfell WILLIAMS	BC Invest	Beneficial owner	254,112	1.11(1)
	Care Park	Beneficiary of a discretionary trust	825(2)	8.25(3)

Notes:

(1) The percentage represents the number of ordinary shares interested divided by BC Invest's issued shares as at the date of this Offering Circular.

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

(3) The percentage represents the number of ordinary shares interested divided by Care Park's issued shares as at the date of this Offering Circular.

Save as disclosed above, as at the date of this Offering Circular, none of the Directors or chief executive of the Guarantor had or is deemed to have any interests and short positions in the shares, underlying shares or debentures of the Guarantor or any of its associated corporations within the meaning of Part XV of the SFO, which (a) were required to be notified to the Guarantor and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Guarantor and the Stock Exchange.

Share Options

The Guarantor Share Option Schemes

The Guarantor's share option schemes (the "**Share Option Schemes**") were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Guarantor or any of its subsidiaries (including Executive and Non-executive Directors of the Guarantor) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Guarantor or any of its subsidiaries. Under the Share Option Schemes, the directors of the Guarantor may grant options to eligible employees including directors of the Guarantor and its subsidiaries, to subscribe for shares of the Guarantor.

The Guarantor's current share option scheme will be expired on 31 August 2022. In order to continue to provide incentives and rewards to the eligible employees and participants, the board of the Guarantor has recommended the adoption of a new share option scheme and the relevant resolution will be proposed at the 2022 annual general meeting of the Guarantor for shareholders' consideration and voting.

As at the date of this Offering Circular, there were no outstanding share options under the Share Option Schemes. No share options under the Share Option Schemes were granted, exercised, cancelled or lapsed during FY2022.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law, published practice and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change (which could be made on a retroactive basis), and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations which may be relevant to a decision to purchase, own or dispose of any Notes.

Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Cayman Islands

Under the laws of the Cayman Islands, payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest or principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax.

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Guarantor obtained an undertaking from the Governor in Cabinet:

(1) that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Guarantor or its operations; and

(2) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Guarantor; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking is for a period of 20 years from 12 July 2011.

The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. No stamp duty is payable in respect of the issue or transfer of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made to or by the Guarantor.

There is no exchange control legislation under Cayman Islands law and accordingly there are no exchange control regulations imposed under Cayman Islands law.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Notes may be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal and redemption of Notes may be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempt. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided either:

(a) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong) (the "**SDO**").

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(a) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from 1 August 2021, if stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.26 per cent. (of which 0.13 per cent. is payable by the seller and 0.13 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, August 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades, the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods, circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**"). On 8 May 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**") with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

On 1 November 2014, the PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, the PBOC promulgated the Circular on Further

Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the "**2015 PBOC Circular**"), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone ("**Shanghai FTZ**"), may establish an additional cash pool in the local scheme in such pilot free trade zone but each onshore company within the group may only elect to participate in one cash pool.

On 31 December 2020, the PBOC and five other PRC authorities promulgated the Circular on Further Optimizing the Cross-border Renminbi Policy to Support the Stabilization of Foreign Trade and Foreign Investment (關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知), effective from 4 February 2021, which, among others, further simplified the cross-border Renminbi settlement process and optimized the management of cross-border Renminbi investment and financing.

These circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for the settlement of Renminbi current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete registration and verification processes with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the SAFE Circular, which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies. According to the 2013 PBOC Circular, upon enforcement of external guarantees in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. Furthermore, onshore non-financial enterprises can (via PRC banks) extend loans in Renminbi to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE. However, SAFE has not amended its positions under the SAFE Circular, nor has it issued any regulations to confirm the positions in the 2013 PBOC Circular. Therefore, there remains potential inconsistencies between the provisions of the SAFE Circular and the provisions of the 2013 PBOC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

On 13 October 2011, the PBOC issued the PBOC Renminbi FDI Measures which set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC Renminbi FDI Measures, cross-border Renminbi settlement for Renminbi FDI required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC Renminbi FDI Measures cover various aspects of Renminbi FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration after the completion of relevant Renminbi FDI transactions, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information.

On 3 December 2013, the MOFCOM promulgated the MOFCOM Circular, which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Circular replaced the 2011 MOFCOM Notice promulgated by MOFCOM on 12 October 2011. Pursuant to the MOFCOM Circular, written approval from the appropriate office of MOFCOM and/or its local counterparts specifying "Renminbi Foreign Direct Investment" and the amount of capital contribution is required for each FDI. Compared with the 2011 MOFCOM Notice, the MOFCOM Circular no longer contains the requirements for central level MOFCOM approvals for investments of CNY300 million or above, or in certain industries, such as financial guarantee, financial leasing, micro-credit, auction, foreign invested investment companies, venture capital and equity investment vehicles, cement, iron and steel, electrolyse aluminium, ship building and other industries under the state macro-regulation. Unlike the 2011 MOFCOM Notice, the MOFCOM Circular has also removed the approval requirement for foreign investors who intend to change the currency of their existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits FDI funds from being used for any investments in securities and financial derivatives (except for investments in PRC listed companies by strategic investors) or for entrustment loans in the PRC.

On 30 March 2015, the SAFE issued the Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015 (the "**2015 SAFE Circular**") and allows foreign-invested enterprises, while still having the option to choose to settle their foreign current capital through payment-based foreign exchange settlement, to settle up to 100 per cent. (this maximum percentage may be subject to future adjustment at the discretion of SAFE pursuant to the 2015 SAFE Circular) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis, provided that in principle the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into a designated bank account called "capital account item – account for foreign currency settlement pending payment" (資本項目 – 結匯待支付帳戶) (the "**Account for Foreign Currency Settlement Pending Payment**") as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including a foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested private equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further fillings with SAFE.

On 9 June 2016, SAFE promulgated the Notice on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on 9 June 2016, which reiterates some rules set forth in 2015 SAFE Circular, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. On 23 October 2019, the SAFE issued the Notice on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise without violation to prevailing special administrative measures for access of foreign investments (negative list) and the authenticity and compliance with the regulations of domestic investment projects.

These notices, measures and circulars will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg or the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Arrangers or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the CMU Reference Manual as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons.

Membership of the CMU is open to all financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by CMU

Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual. An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg, each have with the CMU.

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream, Luxembourg. Each Global Note will have an International Securities Identification Number ("**ISIN**") and a Common Code or a CMU Instrument Number, as the case may be. Investors in Notes of such Series may hold their interests in a Global Note only through Euroclear or Clearstream, Luxembourg or the CMU, as the case may be.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Registered Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate deposited with a common depositary for Euroclear and/or Clearstream will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Transfers of interests in a Global Certificate will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream, Luxembourg.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg, the CMU and Euroclear will be permitted only in the circumstances set forth in "Summary of Provisions Relating to the Notes while in Global Form". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in the amended and restated dealer agreement dated 3 August 2022 made between the Issuer, the Guarantor, the Arrangers and the Permanent Dealers (the "**Dealer Agreement**"), the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers and otherwise. Where the Issuer agrees to sell Notes to the Dealer(s), who agree to subscribe and pay for, or to procure subscribers to subscribe for, Notes at an issue price set forth in the applicable Pricing Supplement (less commissions, if any, in connection with such issue of Notes), the Notes may be reoffered and resold at a price different from their issue price, including (without limitation) at prevailing market prices, or at prices related thereto, at the time of such reoffer and resale, in each case as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer and the Guarantor will pay each Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Subscription Agreement.

In addition, the Issuer and the Guarantor may agree to pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Issuer and the Guarantor will jointly and severally indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In connection with the issue of the Notes, the relevant Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager**") or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake Stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Dealers.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Dealers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes, the Dealers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trade of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Dealers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained (see "Risk Factors – Risks Relating to the Market Generally – Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity"). The Issuer, the Guarantor and the relevant Dealers are under no obligation to disclose the extent of the distribution of the Notes among individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Guarantor.

Selling Restrictions

United States of America

In respect of a Regulation S Category 1 offering as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act, and the Notes and the Guarantee may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, or, in the case of Bearer Notes, delivered, and will not offer or sell, or, in the case of Bearer Notes, deliver, any Notes or the Guarantee constituting part of its allotment within the United States. The Notes and the Guarantee are being offered and sold outside the United States in reliance on Regulation S. Accordingly, none of the Dealers, their respective affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the Guarantee.

In respect of a Regulation S Category 2 offering as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act, and the Notes and the Guarantee may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold or, in the case of Bearer Notes, delivered, any Notes and the Guarantee, and will not offer and sell or, in the case of Bearer Notes, deliver, any Notes and the Guarantee (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, none of the Dealers, their respective affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the Guarantee, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of the Notes and the Guarantee, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons, to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of such offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in the above provision have the meanings given to them by Regulation S. Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code 1986 and regulations thereunder.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes and the Guarantee, an offer or sale of Notes and the Guarantee within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes and the Guarantee outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer or any of its contents to any such U.S. person or other person within the United States, is prohibited.

In addition, in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**D Rules**"), each Dealer (i) represented, warranted and agreed that it has not offered or sold, and warranted and agreed that during a 40-day restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) represented that it has not delivered and warranted and agreed that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) each Dealer represented, warranted and agreed that it has and warranted and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer represented, warranted and agreed that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6); and

(d) with respect to each affiliate of such Dealer that acquires Notes in bearer form from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's behalf or agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in paragraphs (a), (b) and (c) above.

Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the D Rules.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") to set out the criteria for "foreign targeted obligations" that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance.

Further, each Dealer represented, warranted and agreed in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules and Notice 2012-20.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as contemplated by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restrictions under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

  (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restrictions under the UK Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "**UK Prospectus Regulation**" means Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

The Netherlands

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes (or any interest therein) are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Offering Circular nor any other document in relation to any offering of the Notes (or any interest therein) and the Guarantee may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Regulation, provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions in the Netherlands provided that each such Note has a minimum denomination in excess of EUR100,000 (or the equivalent thereof in non-Euro currency) and subject to compliance with the relevant requirements under Regulation (EU) No 1286/2014.

Other regulatory restrictions in the UK

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year,

  (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

  (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws and regulations of the PRC.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offer of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for any Notes unless at the time of such invitation the Guarantor is listed on The Cayman Islands Stock Exchange.

Taiwan

The offer of the Notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of any Notes in Taiwan.

General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply to the best of its knowledge and belief in all material respects with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of the Issuer, the Guarantor nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

1. **Listing:** Application has been made to the Hong Kong Stock Exchange for the listing of the Programme on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. The issue price of Notes to be issued under the Programme and listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

2. **Corporate Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the update of the Programme, the issue of the Notes thereunder and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The update of the Programme and the issue of the Notes thereunder were authorised by resolution of the Board of Directors of the Issuer passed on 26 July 2022. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor on 26 July 2022.

3. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial condition, business, prospects, results of operation, management or properties of the Issuer, the Guarantor or of the Group since 31 March 2022.

4. **No Disputes:** Save as disclosed in this Offering Circular, none of the Issuer, the Guarantor or the Group is involved in any litigation, arbitration or administrative proceedings relating to claims which are material in the context of the issue of the Notes and, so far as the Issuer, the Guarantor or any member of the Group is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

5. **Clearing and Settlement:** Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. The relevant ISIN, the Common Code and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

6. **Inspection of Documents:** For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will, when published, be available, during usual business hours (being 9:00 a.m. to 3:00 p.m.) on any weekday (Saturdays and public holidays excepted), for inspection at the head office of the Issuer at 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong:

    (a) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

    (b) the Agency Agreement;

    (c) the Memorandum and Articles of Association of the Issuer and the Guarantor;

(d) the most recently published annual report and interim report of the Guarantor;

(e) the most recently published audited consolidated annual financial statements of the Guarantor and the most recently published unaudited consolidated interim financial statements of the Guarantor from time to time; and

(f) a copy of this Offering Circular together with any supplement (including any Pricing Supplement save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity) to this Offering Circular or further Offering Circular.

Copies of the documents referred to in sub-paragraphs (i) to (ii) above will also be available during the hours referred to above at the following address of the Issuing and Paying Agent (presently at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong) upon prior written request and proof of holding, so long as any of the Notes is outstanding.

7. **Audited Financial Statements:** The consolidated financial statements of the Guarantor for the years ended 31 March 2021 and 2022 included in this Offering Circular have been audited by its independent auditor, Deloitte Touche Tohmatsu, as stated in their reports appearing herein.

INDEX TO FINANCIAL STATEMENTS

Note:

(1) The Independent Auditor's Report on the consolidated financial statements of the Guarantor as at and for FY2022 set out herein is reproduced from the Guarantor's annual report for FY2022 and page references included in the Independent Auditor's Report refer to pages set out in such annual report.

Note:

(1) The Independent Auditor's Report on the consolidated financial statements of the Guarantor as at and for FY2021 set out herein is reproduced from the Guarantor's annual report for FY2021 and page references included in the Independent Auditor's Report refer to pages set out in such annual report.

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 110 to 245, 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 profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements and estimation associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People's Republic of China, Singapore and the United Kingdom. The investment properties were carried at HK$7,888,061,000 as at 31 March 2022 and represents approximately 14% of total assets in the consolidated financial statements of the Group as at 31 March 2022. As disclosed in note 8 to the consolidated financial statements, changes in fair value of investment properties of HK$643,540,000 was recognised in the consolidated statement of profit or loss for the year then ended 31 March 2022. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments and estimates by the directors of the Company, including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding and assessing the reasonableness of the valuation techniques and significant assumptions used by the management and Valuers based on the relevant accounting requirements and industry norms; • Evaluating the reasonableness of the key inputs, including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate adopted by the management and the Valuers, on a sample basis, by comparing the key inputs to relevant market data based on our knowledge of the property markets; and • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

As part of our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2022

Consolidated Statement of Profit or Loss

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Revenue	7	**5,895,636**	5,943,694
Cost of sales and services		**(3,432,536)**	(3,629,017)
Depreciation and impairment of hotel and car park assets		**(479,063)**	(473,194)
Gross profit		**1,984,037**	1,841,483
Other income		**213,566**	259,726
Other gains and losses	8	**1,189,809**	425,824
Administrative expenses			
– Hotel operations and management		**(355,083)**	(319,553)
– Others		**(496,522)**	(342,404)
Pre-operating expenses			
– Hotel operations and management		**(12,744)**	–
Selling and marketing expenses		**(279,462)**	(245,274)
Share of results of associates		**(21,851)**	(13,108)
Share of results of joint ventures		**(26,941)**	(31,082)
Finance costs	9	**(341,082)**	(309,785)
Profit before tax		**1,853,727**	1,265,827
Income tax expense	10	**(343,191)**	(460,087)
Profit for the year	11	**1,510,536**	805,740
Attributable to:			
Shareholders of the Company		**1,300,381**	543,194
Owners of perpetual capital notes		**206,877**	199,713
Other non-controlling interests		**3,278**	62,833
		210,155	262,546
		1,510,536	805,740
Earnings per share	12		
Basic (HK cents)		**54.1**	22.9
Diluted (HK cents)		**54.0**	22.9

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Profit for the year	**1,510,536**	805,740
Other comprehensive (expense) income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(112,424)**	1,974,889
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	**15,029**	–
Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI")	**(155,449)**	114,742
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	**129,785**	(66,408)
Impairment loss recognised on debt instruments at FVTOCI	**78,258**	–
Share of other comprehensive income of an associate	**115,968**	–
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at FVTOCI	**(149,920)**	525,837
Other comprehensive (expense) income for the year	**(78,753)**	2,549,060
Total comprehensive income for the year	**1,431,783**	3,354,800
Total comprehensive income attributable to:		
Shareholders of the Company	**1,221,625**	3,072,424
Owners of perpetual capital notes	**206,877**	199,713
Other non-controlling interests	**3,281**	82,663
	210,158	282,376
	1,431,783	3,354,800

Consolidated Statement of Financial Position

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Non-current Assets			
Investment properties	15	7,888,061	8,159,748
Property, plant and equipment	16	12,507,293	12,593,755
Goodwill	17	68,400	68,400
Interests in associates	18	1,921,367	1,800,616
Interests in joint ventures	19(a)	2,351,810	1,095,822
Investment securities	20	1,246,009	1,136,241
Derivative financial instruments	27	2,935	–
Deposits for acquisition of property, plant and equipment		99,462	95,372
Amounts due from joint ventures	44	645,990	26,154
Amount due from an associate	44	62,864	62,864
Amount due from an investee company	44	119,995	119,995
Loan receivables	21	182,598	210,876
Pledged deposits	22	4,834	9,525
Deferred tax assets	35	177,203	249,086
Other assets		13,500	–
		27,292,321	25,628,454
Current Assets			
Properties for sale	23		
Completed properties		4,201,912	1,613,798
Properties under development		11,571,867	12,334,478
Other inventories		9,586	9,735
Debtors, deposits and prepayments	24	805,602	1,143,837
Customers' deposits under escrow	25	468,696	335,818
Contract costs	26	309,402	315,042
Amounts due from joint ventures	44	194,342	463,399
Amounts due from associates	44	14,498	18,557
Amount due from a shareholder of non-wholly owned subsidiary	33	248,120	109,211
Tax recoverable		88,956	92,713
Investment securities	20	1,787,260	3,006,565
Loan receivables	21	5,037	7,029
Derivative financial instruments	27	14,984	3,531
Pledged deposits	22	889,128	377,050
Restricted bank deposits	22	–	14,016
Deposits in financial institutions	22	14,802	46,316
Bank balances and cash	22	6,887,803	4,365,751
		27,511,995	24,256,846
Investment properties held for sale	15	–	15,488
		27,511,995	24,272,334

Consolidated Statement of Financial Position

At 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Current Liabilities			
Creditors and accruals	28	2,184,678	1,694,889
Contract liabilities	29	666,423	689,615
Lease liabilities	32	74,567	81,139
Amount due to a related company	44	858	807
Amounts due to associates	44	7,245	51,326
Amounts due to shareholders of non-wholly owned subsidiaries	33	171,548	168,997
Derivative financial instruments	27	25,922	7,045
Tax payable		633,866	747,998
Notes	34	–	1,834,899
Bank and other borrowings	31	11,450,133	10,438,601
		15,215,240	15,715,316
Net Current Assets		12,296,755	8,557,018
Total Assets less Current Liabilities		39,589,076	34,185,472
Non-current Liabilities			
Lease liabilities	32	535,169	645,758
Derivative financial instruments	27	–	6,807
Notes	34	4,604,128	3,384,017
Bank and other borrowings	31	15,140,281	11,919,164
Deferred tax liabilities	35	1,055,480	1,046,665
Other liabilities	30	344,086	128,798
		21,679,144	17,131,209
Net Assets		17,909,932	17,054,263
Capital and Reserves			
Share capital	36	241,962	239,508
Share premium		4,650,772	4,584,371
Reserves		9,738,998	8,973,151
Equity attributable to shareholders of the Company		14,631,732	13,797,030
Owners of perpetual capital notes	37	2,901,589	2,883,903
Other non-controlling interests		376,611	373,330
		3,278,200	3,257,233
Total Equity		17,909,932	17,054,263

The consolidated financial statements on pages 110 to 245 were approved and authorised for issue by the Board of Directors on 28 June 2022 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2020	236,942	4,534,687	34,087	54,727	(984,960)	(2,311,036)	984	1,057,764	8,495,337	11,118,532	2,904,535	290,667	3,195,202	14,313,734
Profit for the year	-	-	-	-	-	-	-	-	543,194	543,194	199,713	62,833	262,546	805,740
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,955,059	-	-	-	1,955,059	-	19,830	19,830	1,974,889
Fair value change on equity instruments at FVTOCI	-	-	-	-	525,837	-	-	-	-	525,837	-	-	-	525,837
Fair value change on debt instruments at FVTOCI	-	-	-	-	114,742	-	-	-	-	114,742	-	-	-	114,742
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	-	-	-	-	(66,408)	-	-	-	-	(66,408)	-	-	-	(66,408)
Other comprehensive income for the year	-	-	-	-	574,171	1,955,059	-	-	-	2,529,230	-	19,830	19,830	2,549,060
Total comprehensive income for the year	-	-	-	-	574,171	1,955,059	-	-	543,194	3,072,424	199,713	82,663	282,376	3,354,800
Distribution to owners of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(220,345)	-	(220,345)	(220,345)
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	(448,053)	(448,053)	-	-	-	(448,053)
Repurchase of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	131,294	-	131,294	131,294
Sale of repurchased perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(131,294)	-	(131,294)	(131,294)
Shares issued in lieu of cash dividend	4,443	98,204	-	-	-	-	-	-	-	102,647	-	-	-	102,647
Repurchase of ordinary shares	(1,877)	(48,520)	1,877	-	-	-	-	-	-	(48,520)	-	-	-	(48,520)
At 31 March 2021	239,508	4,584,371	35,964	54,727	(410,789)	(355,977)	984	1,057,764	8,590,478	13,797,030	2,883,903	373,330	3,257,233	17,054,263

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

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

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by Far East Consortium International Limited ("the Company") for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a former non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the interest of the Company and its subsidiaries (together referred to as the Group) in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	NOTE	2022 HK$'000	2021 HK$'000
Operating activities			
Profit before tax		1,853,727	1,265,827
Adjustments for:			
Share of results of joint ventures		26,941	31,082
Share of results of associates		21,851	13,108
Depreciation of property, plant and equipment		462,244	487,612
Interest income		(24,877)	(7,773)
Finance costs		341,082	309,785
Change in fair value of investment properties		(643,540)	(382,882)
Change in fair value of financial assets at FVTPL		27,723	(80,834)
Loss (gain) on disposal of debts instruments at FVTOCI		129,785	(66,408)
Change in fair value of derivative financial instruments		(54,196)	41,295
Gain on disposal of subsidiaries	39	(552,207)	–
Gain on disposal of property, plant and equipment		(196,021)	(1,599)
Impairment loss under expected credit loss ("ECL") model recognised on debt instruments at FVTOCI		78,258	–
Impairment loss under ECL model recognised on trade debtors		19,784	11,050
Impairment loss recognised on right-of-use assets		33,642	–
Gain on termination of lease contracts		(8,618)	–
Rent concessions		(180)	(14,646)
Operating cash flows before movements in working capital		1,515,398	1,605,617
Increase in properties for sale		(1,685,795)	(85,254)
Decrease in other inventories		116	1,411
Decrease in loan receivables		30,270	51,201
Decrease in contract assets		–	1,170,650
Decrease (increase) in debtors, deposits and prepayments		316,705	(731,372)
Increase in customer's deposits under escrow		(151,557)	(188,272)
(Increase) decrease in investment held for trading		(52,043)	71,334
(Decrease) increase in creditors and accruals		(43,897)	279,024
Decrease in contract costs		1,488	29,438
(Decrease) increase in contract liabilities		(19,442)	339,557
Cash (used in) generated from operations		(88,757)	2,543,334
Income tax paid		(405,490)	(117,333)
Net cash (used in) from operating activities		(494,247)	2,426,001

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	NOTES	2022 HK$'000	2021 HK$'000
Investing activities			
Acquisition and development expenditures of property, plant and equipment		(1,067,461)	(931,475)
Proceeds from disposal of property, plant and equipment		248,871	7,927
Development expenditures of investment properties		(140,135)	(172,543)
Proceeds from disposal of investment properties		88,344	–
Deposit received for disposal of a subsidiary	30	338,000	–
Net cash inflow on disposal of subsidiaries	39	1,622,081	–
Capital investment in associates		(42,593)	(336,151)
Capital investment in joint ventures		(1,259,648)	(259,207)
Dividend and distribution received from associates and joint ventures		6,184	6,259
Repayment from associates		3,973	11,086
Advances to joint ventures		(595,287)	(166,424)
Repayment from joint ventures		246,385	99,931
Advance to a shareholder of a non-wholly owned subsidiary		(137,880)	(109,211)
Purchase of other assets		(13,500)	–
Purchase of equity instruments at FVTPL		(10,091)	(118,625)
Proceeds from sale of equity securities at FVTPL		2,659	62,994
Proceeds from sale of debt instruments at FVTPL		208,585	402,328
Purchase of debt instruments at FVTOCI		(3,133,461)	(5,461,590)
Proceeds from sale/redemption of debt instruments at FVTOCI		3,859,381	5,195,116
Purchase of investment funds		(259,666)	(498,712)
Purchase of convertible bonds		(129,500)	–
Proceeds from sale of investment funds		62,444	387,089
Purchase of structured notes		(242,044)	(353,820)
Proceeds from sale/redemption of structure notes		475,007	120,255
Net cash (outflow) inflow on derivative financial instruments		(4,528)	2,851
Placement of pledged deposits		(495,516)	(339,134)
Release of pledged deposits		–	24,568
Placement of restricted bank deposits		–	(1,938)
Release of restricted bank deposits		1,341	108,854
Receipt in advance	28	307,500	–
Bank interest received		24,877	7,773
Net cash used in investing activities		(35,678)	(2,311,799)

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	2022 HK$'000	2021 HK$'000
Financing activities		
New bank and other borrowings raised, net of transaction costs	13,702,720	8,588,890
Repayments of bank and other borrowings	(8,553,437)	(7,301,228)
Proceeds on issue of notes, net of transaction costs	1,180,610	2,205,000
Repurchase of notes	–	(553,675)
Repayment of notes	(1,831,516)	–
Repayments of lease liabilities	(113,257)	(63,308)
Repayments of other liabilities	–	(1,920)
Advance from a shareholder of a non-wholly owned subsidiary	–	169,113
Repayment to shareholders of non-wholly owned subsidiaries	–	(419,095)
Advance from a related company	51	56
Advance from associates	–	44,429
Repayment to associates	(44,250)	–
Payment for repurchase of shares	–	(48,520)
Payment for repurchase of perpetual capital notes	–	(131,294)
Proceeds from sale of perpetual capital notes	–	131,294
Distribution to owners of perpetual capital notes	(189,191)	(220,345)
Dividends paid	(386,923)	(345,406)
Interest paid	(755,227)	(697,675)
Net cash from financing activities	3,009,580	1,356,316
Net increase in cash and cash equivalents	2,479,655	1,470,518
Cash and cash equivalents brought forward	4,412,067	2,918,606
Effect of foreign exchange rate changes	10,883	22,943
Cash and cash equivalents carried forward	6,902,605	4,412,067
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	6,887,803	4,365,751
Deposits in financial institutions	14,802	46,316
	6,902,605	4,412,067

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The ultimate controlling shareholder is David CHIU. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2022 annual report issued by the Company.

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

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

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

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

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

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

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

As at 1 April 2021, the Group had several unlisted debt instruments, bank borrowings and derivative, of which the interests are indexed to benchmark rates that will or may be subject to interest rate benchmark reform. The following table shows the total amounts of these outstanding contracts including the carrying amounts of unlisted debt instruments and bank borrowings, and notional amount of derivative.

	Australian Bank Bill Swap Rate ("BBSW") HK$'000	HKD Hong Kong Interbank Offered Rate ("HIBOR") HK$'000	Singapore Swap Offered Rate ("SOR") HK$'000	British Pound ("GBP") London Interbank Offered Rate ("LIBOR") HK$'000	USD London Interbank Offered Rate ("USD LIBOR") HK$'000
Non-derivative financial asset					
Unlisted debt instruments	228,518	–	–	–	–
Non-derivative financial liability					
Bank borrowings	363,676	9,179,901	3,200,677	943,740	310,000
Derivative financial liability					
Interest rate swaps	–	–	–	–	232,800

During the year, the Group's GBP LIBOR bank borrowings as at 1 April 2021 with carrying amount of HK$943,740,000 and additional GBP LIBOR bank borrowings raised during the year with carrying amounts of HK$1,073,391,000 have been transitioned to the relevant alternative benchmark rate. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost. Additional disclosures as required by HKFRS 7 are set out in note 47.

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

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

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

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

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective for annual periods beginning on or after 1 January 2023.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

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

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021)

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

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

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

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

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

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

Based on the Group's outstanding liabilities as at 31 March 2022, including the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

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

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

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

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

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

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

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

Amendments to HKAS 8 Definition of Accounting Estimates

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

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

Basis of preparation of consolidated financial statements

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

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

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

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

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

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

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

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

Basis of preparation of consolidated financial statements (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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

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

Significant accounting policies

Basis of consolidation

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

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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

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

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

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

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

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

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

Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations or asset acquisitions

Optional concentration test

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

Asset acquisitions

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

Business combinations

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

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

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

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

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

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

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

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

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

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

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

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

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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

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

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

Goodwill

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

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

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

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

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

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

Significant accounting policies (continued)

Non-current assets held for sale

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under development for such purposes).

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

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

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

Significant accounting policies (continued)

Property, plant and equipment (other than right-of-use assets)

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose (other than freehold land and properties under development) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in assets revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

The Group transfers a property from investment properties to property, plant and equipment where there is a change in use, evidenced by commencement of owner-occupation rather than earning rentals and/or for capital appreciation.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (included in property, plant and equipment") in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Significant accounting policies (continued)

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

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

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

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

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

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

Significant accounting policies (continued)

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

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

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

Leases

Definition of a lease

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

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the relevant right-of-use asset) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

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

Investments in associates and joint ventures

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

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

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

Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

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

Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

Interests in joint operations

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

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

Significant accounting policies (continued)

Interests in joint operations (continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Inventories

Properties for sale

Properties for sale consist of completed properties and properties under development.

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

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

The Group transfers properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Other inventories

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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

Significant accounting policies (continued)

Financial instruments

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

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

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

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

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

(iv) Financial assets at FVTPL

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

The Group performs impairment assessment under ECL model on financial assets (including trade debtors, other receivables, customers' deposits under escrow, amounts due from related companies, amount due from a shareholder of non-wholly owned subsidiary, debts instruments classified as FVTOCI, pledged deposits, loan receivables, restricted bank deposits, deposits in financial institutions and bank balances), and other items including lease receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade debtors and lease receivables.

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

(i) Significant increase in credit risk

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

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

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

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

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

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

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

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

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

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and lease receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Perpetual capital notes issued by a group entity, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

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

Financial liabilities at amortised cost

Financial liabilities including creditors, amount due to a related company, amounts due to associates, amounts due to shareholders of non-wholly owned subsidiaries, notes, bank and other borrowings, and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

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

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period with changes in fair value recognising in profit or loss immediately.

A derivative contract over a group entity's own equity is accounted for as equity instrument only when it will be settled by the group entity delivering a fixed number of its own equity instruments and receiving a fixed amount of cash or another financial asset. Change in fair value of the equity instrument is not recognised in the consolidated financial statements.

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

Significant accounting policies (continued)

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Sales of properties

Revenue from properties sales is recognised over time when the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from properties sales is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer complete the handover procedures and obtains the control of the completed property.

For the progress towards complete satisfaction of a performance obligation that is recognised over time, revenue is recognised based on the stage of completion of the contract using the input method. The Group's sales contracts with customers include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

A contract asset is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade debtors when the rights become unconditional.

The Group receives deposits from customers when they sign the sale and purchase agreement.

Deposits received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

Construction contracts

Revenue from construction contracts is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised based on the stage of completion of the contract using output method.

The Group's construction contracts include payment schedules which require monthly payments over the construction period.

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Hotel operations and management, car park operations and facilities management, property management services

As the customers simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the service fee received or receivable from the customers as its revenue over time based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Gaming and related operations

Gaming revenue is the aggregate net difference between gaming wins and losses. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

Incremental costs of obtaining a contract

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

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

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

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

Significant accounting policies (continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

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

Significant accounting policies (continued)

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

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

Significant accounting policies (continued)

Government grants

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

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

Significant accounting policies (continued)

Taxation (continued)

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

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

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale except for freehold land. Freehold land is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgement in applying accounting policies

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

Revenue recognised from sales of properties over time

Certain revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. Management, in interpreting the applicable laws and exercising its judgements, has identified sales contracts in Singapore and Malaysia provide the Group with enforceable right to payment for performance completed to date while sales contracts in Hong Kong, regions in People's Republic of China excluding Hong Kong, Australia and the United Kingdom do not provide the Group with such rights.

During the year ended 31 March 2022, revenue from sales of properties recognised over time by the Group amounted to HK$252,601,000 (2021: HK$964,364,000).

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying accounting policies (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred taxes, arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that (a) the Group's investment properties in Hong Kong, UK and Singapore are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, (b) the Group's investment properties in Australia (except for freehold land) and the regions in People's Republic of China excluding Hong Kong are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties in Hong Kong, UK and Singapore, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The presumption that the carrying amounts of the Group's investment properties situated in Australia (except for freehold land) and the regions in People's Republic of China excluding Hong Kong are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

The carrying amounts of the freehold land are recovered entirely through sales.

Key sources of estimation uncertainty

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

Fair value measurement of financial instruments

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the third party qualified external valuers to establish and determine the appropriate valuation techniques and inputs for certain Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial instruments are disclosed in note 47.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent qualified professional valuers ("Valuers"). The determination of the fair value involves certain assumptions of market conditions which are set out in note 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. In light of the negative impact of the COVID-19 pandemic, the Valuers drew attention in their valuation reports in respect of investment properties located in Australia with fair value amounting to HK$304,954,000 (2021: HK$339,693,000) that the valuation is valid as at 31 March 2022 and the value assessed may change significantly and unexpectedly over a short period of time. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve. Changes to assumptions including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2022, the carrying amount of the Group's investment properties is HK$7,888,061,000 (2021: HK$8,159,748,000).

Deferred tax asset

As 31 March 2022, a deferred tax asset of HK$44,385,000 (2021: HK$63,011,000) in relation to unused tax losses to the extent of HK$350,559,000 (2021: HK$480,266,000) has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses and deductible temporary difference of HK$1,691,214,000 (2021: HK$1,615,932,000) and HK$437,952,000 (2021: HK$447,512,000), respectively due to unpredictability of future profit streams. The reliability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, notes, net of bank balances and cash, restricted bank deposits, pledged deposits, customers' deposits under escrow and deposits in financial institutions), and equity attributable to shareholders of the Company, comprising issued share capital, share premium and retained profits.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations by various geographical locations (including interests in associates and joint ventures) stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team as well as securities investments made and monitored by the same team)
- Car park operations and facilities management
- Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)
- Securities and financial product investments
- Provision of mortgage services (including as securities investments made and monitored by the same team)

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Property development				
– Australia	**1,658,006**	2,214,158	**297,266**	349,190
– Hong Kong ("HK")	**125,627**	234,501	**8,356**	3,973
– Malaysia	**7,253**	6,529	**(3,076)**	(1,429)
– Other regions in People's Republic of China excluding HK ("PRC")	**568,224**	778,550	**368,684**	502,277
– Singapore	**265,346**	986,886	**94,509**	378,952
– The United Kingdom ("UK")	**753,901**	5,442	**96,064**	16,592
	3,378,357	4,226,066	**861,803**	1,249,555
Property investment				
– Australia	**10,170**	6,877	**21,341**	19,875
– HK	**34,427**	41,078	**543,472**	4,810
– PRC	**41,731**	42,456	**9,905**	16,663
– UK	**6,421**	–	**8,283**	–
	92,749	90,411	**583,001**	41,348
Hotel operations and management				
– Australia	**166,888**	110,028	**(79,605)**	(61,974)
– HK	**772,794**	468,619	**198,855**	4,665
– Malaysia	**90,854**	76,648	**39,286**	(22,476)
– PRC	**163,322**	110,138	**1,648**	308,555
– Singapore	**72,224**	63,358	**19,281**	25,348
– UK	**90,703**	31,387	**34,777**	(43,166)
– Europe (other than UK)	**48,623**	28,780	**25,561**	(8,197)
	1,405,408	888,958	**239,803**	202,755

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6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

	Segment revenue		Segment profit (loss)	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Car park operations and facilities management				
– Australia and New Zealand	**571,924**	474,518	**93,827**	3,032
– UK	**43,050**	10,895	**(4,738)**	(25,159)
– Europe (other than UK)	**28,917**	15,418	**(2,798)**	(4,336)
– Malaysia	**20,386**	1,364	**2,464**	(2,813)
	664,277	502,195	**88,755**	(29,276)
Gaming operations				
– Australia	**–**	–	**(11)**	(51)
– Czech Republic	**231,478**	87,811	**62,156**	9,664
	231,478	87,811	**62,145**	9,613
Securities and financial product investments in HK	**93,135**	107,700	**(123,730)**	243,029
Provision of mortgage services				
– Australia	**23,797**	32,297	**22,137**	49,025
– HK	**6,435**	8,256	**17,408**	7,633
	30,232	40,553	**39,545**	56,658
Segment revenue/segment profit	**5,895,636**	5,943,694	**1,751,322**	1,773,682
Unallocated corporate income and expenses			**(108,115)**	(147,034)
Gain on disposal of subsidiaries (note 39)			**552,207**	–
Net foreign exchange loss			**(605)**	(51,036)
Finance costs			**(341,082)**	(309,785)
Profit before tax			**1,853,727**	1,265,827

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, certain bank interest income, gain on disposal of subsidiaries, net foreign exchange loss, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment including investment properties held for sale without allocation of corporate assets which are mainly bank balances and cash and deposits in financial institutions.

	2022 HK$'000	2021 HK$'000
Property development		
– Australia	8,175,630	7,003,682
– HK	3,583,193	2,077,878
– Malaysia	410,297	410,968
– PRC	2,923,978	3,006,192
– Singapore	3,002,364	4,672,612
– UK	4,604,814	3,494,892
	22,700,276	20,666,224
Property investment		
– Australia	304,954	339,693
– HK	4,717,015	4,161,992
– PRC	2,599	4,324
– UK	24,368	–
	5,048,936	4,506,009
Hotel operations and management		
– Australia	4,253,779	3,617,993
– HK	4,590,723	4,393,750
– Malaysia	884,049	843,071
– PRC	2,665,998	2,231,990
– Singapore	581,801	573,985
– UK	882,273	1,296,670
– Europe (other than UK)	266,443	282,288
	14,125,066	13,239,747
Car park operations and facilities management		
– Australia and New Zealand	1,271,205	1,480,495
– Europe	550,281	570,435
– Malaysia	138,512	142,197
	1,959,998	2,193,127
Gaming operations		
– Australia	902,297	1,059,400
– Czech Republic	357,336	353,354
	1,259,633	1,412,754

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6. SEGMENT INFORMATION (continued)

(b) Segment assets (continued)

	2022 HK$'000	2021 HK$'000
Securities and financial product investments	1,781,836	2,808,408
Provision of mortgage services		
– Australia	747,116	448,064
– HK	272,050	208,601
	1,019,166	656,665
Segment assets	47,894,911	45,482,934
Unallocated corporate assets	6,909,405	4,417,854
Total assets	54,804,316	49,900,788

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, derivative financial instruments, amount due from an associate, amounts due from joint ventures, amount due from an investee company, loan receivables, pledged deposits, other assets and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Australia and New Zealand	2,430,785	2,837,878	7,236,902	6,507,226
Czech Republic	280,101	116,591	543,572	564,492
HK	1,032,418	860,154	9,704,351	7,966,597
Malaysia	118,493	84,541	880,890	910,136
PRC	773,277	931,144	4,407,598	4,268,750
Singapore	337,570	1,050,244	532,786	1,667,227
UK	894,075	47,724	1,205,043	1,576,858
Europe (other than UK)	28,917	15,418	325,251	352,427
	5,895,636	5,943,694	24,836,393	23,813,713

6. SEGMENT INFORMATION (continued)

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2022								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Impairment loss under ECL model recognised on trade debtors	(3,168)	(7,251)	(104)	-	(9,261)	-	-	-	(19,784)
Impairment loss under ECL model recognised on debt instruments at FVTOCI	-	-	-	-	-	(78,258)	-	-	(78,258)
Depreciation of property, plant and equipment	(10,181)	(1,233)	(310,905)	(11,640)	(122,888)	-	-	(5,397)	(462,244)
Gain on disposal of property, plant and equipment	(187)	-	37,713	143	157,182	-	-	1,170	196,021
Impairment recognised on right-of-use assets	-	-	-	-	(33,642)	-	-	-	(33,642)
Change in fair value of investment properties	100,865	540,265	2,410	-	-	-	-	-	643,540
Change in fair value of financial assets at FVTPL	-	-	998	(1,533)	-	(27,188)	-	-	(27,723)
Change in fair value of derivative financial instruments	-	-	17,878	-	-	21,632	-	14,686	54,196
Share of results of associates	-	(5,990)	(15,861)	-	-	-	-	-	(21,851)
Share of results of joint ventures	575	-	(29,036)	-	377	-	1,143	-	(26,941)
Interests in associates	-	241,415	1,679,952	-	-	-	-	-	1,921,367
Interests in joint ventures	1,730,448	5,733	254,579	-	41,121	-	319,929	-	2,351,810
Acquisition in property, plant and equipment	6,339	1,978	1,107,045	-	24,767	-	-	720	1,140,849
Additions of investment properties	-	196,854	-	-	-	-	-	-	196,854
Investment securities	5	-	86,466	943,345	-	1,593,234	410,219	-	3,033,269
Amortisation of contract costs	124,745	-	-	-	-	-	-	-	124,745

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6. SEGMENT INFORMATION (continued)

(d) Other information (continued)

	2021								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Impairment loss under ECL model recognised on trade debtors	(10,279)	553	(1,324)	–	–	–	–	–	(11,050)
Depreciation of property, plant and equipment	(8,612)	(1,047)	(341,086)	(11,219)	(120,626)	–	–	(5,022)	(487,612)
Change in fair value of investment properties	31,192	(1,295)	352,985	–	–	–	–	–	382,882
Change in fair value of financial assets at FVTPL	–	–	13,813	4,518	–	62,503	–	–	80,834
Change in fair value of derivative financial instruments	–	–	–	–	–	5,188	–	(49,001)	(43,813)
Share of results of associates	(3,673)	(9,435)	–	–	–	–	–	–	(13,108)
Share of results of joint ventures	147	4,090	(54,524)	–	1,102	–	18,103	–	(31,082)
Interests in associates	–	251,425	1,549,191	–	–	–	–	–	1,800,616
Interests in joint ventures	602,046	7,321	240,853	–	41,023	–	204,579	–	1,095,822
Acquisition in property, plant and equipment	11,907	21,530	954,246	–	27,639	–	777	5,894	1,021,993
Additions of investment properties	–	172,543	–	–	–	–	–	–	172,543
Investment securities	5	–	76,837	1,086,384	–	2,751,062	228,518	–	4,142,806
Amortisation of contract costs	189,710	–	–	–	–	–	–	–	189,710

Information about segment liabilities are not regularly reviewed by CODM. Accordingly, segment liability information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sales of properties and construction, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, gaming operations, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2022 HK$'000	2021 HK$'000
Sales of properties	3,282,073	4,178,545
Construction revenue	65,173	–
Hotel revenue		
– room revenue	1,218,513	765,366
– food and beverage	133,872	91,532
Car park income		
– parking revenue	582,857	436,900
– management fee	83,107	66,436
Gaming revenue	207,363	76,464
Provision of property management services	19,032	33,983
Other operations	9,146	9,565
Revenue from contracts with customers	5,601,136	5,658,791
Leasing of properties – operating lease (note 15)	169,824	136,650
Loan interest income	6,435	8,256
Interest income from financial instruments	115,794	137,066
Dividend income from financial instruments	2,447	2,931
	5,895,636	5,943,694
Timing of revenue recognition from contracts with customers		
– At a point in time	3,379,853	3,387,651
– Over time	2,221,283	2,271,140
	5,601,136	5,658,791

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 6.

7. REVENUE (continued)

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

	For the year ended 31 March 2022					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Property development*	3,378,357	(31,111)	–	–	–	3,347,246
Hotel operations	1,405,408	(67,992)	(126,695)	7,792	–	1,218,513
Car park operations	664,277	1,687	–	–	–	665,964
Gaming operations	231,478	–	(16,323)	(7,792)	–	207,363
Provision of property management services	–	19,032	–	–	–	19,032
Food and beverage	–	–	133,872	–	–	133,872
Other operations	–	–	9,146	–	–	9,146
Revenue from contracts with customers	5,679,520	(78,384)	–	–	–	5,601,136
Leasing of properties	92,749	78,384	–	–	(1,309)	169,824
Provision of mortgage services	30,232	–	–	–	(23,797)	6,435
Interest income and dividend income from financial instruments	93,135	–	–	–	25,106	118,241
Total revenue	5,895,636	–	–	–	–	5,895,636

	For the year ended 31 March 2021					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Property development*	4,226,066	(47,521)	–	–	–	4,178,545
Hotel operations	888,958	(33,842)	(93,167)	3,417	–	765,366
Car park operations	502,195	1,141	–	–	–	503,336
Gaming operations	87,811	–	(7,930)	(3,417)	–	76,464
Provision of property management services	–	33,983	–	–	–	33,983
Food and beverage	–	–	91,532	–	–	91,532
Other operations	–	–	9,565	–	–	9,565
Revenue from contracts with customers	5,705,030	(46,239)	–	–	–	5,658,791
Leasing of properties	90,411	46,239	–	–	–	136,650
Provision of mortgage services	40,553	–	–	–	(32,297)	8,256
Interest income and dividend income from financial instruments	107,700	–	–	–	32,297	139,997
Total revenue	5,943,694	–	–	–	–	5,943,694

* Revenue from property development includes sales of properties and construction revenue.

7. REVENUE (continued)

Performance obligations for contracts with customers

Sales of properties recognised at a point in time

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers other than sales of properties in Singapore and Malaysia. Revenue from sales of such residential properties is therefore recognised at a point in time when the handover procedure is completed and the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

In different location, the Group receives 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits result in contract liabilities being recognised throughout the property construction period.

The Group considers the deposits do not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money.

Sales of properties recognised over time

Revenue from sales of properties in Singapore and Malaysia is recognised over time because the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Revenue for these sales of properties is recognised based on the stage of completion of the contract using input method.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

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

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7. REVENUE (continued)

Performance obligations for contracts with customers (continued)

Construction revenue

Construction revenue is recognised based on the stage of completion of the contract using output method. The Group's construction contracts include payment schedules which require monthly payments over the construction period, with reference to the survey of works performed.

Hotel revenue

The hotel room revenue from customers are recognised over time using output method when the services and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

Car park income

The car park revenue from customers are recognised over time using output method when the service and facilities are provided.

Gaming revenue

Gaming revenue is the aggregate net difference between gaming wins and losses, and is recognised at a point in time.

Provision of property management services

Revenue from property management service is recognised over time using output method as income when the services and facilities are provided.

Food and beverage

For income from food and beverage, revenue is recognised when the food and beverage are delivered to the customer.

7. REVENUE (continued)

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

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the reporting period and the expected timing of recognising revenue from sales of properties and construction revenue are as follow:

	2022 HK$'000	2021 HK$'000
Within one year	**6,921,471**	4,853,918
More than one year but not more than two years	**773,827**	223,556
More than two years	**2,210,501**	6,584,353
	9,905,799	11,661,827

The amount disclosed above do not include contracts for property management services and car park management fee in which the Group bills a fixed amount each month according to the terms.

As at 31 March 2022 and 31 March 2021, contracts with customers with unsatisfied performance obligations for the income from gaming operations, hotel revenue and parking revenue have original expected duration of one year or less.

Lease revenue

During the years ended 31 March 2022 and 2021, all income from lease of properties are fixed lease payments.

8. OTHER GAINS AND LOSSES

	2022 HK$'000	2021 HK$'000
Change in fair value of investment properties	643,540	382,882
Change in fair value of financial assets at FVTPL	(27,723)	80,834
(Loss) gain on disposal of debt instruments at FVTOCI	(129,785)	66,408
Change in fair value of derivative financial instruments	54,196	(43,813)
Net foreign exchange loss	(605)	(51,036)
Gain on disposal of property, plant and equipment	196,021	1,599
Gain on disposal of subsidiaries	552,207	–
Impairment loss under ECL model recognised on debt instruments at FVTOCI	(78,258)	–
Impairment loss under ECL model recognised on trade debtors	(19,784)	(11,050)
	1,189,809	425,824

9. FINANCE COSTS

	2022 HK$'000	2021 HK$'000
Interest on:		
Bank borrowings	517,062	499,747
Other loans	8,751	12,717
Interest on lease liabilities	20,246	21,239
Interest on notes	248,234	165,160
Amortisation of front-end fee of bank loans	18,804	19,069
Others	24,568	10,824
Total interest costs	837,665	728,756
Less: amounts capitalised to:		
– properties for sale (properties under development)	(441,116)	(377,800)
– property, plant and equipment (owned properties under development)	(55,467)	(41,171)
	341,082	309,785

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 1.68% to 5.25% (2021: 2.11% to 5.25%) per annum to expenditure on the qualifying assets.

10. INCOME TAX EXPENSE

	2022 HK$'000	2021 HK$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	75,042	54,690
PRC Enterprise Income Tax ("PRC EIT")	83,988	201,769
PRC Land Appreciation Tax ("PRC LAT")	70,344	111,157
Australia Income Tax	15,659	56,052
Malaysia Income Tax	370	2,822
UK Income Tax	264	–
Singapore Income Tax	–	165,068
Czech Republic Income Tax	9,447	507
	255,114	592,065
Under(over)provision in prior years:		
Hong Kong Profits Tax	38,819	(3,382)
PRC EIT	–	7,027
Australia Income Tax	(1,779)	(8,758)
	37,040	(5,113)
Deferred taxation (note 35)	51,037	(126,865)
	343,191	460,087

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 19% and 19% (2021: 30%, 24%, 17%, 19% and 19%) of the estimated assessable profits, respectively.

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10. INCOME TAX EXPENSE (continued)

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

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000 (Note)	Consolidated HK$'000
2022							
Profit before tax	302,158	346,798	321,770	38,007	115,280	729,714	1,853,727
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 25%	
Tax at the applicable income tax rate	49,856	86,699	96,532	9,122	19,598	138,395	400,202
Tax effect of expenses not deductible for tax purpose	173,494	399	10,582	1,177	9,988	3,316	198,956
Tax effect of income not taxable for tax purpose	(119,258)	(8,925)	(82,318)	(10,577)	(32,402)	(132,683)	(386,163)
PRC LAT	–	70,344	–	–	–	–	70,344
Tax effect of taxable temporary difference previously not recognised	(10,907)	–	552	–	–	–	(10,355)
Tax effect of deductible temporary difference not recognised	135	934	–	283	–	–	1,352
Utilisation of tax losses previously not recognised	(14,718)	–	(29,938)	–	–	–	(44,656)
Tax effect of PRC LAT	–	(17,586)	–	–	–	–	(17,586)
Utilisation of deductible temporary differences previously not recognised	(2,448)	(3,357)	–	–	–	–	(5,805)
Tax effect of tax losses not recognised	2,725	11,931	7,291	1,582	180	–	23,709
Tax effect of share of results of associates	988	–	4,758	–	–	–	5,746
Tax effect of share of results of joint ventures	(95)	–	2,921	(38)	1,952	–	4,740
Recognition of tax effect of PRC LAT previously not recognised	–	74,243	–	–	–	–	74,243
Under(over)provision in prior years	38,819	–	(1,779)	–	–	–	37,040
Others	(2,498)	(376)	(6,699)	(1,200)	684	1,513	(8,576)
Income tax expense for the year	116,093	214,306	1,902	349	–	10,541	343,191

Note: Included in others is mainly non-taxable gain on disposal of DCLL and Elite amounting to HK$546,831,000 as set out in note 39.

10. INCOME TAX EXPENSE (continued)

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2021							
Profit before tax	(165,340)	795,480	425,003	(33,116)	328,505	(84,705)	1,265,827
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 30%	
Tax at the applicable income tax rate	(27,281)	198,870	127,501	(7,948)	55,846	(16,928)	330,060
Tax effect of expenses not deductible for tax purpose	111,745	8,466	12,336	6,610	11,881	2,964	154,002
Tax effect of income not taxable for tax purpose	(56,828)	(3,429)	(75,404)	(292)	(8,540)	(2,408)	(146,901)
PRC LAT	–	111,157	–	–	–	–	111,157
Tax effect of deductible temporary difference not recognised	–	3,121	12,836	6,226	–	1,595	23,778
Utilisation of tax losses previously not recognised	(17,887)	(5,528)	(423)	(2,441)	(628)	–	(26,907)
Tax effect of PRC LAT	–	(27,789)	–	–	–	–	(27,789)
Utilisation of deductible temporary differences previously not recognised	(1,257)	–	–	–	(322)	–	(1,579)
Tax effect of tax losses not recognised	31,192	20,276	7,870	25,505	4,579	6,342	95,764
Tax effect of share of results of associates	1,557	–	1,102	–	–	–	2,659
Tax effect of share of results of joint ventures	3,600	–	2,433	–	196	–	6,229
Recognition of tax effect of PRC LAT previously not recognised	–	(47,236)	–	–	–	–	(47,236)
(Over)underprovision in prior years	(3,382)	7,027	(8,758)	–	–	–	(5,113)
Others	12	(1,695)	(5,911)	1,436	(3,702)	1,823	(8,037)
Income tax expense (credit) for the year	41,471	263,240	73,582	29,096	59,310	(6,612)	460,087

Details of the deferred taxation are set out in note 35.

11. PROFIT FOR THE YEAR

	2022 HK$'000	2021 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold and construction contract recognised as an expense		
– Over time	379,146	556,204
– At point of time	1,887,271	2,128,280
	2,266,417	2,684,484
Auditor's remuneration	22,071	16,358
Depreciation of property, plant and equipment (included depreciation of leased properties with HK$94,141,000 (2021: HK$90,000,000))	462,244	487,612
Amortisation of contract cost	124,745	189,710
Impairment loss recognised on right-of-use assets included in "depreciation and impairment of hotel and car park assets"	33,642	–
COVID-19-related rent concessions	180	14,646
Staff costs (included HK$430,945,000 (2021: HK$389,500,000) in cost of sales and services)		
– Directors' emoluments (note 14(a))	38,198	26,389
– Other staffs	779,634	692,652
	817,832	719,041
Share of taxation of associates (included in share of results of associates)	1,084	885
and after crediting:		
Bank interest income	24,877	7,773
Other interest income	25,102	907
Government grants (Note)	56,468	203,032

Note: During the current year, the Group recognised government grants received from the government from various regions in aggregate amount of HK$56,468,000 (2021: HK$203,032,000) in respect of COVID-19-related subsidies. The amount is included in other income.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$1,300,381,000 (2021: HK$543,194,000) and the number of shares calculated as follows:

	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,404,098	2,368,457
Effect of dilutive potential ordinary shares:		
Scrip dividend	3,750	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,407,848	2,368,457

13. DIVIDENDS

	2022 HK$'000	2021 HK$'000
Dividends recognised as distribution during the year:		
2022 interim dividend of HK4.0 cents per share (2021: 2021 interim dividend of HK4.0 cents per share)	96,516	95,456
2021 final dividend of HK15.0 cents per share (2021: 2020 final dividend of HK15.0 cents per share)	359,262	352,597
	455,778	448,053

The 2022 interim dividend and 2021 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$2.830 and HK$2.796 per share respectively. Shares are issued during the year on the shareholders' election for shares are set out in note 36. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2022 of HK16.0 cents (2021: HK15.0 cents) per share, totalling of HK$387,139,000 (2021: HK$359,262,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the directors and chief executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and the HKCO, is as follows:

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2022				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	2,851	–	2,876
Craig Grenfell WILLIAMS	25	5,318	162	5,505
Cheong Thard HOONG	25	10,189	18	10,232
Winnie Wing Kwan CHIU	25	16,817	18	16,860
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Lai Him Abraham SHEK	220	–	–	220
Kwong Siu LAM	220	–	–	220
	785	37,215	198	38,198

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2021				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	2,342	7	2,374
Craig Grenfell WILLIAMS	25	6,578	134	6,737
Cheong Thard HOONG	25	9,306	18	9,349
Winnie Wing Kwan CHIU	25	5,161	18	5,204
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Lai Him Abraham SHEK	220	–	–	220
Kwong Siu LAM	220	–	–	220
	785	25,427	177	26,389

David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses, other benefits and retirement benefits scheme contributions paid or payable to Executive Directors shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Cheong Thard HOONG of HK$5,240,000 (2021: HK$1,212,000), Wing Kwan Winnie CHIU of HK$11,228,000 (2021: HK$557,000) and Craig Grenfell WILLIAMS of HK$2,940,000 (2021: HK$4,448,000) respectively and included in salaries and other benefits, which was determined with reference to their performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2022 and 31 March 2021.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2021: three) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2021: two) individuals are as follows:

	2022 HK$'000	2021 HK$'000
Salaries and other benefits	15,369	5,147
Retirement benefits scheme contributions	36	36
	15,405	5,183

The emolument of five highest paid employees who are not directors of the Company was within the following bands:

	2022 Number of employee	2021 Number of employee
HK$2,500,001 to HK$3,000,000	–	2
HK$3,000,001 to HK$3,500,000	1	–
HK$12,000,001 to HK$12,500,000	1	–
	2	2

No emolument was paid to the directors and the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

15. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under construction or development HK$'000	Total HK$'000
At 1 April 2020	4,705,586	2,537,622	7,243,208
Additions	44,992	127,551	172,543
Reclassify to investment properties held for sale	(15,488)	–	(15,488)
Increase in fair value	367,062	15,820	382,882
Exchange alignment	282,196	94,407	376,603
At 31 March 2021	5,384,348	2,775,400	8,159,748
Additions	33,400	163,454	196,854
Reclassify to property, plant and equipment	(2,410)	–	(2,410)
Reclassify from property, plant and equipment	12,180	–	12,180
Reclassify from completed properties for sale	46,003	–	46,003
Disposal of a subsidiary (note 39)	(1,226,419)	–	(1,226,419)
Disposals	(72,856)	–	(72,856)
Increase in fair value	114,944	528,596	643,540
Exchange alignment	79,671	51,750	131,421
At 31 March 2022	4,368,861	3,519,200	7,888,061

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 18 years (2021: 1 to 18 years). The rental payment of leases of offices and retail stores are fixed over the lease term.

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

Included in investment properties under development as at 31 March 2022 amounting to HK$2,240,000,000 are in relation to the sales and purchase agreement for disposal of a wholly-owned subsidiary as set out in note 30.

During the year ended 31 March 2022, the Group transferred certain property, plant and equipment and completed properties for sale to investment properties at fair values of HK$12,180,000 and HK$46,003,000 respectively upon inception of lease agreements.

During the year ended 31 March 2022, fair value gain of investment properties amounting to HK$643,540,000 was recognised in profit or loss. It mainly related to the fair value gain of an investment property under construction or development situated in Hong Kong amounting to HK$499,373,000 attributed by an increase in gross development value per square foot for office and car park.

15. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2021, fair value gain of investment properties amounting to HK$382,882,000 was recognised in the profit or loss. It mainly related to the fair value gain of an investment property situated in the PRC amounting to HK$352,985,000 as a result of a new lease agreement of 18 years lease term entered into with an independent third party during the year.

During the year ended 31 March 2021, the Group entered into a sale and purchase agreement to dispose certain investment properties of the Group for a cash consideration of AUD2,625,000 (equivalent to HK$15,488,000). The carrying amount of the captioned investment properties was reclassified to investment properties held for sale and the transaction was completed on 24 June 2021.

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at 31 March 2022, 31 March 2021 and at the date of transfer have been arrived at on the basis of a valuation carried out on those dates by the following Valuers:

Location of the investment properties	Valuers	Qualification
Australia	CBRE Valuations Pty Limited Colliers International (WA) Pty Ltd	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited Knight Frank Petty Ltd.	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd. Knight Frank Pte Ltd.	Member of the Singapore Institute of Surveyors and Valuers
UK	Hallams Property Consultants LLP	Royal Institution of Chartered Surveyors

In determining the fair value of the relevant properties, the Group engages Valuers to perform the valuation. The management of the Company works closely with the Valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the Valuer for similar properties in the locality and adjusted for the Valuer's knowledge of factors specific to the respective properties.

15. INVESTMENT PROPERTIES (continued)

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the Valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the Valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2022 and 31 March 2021 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa.

The key inputs used in valuing the investment properties under the direct comparison approach and under the residual value approach were the market unit rate, and gross development value and estimated cost to completion respectively. A significant increase in the market unit rate and gross development value would result in a significant increase in the fair value of the investment properties and investment properties under construction or development respectively, and vice versa. A significant increase in the estimated cost to completion would result in a significant decrease in the fair value of the investment properties under construction or development, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Details of the significant unobservable input are as follows:

Class of property	Carrying amount 2022 HK$'000	2021 HK$'000	Significant unobservable input(s)
Completed investment properties			
Income capitalisation approach			
Office portion in HK	**493,600**	494,900	(1) Capitalisation rate 2.15% – 2.375% (2021: 2.125% – 2.375%) per annum (2) Monthly market rent HK$29 to HK$38 (2021: HK$29 to HK$39) per square foot
Retail portion in HK	**1,318,329**	1,296,628	(1) Capitalisation rate 2.5% – 3.5% (2021: 2.5% to 3.5%) per annum (2) Monthly market rent HK$13.5 to HK$176.0 (2021: HK$13.5 to HK$183.0) per square foot
Car park in HK	**18,580**	15,220	(1) Capitalisation rate 3.2% (2021: 3.2%) per annum (2) Monthly market rent HK$1,500 (2021: HK$1,500) per car parking space
Retail portion in the PRC	**1,905,310**	1,820,740	(1) Capitalisation rate 5% – 5.5% (2021: 5%) per annum (2) Monthly market rent Renminbi ("RMB") 28 to RMB323 (2021: RMB37 to RMB336) per square metre
Office portion in the PRC	**59,000**	59,000	(1) Capitalisation rate 4.5% (2021: 4.5%) per annum (2) Monthly market rent RMB85 (2021: RMB85) per square metre
Retail portion in Australia	**304,954**	339,693	(1) Capitalisation rate 4.75% to 12% (2021: 4.75% to 12.5%) per annum (2) Monthly market rent Australian Dollar ("A$") 457 to A$15,000 (2021: A$454 to A$12,974) per square metre
Retail portion in PRC	**14,760**	–	(1) Capitalisation rate 5.0% per annum (2) Monthly market rent RMB32 to RMB79 per square metre
Retail portion in the UK	**24,367**	–	(1) Capitalisation rate 11% per annum (2021: N/A) (2) Monthly market rent GBP4.5 to GBP10.5 per square foot (2021: N/A)

15. INVESTMENT PROPERTIES (continued)

Class of property	Carrying amount 2022 HK$'000	2021 HK$'000	Significant unobservable input(s)
Completed investment properties (continued)			
Direct comparison approach			**Market unit rate**
Car park in the PRC	88,929	90,152	RMB260,000 (2021: RMB263,000 to RMB267,000) per car parking space
Retail portion in Singapore	141,032	140,788	Singapore Dollar ("S$") 39,297 (2021: S$39,297) per square metre
Residential in Singapore	–	1,127,227	N/A (2021: S$28,234 per square metre)
	4,368,861	5,384,348	
Investment properties under construction or development measured at fair value			
Residual value approach			**Gross development value and estimated cost to completion**
Office, retail and carpark in HK	2,240,000	1,560,000	Gross development value of HK$19,500 (2021: HK$15,000) per square foot for office Gross development value of HK$25,000 (2021: HK$22,000) per square foot for retail Gross development value of HK$3,000,000 (2021: HK$1,900,000) per car parking space Estimated cost to completion Budgeted cost to completion of HK$3,832 per square foot (2021: HK$4,148 per square foot) Developers' profit of 10% (2021: 10%) Marketing cost of 4.5% (2021: 3%)
Direct comparison approach			**Market unit rate**
Residential in the PRC	1,279,200	1,215,400	RMB8,100 to RMB8,400 (2021: RMB8,100) per square metre
	3,519,200	2,775,400	

15. INVESTMENT PROPERTIES (continued)

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve which has led to higher degree of uncertainties in respect of the valuations in the current period, and Valuers drew attention in their valuation reports in respect of investment properties located in Australia with fair value amounting to HK$304,954,000 (2021: HK$339,693,000) that the valuation is valid as at 31 March 2022 and the value assessed may change significantly and unexpectedly over a short period of time.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands HK$'000	Leased properties HK$'000	Owned properties Completed HK$'000	Owned properties Under development HK$'000	Leasehold improvements, furniture, fixtures and equipment HK$'000	Total HK$'000
COST						
At 1 April 2020	2,604,397	624,298	8,389,259	662,358	1,486,434	13,766,746
Additions	–	49,347	5,312	918,587	48,747	1,021,993
Transfer upon completion	–	–	4,038	(4,038)	–	–
Disposals	–	–	–	–	(14,411)	(14,411)
Exchange alignment	47,058	111,440	672,600	158,683	104,261	1,094,042
At 31 March 2021	2,651,455	785,085	9,071,209	1,735,590	1,625,031	15,868,370
Additions	–	12,102	1,249	1,080,356	47,142	1,140,849
Disposals	–	–	(686,557)	–	(29,823)	(716,380)
Lease early termination	–	(19,004)	–	–	–	(19,004)
Reclassify to investment properties	–	–	(13,324)	–	–	(13,324)
Reclassify from investment properties	–	–	2,410	–	–	2,410
Exchange alignment	(26,025)	(24,100)	(71,751)	(27,964)	(26,425)	(176,265)
At 31 March 2022	2,625,430	754,083	8,303,236	2,787,982	1,615,925	16,086,656
DEPRECIATION AND IMPAIRMENT						
At 1 April 2020	246,048	81,884	1,405,004	–	872,954	2,605,890
Provided for the year	48,087	90,000	221,221	–	128,304	487,612
Disposals	–	–	–	–	(8,083)	(8,083)
Exchange alignment	26,867	8,348	91,011	–	62,970	189,196
At 31 March 2021	321,002	180,232	1,717,236	–	1,056,145	3,274,615
Provided for the year	40,585	94,141	217,820	–	109,698	462,244
Impairment loss recognised in profit or loss	–	33,642	–	–	–	33,642
Disposals	–	–	(74,698)	–	(21,024)	(95,722)
Lease termination	–	(12,428)	–	–	–	(12,428)
Transfer to investment properties	–	–	(1,144)	–	–	(1,144)
Exchange alignment	(1,582)	(21,430)	(37,851)	–	(20,981)	(81,844)
At 31 March 2022	360,005	274,157	1,821,363	–	1,123,838	3,579,363
CARRYING VALUES						
At 31 March 2022	2,265,425	479,926	6,481,873	2,787,982	492,087	12,507,293
At 31 March 2021	2,330,453	604,853	7,353,973	1,735,590	568,886	12,593,755

The owned properties are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land, whichever is the shorter. The leasehold lands and leased properties are depreciated over the terms of the leases. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum, or for leasehold improvements, depreciated over its useful life, whatever is shorter. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$98,190,000 (2021: HK$99,256,000).

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessee

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

	Leasehold lands HK$'000	Leased properties HK$'000	Office equipment HK$'000	Total HK$'000
As at 31 March 2022				
Carrying amount	2,265,425	479,926	–	2,745,351
As at 31 March 2021				
Carrying amount	2,330,453	604,853	18,336	2,953,642
For the year ended 31 March 2022				
Depreciation charge	40,585	94,141	–	134,726
Impairment loss recognised	–	33,642	–	33,642
For the year ended 31 March 2021				
Depreciation charge	48,087	90,000	2,752	140,839

	2022 HK$'000	2021 HK$'000
Expense relating to short-term leases and leases of low-value assets	**1,794**	1,821
Additions to right-of-use assets	**12,102**	49,347
Total cash outflow for leases	**135,297**	86,368

The Group leases various car parks, offices and office equipment for its operations. Lease contracts are entered into for fixed term of 1 to 18 years (2021: 1 to 18 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several hotels and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessee (continued)

The Group has extension options in a number of leases for car parks. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors. The Group assessed, at lease commencement date, it is reasonably certain to exercise the extension options. Therefore, all the relevant lease payments in the extended period have been included in the calculation of lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event.

The Group regularly entered into short-term leases for slot machines for gaming, motor vehicles and office equipment. As at 31 March 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of leases for which short-term lease expense was recognised.

17. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2021: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

18. INTERESTS IN ASSOCIATES

	2022 **HK$'000**	2021 HK$'000
Unlisted investments, at cost	**1,580,263**	1,537,670
Exchange adjustments	**51,820**	63,759
Share of post-acquisition results and other comprehensive income, net of dividends received	**289,284**	199,187
	1,921,367	1,800,616

18. INTERESTS IN ASSOCIATES (continued)

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly 2022	2021	Principal activities
Bermuda Investments Limited	Ordinary	25%	25%	Property investment
Omicron International Limited*	Ordinary	30%	30%	Investment holding
Peacock Estates Limited	Ordinary	25%	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	25%	25%	Development and construction of integrated resorts

* Incorporated in the British Virgin Islands and operating in HK
\+ Incorporated and operating in Australia

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

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2022 and 2021 was as follows:

	2022 HK$'000	2021 HK$'000
Non-current assets	10,291,924	6,466,058
Current assets	639,701	336,949
Non-current liabilities	(3,837,192)	(184,747)
Current liabilities	(394,765)	(443,137)

18. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

	2022 HK$'000	2021 HK$'000
Revenue	–	–
Loss for the year	(63,445)	(14,690)
Other comprehensive income for the year		
Fair value gain on hedging instruments designated as cash flow hedges	463,872	–
Total comprehensive income (expense) for the year	400,427	(14,690)

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

	2022 HK$'000	2021 HK$'000
Net assets of DBC	6,699,668	6,175,123
Proportion of the Group's ownership interest in DBC	25%	25%
Carrying amount of the Group's interest in DBC	1,674,917	1,543,781

Aggregate information of associates that are not individually material:

	2022 HK$'000	2021 HK$'000
The Group's share of loss and other comprehensive expense after tax	(5,990)	(9,435)
Aggregate carrying value of the Group's interest in these associates	246,450	256,835

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2022 HK$'000	2021 HK$'000
The unrecognised share of losses for the year	(4)	(13)
Cumulative unrecognised share of losses	(51,170)	(51,166)

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19. INTERESTS IN JOINT VENTURES

(a) Joint ventures

	2022 HK$'000	2021 HK$'000
Unlisted investments, at cost	2,342,688	1,083,040
Share of post-acquisition results, net of dividends/distributions received	(55,974)	(26,869)
Exchange adjustments	65,101	39,656
Less: impairment	(5)	(5)
	2,351,810	1,095,822

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly 2022	2021	Principal activities
River Riches Limited (Note)	BVI/HK	50%	–	Property development
Guangdong Xin Shi Dai Real Estate Limited	PRC	50%	50%	Property development
QWB Residential Precinct Holdings Pty Ltd	Australia	50%	50%	Property development
BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited)	Cayman Islands/ Australia	53.11%	52.03%	Provision of mortgage service
Destination Gold Coast Consortium Pty Ltd	Australia	33.33%	33.33%	Property development
Destination Gold Coast Consortium Hotel Pty Ltd	Australia	33.33%	33.33%	Hotel operation
Destination Gold Coast Investments Pty Ltd	Australia	25%	25%	Hotel operation
Cuscaden Homes Pte Limited	Singapore	10%	10%	Property development

Note: On 24 November 2021, the Group and Modern Culture Limited ("JV Partner"), a wholly-owned subsidiary of New World Development Company Limited ("NWD"), formed a joint venture, namely River Riches Limited ("River Riches"), which is held as to 50% by the Group and 50% by JV Partner, under the terms of memorandum of agreement entered into between the Company and NWD in relation to formation of River Riches dated 24 November 2021.

Following by the formation of River Riches, River Riches as the purchaser and Yan You Limited (the "Vendor") entered into a sales and purchase agreement with the Company and NWD as the purchaser guarantors and Kaisa Group Holdings Limited as the vendor's guarantor, pursuant to which, the Vendor agreed to sell 100% of the issued ordinary shares of Rich Fast International Limited ("Rich Fast") to River Riches. The Group and JV Partner had contributed amount of approximately HK$990,799,000 pro rata to their respective equity interest in River Riches, for the acquisition of Rich Fast by River Riches.

19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

The Group and the other joint venturers have contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

Summarised financial information of material joint ventures

(i) River Riches is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs.

The summarised financial information regarding the assets and liabilities of River Riches for the year ended 31 March 2022 was as follows:

	2022 HK$'000
Current assets	8,447,632
Non-current liabilities	(6,050,154)
Current liabilities	(415,880)
The above amounts of assets include the following: Cash and cash equivalents	158,517
Revenue	–
Loss and total comprehensive expense for the year	(37)

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

	2022 HK$'000
Net assets of River Riches	1,981,598
Proportion of the Group's ownership interest in River Riches	50%
Carrying amount of the Group's interest in River Riches	990,799

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19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(ii) QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2022 and 2021 was as follows:

	2022 **HK$'000**	2021 HK$'000
Non-current assets	**–**	15,636
Current assets	**1,236,861**	889,577
Non-current liabilities	**(263,732)**	–
Current liabilities	**(67,452)**	(43,503)
The above amounts of assets include the following:		
Cash and cash equivalents	**12,928**	29,428
Revenue	**–**	–
Loss and total comprehensive expense for the year	**–**	(3)

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

	2022 **HK$'000**	2021 HK$'000
Net assets of QWB Residential	**905,677**	861,710
Proportion of the Group's ownership interest in QWB Residential	**50%**	50%
Carrying amount of the Group's interest in QWB Residential	**452,839**	430,855

19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(iii) BC Investment Group Holdings Limited ("BC Group") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of BC Group for the year ended 31 March 2022 and 2021 was as follows:

	2022 HK$'000	2021 HK$'000
Non-current assets	15,215,237	6,923,974
Current assets	1,262,938	606,673
Non-current liabilities	(16,084,355)	(7,367,142)
Current liabilities	(59,461)	(43,905)

	2022 HK$'000	2021 HK$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,044,895	594,098
Loan receivables	15,183,624	6,852,033
Notes	(16,158,294)	(7,367,142)
Revenue	569,038	155,106
Expenses	(566,837)	(112,282)
Income tax expense	(3)	(11,338)
Profit and total comprehensive income for the year	2,198	31,486

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

	2022 HK$'000	2021 HK$'000
Net assets of the BC Group	334,359	119,600
Proportion of the Group's ownership interest in BC Group	53.11%	52.03%
The Group's share of net assets of BC Group	177,578	62,228
Goodwill	142,336	142,336
Carrying amount of the Group's interest in BC Group	319,914	204,564

19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(iv) Aggregate information of joint ventures that are not individually material:

	2022 HK$'000	2021 HK$'000
The Group's share of loss and total comprehensive expense for the year	**(29,102)**	(47,464)
Aggregate carrying value of the Group's interest in these joint ventures	**588,258**	460,403

(b) Joint operation

During the year ended 31 March 2015, a subsidiary of the Group as developer (the "Developer") has entered into development agreement ("Agreement") with Urban Renewal Authority ("URA") in form of joint operation to engage in residential/commercial property development and sales in Hong Kong. Under the Agreement, the Developer is mainly responsible for the development of the project. Units in the development will be sold or disposed of by URA in accordance with the terms and conditions of the Agreement and sales proceeds arising therefrom will be distributed between URA and the Developer pursuant to the terms and conditions of the Agreement. The Group's joint operation has had no material impact on the Group's financial positions and performance for the current and prior financial year.

20. INVESTMENT SECURITIES

	2022 HK$'000	2021 HK$'000
(i) Financial assets at FVTPL		
(a) Investments held for trading		
Listed equity securities	**42,617**	6,336
(b) Debt instruments at FVTPL		
Listed debt securities	**152,851**	351,266
Unlisted debt securities (Note)	**–**	34,029
	152,851	385,295
(c) Equity instruments at FVTPL		
Unlisted equity securities	**13,662**	4,506
(d) Investment funds	**675,399**	424,666
(e) Structured notes	**–**	233,759
(f) Convertible bonds	**122,281**	–
	1,006,810	1,054,562
(ii) Financial assets at FVTOCI		
(a) Debt instruments at FVTOCI		
Listed debt securities	**704,557**	1,834,355
Unlisted debt securities (Note)	**419,604**	194,489
	1,124,161	2,028,844
(b) Equity instruments at FVTOCI		
Equity securities listed overseas	**902,298**	1,059,400
Total	**3,033,269**	4,142,806

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20. INVESTMENT SECURITIES (continued)

	2022 HK$'000	2021 HK$'000
Analysed for reporting purposes as:		
Non-current assets	**1,246,009**	1,136,241
Current assets	**1,787,260**	3,006,565
	3,033,269	4,142,806

Note: Included in the unlisted debt securities are debt securities issued by the Group's joint venture amounting to HK$410,220,000 (2021: HK$228,518,000) which carry interest at one-month BBSW and mature by earlier of the date on which the joint venture exercise its call option to redeem the debt securities or February 2024.

Other than the investment held for trading, the classification of investment securities under current assets is based on the realisation plan of the investment securities estimated by the management to meet with the Group's cash outflow in coming next twelve months.

Investment securities that are denominated in A$, Euro ("EUR"), GBP, USD and S$, amounted to A$2,954,000 (equivalent to HK$17,309,000) (2021: A$42,154,000 (equivalent to HK$248,708,000)), EUR20,766,000 (equivalent to HK$181,290,000) (2021: EUR9,307,000 (equivalent to HK$84,691,000)), GBP2,172,000 (equivalent to HK$22,286,000) (2021: GBP5,564,000 (equivalent to HK$59,184,000)), USD143,106,000 (equivalent to HK$1,129,487,000) (2021: USD325,321,000 (equivalent to HK$2,524,449,000)) and S$8,840,000 (equivalent to HK$51,092,000) (2021: S$15,001,000 (equivalent to HK$86,557,000)) respectively. All other investment securities are denominated in functional currency of the respective group entities.

21. LOAN RECEIVABLES

	2022 HK$'000	2021 HK$'000
Loan receivables	**187,635**	217,905
Less: amount due within one year and classified under current assets	**(5,037)**	(7,029)
Amount due after one year	**182,598**	210,876

Loan receivables represent mortgage loans secured by the properties of the borrowers.

Included in loan receivables is an amount of HK$3,018,000 (2021: HK$5,683,000) which bear interest ranging at prime rate minus 1.5% per annum for first two years and prime rate plus 0.5% per annum for the remaining period; an amount of HK$39,938,000 (2021: HK$14,906,000) are interest-free for the first 3 years and bear interest ranging from prime rate minus 2% to prime rate per annum and are repayable by instalment thereafter; an amount of HK$144,651,000 (2021: HK$197,252,000) which bear interest ranging from prime rate minus 3% to prime rate plus 2% per annum for whole loan period and the remaining balance of HK$28,000 (2021: HK$64,000) are unsecured, interest-free and repayable on demand.

Details of impairment assessment of loan receivables are set out in note 47.

22. PLEDGED DEPOSITS, RESTRICTED BANK DEPOSITS, DEPOSITS IN FINANCIAL INSTITUTIONS, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 1.95% (2021: 0.00% to 1.95%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 2.03% (2021: 0.00% to 2.03%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits, carried interest at market rates ranging from 0.00% to 0.35% for the year ended 31 March 2021, represented custody deposits paid in banks in relation to certain banking facility arrangements of the Group and deposits can be solely applied for settlement of development cost of designated property projects.

Deposits in financial institutions carry interest at a rate of 0.00% to 1.11% (2021: 0.00% to 0.25%) per annum.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 0.10% (2021: 0.00% to 2.00%) per annum.

Bank balances and cash that are denominated in A$, EUR, GBP, S$ and USD, amounted to A$13,669,000 (equivalent to HK$80,100,000) (2021: A$1,647,000 (equivalent to HK$9,720,000)), EUR7,288,000 (equivalent to HK$63,626,000) (2021: EUR16,957,000 (equivalent to HK$154,416,000)), GBP128,216,000 (equivalent to HK$1,315,501,000) (2021: GBP17,630,000 (equivalent to HK$187,932,000)), S$1,931,000 (equivalent to HK$11,164,000) (2021: S$1,775,000 (equivalent to HK$10,243,000)) and USD113,619,000 (equivalent to HK$888,505,000) (2021: USD184,675,000 (equivalent to HK$1,433,070,000)) respectively. All other bank balances and cash are denominated in functional currency of the respective group entities.

Details of impairment assessment of pledged deposits, restricted bank deposits, deposits in financial institutions and bank balances are set out in note 47.

23. PROPERTIES FOR SALE

Included in properties for sale are properties with carrying value of HK$6,688,600,000 (2021: HK$6,966,928,000) which are not expected to be realised within the next twelve months.

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24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2022 HK$'000	2021 HK$'000
Trade debtors		
– Contracts with customers	448,354	863,853
– Lease receivables	59,693	22,905
Less: allowance for expected credit loss	(65,940)	(46,156)
	442,107	840,602
Utility and other deposits	55,470	52,809
Prepayment and other receivables	188,116	184,671
Other tax recoverable	119,909	65,755
	805,602	1,143,837

At 1 April 2020, trade receivable from contracts with customers amount to HK$147,121,000.

The following is an aged analysis of trade debtors and lease receivables, net of allowance for expected credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date except unbilled receivables from sales of properties recognised over time:

	2022 HK$'000	2021 HK$'000
Unbilled (Note)	–	665,292
0–60 days	392,391	130,198
61–90 days	17,840	6,119
Over 90 days	31,876	38,993
	442,107	840,602

Note: The amount represented unbilled unconditional receivables from sales of properties upon handing over of the properties to the customers. The aged analysis of unbilled receivables, which is based on revenue recognition, are as follows:

	2022 HK$'000	2021 HK$'000
0–60 days	–	658,362
Over 90 days	–	6,930
	–	665,292

24. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

As at 31 March 2022, included in the Group's trade and lease receivables balances are debtors with an aggregate carrying amount of HK$49,716,000 (2021: HK$45,112,000) which are past due at the reporting date. Out of the past due balances, HK$31,876,000 (2021: HK$38,993,000) has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the creditworthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances. The Group has no significant concentration on trade and lease receivables as the amounts spread over a number of counterparties and customers.

Details of impairment assessment of trade and other receivables are set out in note 47.

25. CUSTOMERS' DEPOSITS UNDER ESCROW

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund is remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

Details of impairment assessment of customers' deposits under escrow are set out in note 47.

26. CONTRACT COSTS

Contract costs capitalised as at 31 March 2022 and 2021 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$124,745,000 (2021: HK$189,710,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2021: nil).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Derivatives that are not designated in hedge accounting relationships:				
Interest rate swap contracts	**13,835**	3,531	**–**	(13,352)
Cross currency swap contracts	**4,084**	–	**(1,911)**	(500)
Liabilities from profit guarantee arrangement (note 39)	**–**	–	**(24,011)**	–
	17,919	3,531	**(25,922)**	(13,852)
Analysed for reporting purpose as:				
Current	**14,984**	3,531	**(25,922)**	(7,045)
Non-current	**2,935**	–	**–**	(6,807)
	17,919	3,531	**(25,922)**	(13,852)

Interest rate swap contracts of HK$13,835,000 (2021: HK$3,531,000) with notional amount of USD20,000,000 (2021: USD30,000,000) for swapping certain 3-month USD LIBOR floating-rate bank borrowings from floating rates to fixed-rates, is subject to interest rate benchmark reform. Details are set out in note 47.

28. CREDITORS AND ACCRUALS

	2022 HK$'000	2021 HK$'000
Trade creditors		
– Construction cost and retention payable	773,085	805,054
– Others	107,809	67,907
	880,894	872,961
Construction cost and retention payable for capital assets	336,622	201,714
Rental deposits and rental receipts in advance	32,994	56,345
Receipt in advance (Note)	307,500	–
Other payables and accrued charges	626,668	563,869
	2,184,678	1,694,889

Note: Amount represents the first and second instalments received in relation to settlement agreement entered between the Group and relevant parties as mentioned in the Company's announcements published on 27 July 2021 and 16 August 2021 ("Settlement Agreement") on 27 July 2021 at a total consideration of RMB408,000,000 (equivalent to approximately HK$501,840,000).

Pursuant to the Settlement Agreement, the Group is obliged to fulfil all of the stipulated obligations in order to entitle the consideration of RMB408,000,000.

As at 31 March 2022, the Group had received the first and second instalments from relevant parties amounting to RMB250,000,000 (equivalent to approximately HK$307,500,000). The stipulated obligations had yet to be fulfilled by the Group as at 31 March 2022.

Based on the external legal counsel opinion, the Group is required to refund the first and second instalments of RMB250,000,000 if the Group fails to fulfil all the obligations. As a result, the directors of the Company considered the first and second instalments are recorded as receipt in advance under current liability in the consolidated statement of financial position, given it is expected the remaining obligations to be fulfilled by 31 December 2022 in accordance with the agreed timetable between the Group and the relevant parties in the Settlement Agreement.

The following is an aged analysis of the trade creditors, based on the invoice date:

	2022 HK$'000	2021 HK$'000
0–60 days	746,097	731,780
61–90 days	3,158	5,069
Over 90 days	131,639	136,112
	880,894	872,961

29. CONTRACT LIABILITIES

	2022 HK$'000	2021 HK$'000
Sales of properties	**666,423**	689,615

As at 1 April 2020, contract liabilities amounted to HK$310,598,000.

The Group receives amounts ranging from 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. The amount is expected to be settled within the Group's normal operating cycle and is classified as current based on the Group's earliest obligation to transfer the properties to customers.

During the year ended 31 March 2022, the Group has recognised revenue of HK$307,202,000 (2021: HK$152,936,000) that was included in the contract liabilities balance at the beginning of the year.

30. OTHER LIABILITIES

Included in other liabilities are deposit received for a disposal of a subsidiary of the Company as detailed below, amounting to HK$338,000,000 as at 31 March 2022.

On 6 December 2021, the Group and CLP Properties Limited ("Purchaser") entered into a sale and purchase agreement to dispose of the entire equity interest of Sanon Limited ("Sanon"), a wholly-owned subsidiary of the Company, which currently owns a land situated in Kai Tak, Hong Kong, for a development divided into a hotel portion and non-industrial portion (including office portion). Pursuant to the sales and purchase agreement, Sanon will assign the hotel portion to another subsidiary of the Company as the hotel owner, under a hotel portion assignment to be entered by Sanon and the hotel owner prior to completion of the transaction, such that the Purchaser will acquire Sanon (holding only the non-industrial portion) at completion. The consideration under the sales and purchase agreement amounted to HK$3,380,000,000, subject to post-completion adjustments including additional costs in respect of any add-on designs required by the Purchaser.

As at 31 March 2022, the Group had received deposit of HK$338,000,000 from the Purchaser, and the transaction is expected to be completed in 2024.

31. BANK AND OTHER BORROWINGS

	2022 HK$'000	2021 HK$'000
Bank loans	25,823,378	21,571,315
Other loans	870,030	853,592
	26,693,408	22,424,907
Less: front-end fee	(102,994)	(67,142)
	26,590,414	22,357,765
Analysed for reporting purpose as:		
Secured	20,587,588	18,853,373
Unsecured	6,105,820	3,571,534
	26,693,408	22,424,907
Current liabilities	11,450,133	10,438,601
Non-current liabilities	15,140,281	11,919,164
	26,590,414	22,357,765

The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:

	Bank loans		Other loans	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
Revolving loans without specified repayment terms and loans repayable within one year	5,621,190	6,879,524	796,158	853,592
More than one year, but not exceeding two years	6,513,288	5,939,369	–	–
More than two years, but not exceeding five years	8,105,490	5,485,321	–	–
More than five years	447,631	494,474	73,872	–
	20,687,599	18,798,688	870,030	853,592
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:				
Within one year	3,915,575	1,552,474	–	–
More than one year, but not exceeding two years	401,553	356,227	–	–
More than two years, but not exceeding five years	641,871	717,957	–	–
More than five years	73,786	78,827	–	–
	5,032,785	2,705,485	–	–
Total	25,720,384	21,504,173	870,030	853,592

31. BANK AND OTHER BORROWINGS (continued)

Currencies	Interest rates	2022 HK$'000	2021 HK$'000
HK$	HIBOR plus 0.75% to 1.62% (2021: HIBOR plus 0.75% to 1.6%)	**15,235,483**	11,843,997
RMB	3 to 5 years or above People's Bank of China Prescribed Interest Rate ("PBOC PIR") (2021: 3 to 5 years or above PBOC PIR)	**710,567**	716,628
S$	SOR plus 0.92% to 1.03% (2021: SOR plus 0.68% to 1.1%)	**2,340,380**	3,200,677
MYR	Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% and Malaysia Bank's Cost of Funds ("Malaysia COF") plus 1.50% (2021: Malaysia BLR minus 1.50% and Malaysia COF plus 1.50%)	**138,879**	135,551
A$	BBSW plus 1.07% to 3% (2021: BBSW plus 1.5% to 2.0%)	**5,420,367**	3,794,215
GBP	Sterling Overnight Interbank Average Rage ("SONIA") plus 1.55% to 2.55% (2021: LIBOR plus 1.72% to 2.75%)	**2,130,993**	1,498,327
USD	LIBOR plus 1.55% (2021: LIBOR plus 1.35%)	**625,751**	1,134,103
EUR	Czech Republic Lombard Rate ("Czech Republic LR") plus 1.95% to 3.1% (2021: Czech Republic LR plus 1.95% to 3.1%)	**90,988**	101,409
		26,693,408	22,424,907

Bank and other borrowings that are denominated in GBP, A$, USD and EUR which are not denominated in functional currency of respective group entities, amounted to GBP78,337,000 (equivalent to HK$803,740,000) (2021: GBP3,399,000 (equivalent to HK$36,214,000)), A$159,235,000 (equivalent to HK$933,120,000) (2021: A$27,000,000 (equivalent to HK$159,300,000)), USD80,019,000 (equivalent to HK$625,751,000) (2021: USD153,212,000 (equivalent to HK$1,134,103,000)) and EUR1,097,000 (equivalent to HK$9,577,000 (2021: EUR9,541,000 (equivalent to HK$86,709,000)) respectively. All other bank and other borrowings are denominated in functional currency of the respective group entities.

32. LEASE LIABILITIES

	2022 HK$'000	2021 HK$'000
Lease liabilities payable:		
Within one year	74,567	81,139
Within a period of more than one year but not more than two years	63,225	79,811
Within a period of more than two years but not more than five years	132,184	162,853
More than five years	339,760	403,094
	609,736	726,897
Less: amount due for settlement with 12 months shown under current liabilities	(74,567)	(81,139)
Amount due for settlement after 12 months shown under non-current liabilities	535,169	645,758

All lease obligations that are denominated in functional currencies of the relevant group entities.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 1.5% to 6.0% (2021: 1.5% to 6.0%).

33. AMOUNTS DUE FROM/TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

As at 31 March 2022, the amount of S$42,927,000 (equivalent to HK$248,120,000) (2021: S$18,927,000 (equivalent to HK$109,211,000)) due from a shareholder of a non-wholly owned subsidiary is the advance of the expected return to be declared to a shareholder of FEC Skyline Pte. Ltd. as a result of sales of the property development project. The amount is unsecured, interest-free and no fixed repayment date.

As at 31 March 2022, included in the amounts due to shareholders of non-wholly owned subsidiaries is an amount of S$28,375,000 (equivalent to HK$164,006,000) (2021: S$27,975,000 (equivalent to HK$161,414,000)) due to a shareholder of FEC Skypark Pte. Ltd., a 80% subsidiary of the Company for financing the property development project in Singapore. The amount is unsecured, interest-free and repayable on demand. The remaining amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

34. NOTES

	2029 Notes HK$'000	2023 Notes HK$'000	2021 Notes HK$'000	2030 Notes HK$'000	2033 Notes HK$'000	2024 Notes HK$'000	Total HK$'000
At 1 April 2020	77,393	1,154,275	2,316,456	–	–	–	3,548,124
Issue of new notes	–	–	–	200,000	200,000	1,818,900	2,218,900
Less: transaction costs directly attributable to issue	–	–	–	(1,542)	(2,656)	(9,702)	(13,900)
Interest charged during the year	4,350	49,793	81,354	6,816	4,132	18,715	165,160
Interest paid during the year	(3,774)	(28,716)	(72,912)	(5,249)	–	–	(110,651)
Interest payable due within 12 months and included in other payable	(304)	(18,977)	(4,399)	(1,467)	(4,027)	(18,084)	(47,258)
Repurchased and cancelled	–	(63,352)	(490,323)	–	–	–	(553,675)
Exchange adjustments	(2)	2,820	4,723	–	–	4,675	12,216
At 31 March 2021	77,663	1,095,843	1,834,899	198,558	197,449	1,814,504	5,218,916
Issue of new notes	–	–	–	–	–	1,187,233	1,187,233
Less: transaction costs directly attributable to issue	–	–	–	–	–	(6,623)	(6,623)
Interest charged during the year	4,332	51,439	31,463	10,426	10,744	139,830	248,234
Interest paid during the year	(3,801)	(30,497)	(30,122)	(8,804)	(6,473)	(104,829)	(184,526)
Interest payable due within 12 months and included in other payable	(268)	(18,848)	–	(1,467)	(3,999)	(29,856)	(54,438)
Repayment	–	–	(1,831,516)	–	–	–	(1,831,516)
Exchange adjustments	–	8,437	(4,724)	–	–	23,135	26,848
At 31 March 2022	77,926	1,106,374	–	198,713	197,721	3,023,394	4,604,128

34. NOTES (continued)

2029 Notes

On 5 September 2019, a subsidiary of the Company issued notes with aggregate principal amount of HK$80,000,000 with maturity date on 5 September 2029 (the "2029 Notes") to independent third party. The 2029 Notes bear interest at 5.1% per annum payable semi-annually. As at 31 March 2022, the aggregate principal amount of the 2029 Notes outstanding was HK$80,000,000 (2021: HK$80,000,000).

2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of USD150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2022, the aggregate principal amount of the 2023 Notes outstanding was USD141,775,000 (equivalent to HK$1,108,681,000) (2021: USD141,775,000 (equivalent to HK$1,100,174,000)).

2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of USD300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2022, the 2021 Notes with aggregate principal amount USD236,630,000 (equivalent to HK$1,831,516,000) had been fully redeemed. As at 31 March 2021, the aggregate principal amount of the 2021 Notes outstanding was USD236,630,000 (equivalent to HK$1,836,249,000).

2030 Notes

On 6 August 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 6 August 2030 (the "2030 Notes") to independent third party. The 2030 Notes bear interest at 5.15% per annum payable semi-annually. As at 31 March 2022, the aggregate principal amount of the 2030 Notes outstanding was HK$200,000,000 (2021: HK$200,000,000).

2033 Notes

On 12 November 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 11 February 2033 (the "2033 Notes") to independent third party. The 2033 Notes bear interest at 5.25% per annum payable semi-annually. As at 31 March 2022, the aggregate principal amount of the 2033 Notes outstanding was HK$200,000,000 (2021: HK$200,000,000).

2024 Notes

On 21 January 2021, a subsidiary of the Company issued notes with aggregate principal amount of USD235,000,000 with maturity date on 21 January 2024 (the "2024 Notes") to independent third party. The 2024 Notes bear interest at 5.10% per annum payable semi-annually. During the year ended 31 March 2022, the subsidiary of the Company issued additional notes with aggregate principal amount of USD150,000,000 (equivalent to approximately HK$1,187,233,000). As at 31 March 2022, the aggregate principal amount of the 2024 Notes outstanding was USD385,000,000 (equivalent to HK$3,010,700,000) (2021: USD235,000,000 (equivalent to HK$1,823,600,000)).

35. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Provision of PRC LAT HK$'000	Others HK$'000 (Note)	Total HK$'000
At 1 April 2020	83,942	314,229	62,562	42,816	(74,837)	(30,793)	411,745	809,664
(Credit) charge to profit or loss	(4,019)	88,377	–	(2,478)	7,833	(145,964)	(70,614)	(126,865)
Exchange alignment	(1,754)	28,232	17,998	(177)	3,993	(5,787)	72,275	114,780
At 31 March 2021	78,169	430,838	80,560	40,161	(63,011)	(182,544)	413,406	797,579
Charge (credit) to profit or loss	15,408	(8,482)	(33,407)	(1,245)	11,232	(16,195)	9,483	(23,206)
Recognition of tax effect of PRC LAT previously not recognised	–	–	–	–	–	74,243	–	74,243
Disposals of subsidiaries (note 39)	–	–	–	–	223	–	–	223
Exchange alignment	(1,320)	10,457	4,303	(1)	7,171	17,678	(8,850)	29,438
At 31 March 2022	92,257	432,813	51,456	38,915	(44,385)	(106,818)	414,039	878,277

Note: Others mainly represent the temporary difference arising from the deduction of the interest expenses and development expenditure of overseas subsidiaries at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2022 HK$'000	2021 HK$'000
Deferred tax assets	**(177,203)**	(249,086)
Deferred tax liabilities	**1,055,480**	1,046,665
	878,277	797,579

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose except for the freehold lands, which are always presumed to be recovered entirely through sales. No deferred tax recognised in respect of the change in fair value of the investment properties located in Hong Kong, Singapore and the United Kingdom, as those properties were recovered through sales.

35. DEFERRED TAXATION (continued)

At 31 March 2022, the Group has unused tax losses of HK$1,998,167,000 (2021: HK$2,096,198,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$212,661,000 (2021: HK$480,266,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$1,785,506,000 (2021: HK$1,615,932,000) due to the unpredictability of future profit streams.

At 31 March 2022, the Group has deductible temporary difference in relation to accelerated accounting depreciation of property, plant and equipment amounted to HK$370,438,000 (2021: HK$447,512,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC generated after 1 January 2008, Australia and Singapore of HK$5,235,566,000 (2021: HK$4,947,619,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

36. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2020	2,369,421,209	236,942
Share repurchase	(18,775,000)	(1,877)
Issue of shares in lieu of cash dividends (i)	44,430,532	4,443
At 31 March 2021	2,395,076,741	239,508
Issue of shares in lieu of cash dividends (ii)	24,541,938	2,454
At 31 March 2022	2,419,618,679	241,962

(i) On 5 February 2021 and 6 November 2020, the Company issued and allotted 8,670,651 and 35,759,881 new fully paid shares of HK$0.10 each at HK$2.690 and HK$2.218 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2021 interim dividend and 2020 final dividend pursuant to the scrip dividend scheme announced by the Company on 28 December 2020 and 24 September 2020 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 16 February 2022 and 1 October 2021, the Company issued and allotted 6,696,801 and 17,845,137 new fully paid shares of HK$0.10 each at HK$2.830 and HK$2.796, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2022 interim dividend and 2021 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2022 and 2 September 2021, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

36. SHARE CAPITAL (continued)

All the shares issued during the years ended 31 March 2022 and 2021 rank pari passu in all respects with the existing shares in the Company.

During the year, except the amount disclosed above for listed shares, the amount of notes disclosed in note 34 and the amount of perpetual capital notes disclosed in note 37, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, notes or perpetual capital notes.

37. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued USD250,000,000, USD50,000,000 and USD60,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the USD1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

During the year ended 31 March 2021, the Company through its wholly-owned subsidiary, repurchased and subsequently sold 2019 Perpetual Capital Notes with an aggregate principal amount of USD17,000,000.

The perpetual capital notes are classified as equity instrument. Any distributions made by FEC Finance to the holders are recognised in equity in the consolidated financial statements of the Group.

38. MAJOR NON-CASH TRANSACTIONS

(i) The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$68,855,000 (2021: HK$102,647,000).

(ii) During the year ended 31 March 2022, the Group entered into new lease agreement for the use of leased properties for five years, the Group recognised HK$12,102,000 (2021: HK$49,347,000) of right-of-use assets and lease liabilities.

(iii) Included in additions of properties, plant and equipment, and investment properties are construction cost and retention payable for capital assets amounting to HK$120,193,000 and HK$56,719,000, respectively, which are non-cash transactions.

39. DISPOSAL OF SUBSIDIARIES

On 15 June 2021, the Group entered into a sale and purchase agreement with Aldgate Hotel Bidco Limited ("Aldgate Hotel" or "Purchaser"), an independent third party to the Group, whereby the Group has agreed to sell, and Aldgate Hotel has agreed to purchase, the entire issued share capital of Dorsett City London Limited ("DCLL") and Elite Region Limited ("Elite"), wholly-owned subsidiaries of the Company for a consideration of GBP115,000,000 (equivalent to approximately HK$1,228,367,000). DCLL and Elite were the operator and owner of Dorsett City London Hotel, respectively. Such disposal was completed on 30 June 2021. Following the completion, DCLL and Elite ceased to be subsidiaries of the Company.

As part of the disposal, the Group entered into a hotel management agreement with the Purchaser to manage and operate Dorsett City London Hotel and agreed to provide a profit guarantee whereby the Group will compensate the Purchaser on a yearly basis, the shortfall between the annual guaranteed return of GBP6,065,000 (equivalent to approximately HK$66,290,000) and the gross operating profits to be generated by Dorsett City London Hotel, for a term of 2 years starting from the completion date of disposal.

The net assets disposed of DCLL and Elite at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	567,808
Deferred tax assets	223
Debtors, deposits and prepayments	520
Other inventories	33
Tax recoverable	3,310
Trade and other payables	(8,296)
Net assets disposed of	563,598
Gain on disposal of DCLL and Elite:	
Consideration	1,228,367
Net assets disposed of	(563,598)
Transaction costs paid	(21,358)
Liabilities arising from profit guarantee arrangement	(56,406)
Reclassification of cumulative exchange reserve to profit or loss upon disposal	(40,174)
Gain on disposal	546,831
Consideration was satisfied by:	
Cash consideration received (Note)	1,017,172
Settlement of bank loan by the Purchaser (Note)	211,195
	1,228,367
Net cash inflow arising on disposal:	
Cash consideration received	1,017,172
Transaction costs paid	(21,358)
	995,814

Note: Included in the cash consideration received, there was HK$349,403,000 used to settle shareholders' loan due by Elite to the Group. Prior to the completion of the disposal, the Purchaser settled the bank loan of Elite directly through its bank loan account, which constitutes as a non-cash transaction.

39. DISPOSAL OF SUBSIDIARIES (continued)

The revenue and loss for the period from 1 April 2021 to 30 June 2021 of DCLL and Elite, which have been included in the consolidated statement of profit or loss, were HK$4,351,000 and HK$1,270,000 (from 1 April 2020 to 31 March 2021: HK$9,139,000 and HK$37,280,000) respectively. During the year ended 31 March 2022, DCLL and Elite contributed HK$7,499,000 (2021: paid HK$2,032,000) to the Group's net operating cash flows, received HK$6,524,000 (2021: paid HK$12,220,000) in respect of investing activities.

On 17 September 2021, the Group entered in to a sale and purchase agreement with Kheng Leong Company (H.K.) Limited ("Kheng Leong"), an independent third party of the Group, whereby the Group has agreed to sell, and Kheng Leong has agreed to purchase 100% of all the issued shares and paid-up shares of Highest Reach Investments Limited ("Highest Reach") for an aggregate consideration of approximately S$215,871,000 (equivalent to HK$1,242,959,000). Pursuant to the sales and purchase agreement, the Group shall procure the settlement of the outstanding bank loan of approximately S$102,110,000 (equivalent to HK$588,154,000) ("Outstanding Bank Loan") prior to completion, failing which Kheng Leong shall deduct the Outstanding Bank Loan from the consideration of approximately S$215,871,000. As the Group did not settle the Outstanding Bank Loan prior to completion, the consideration was adjusted to approximately S$113,761,000 (equivalent to HK$654,805,000).

The disposal has been completed on 1 November 2021. Following the completion, Highest Reach and its subsidiaries have ceased to be subsidiaries of the Company.

The net assets disposed of Highest Reach and its subsidiaries at the date of disposal were as follows:

	HK$'000
Investment properties	1,226,419
Other debtors, deposits and prepayments	1,142
Restricted bank deposits	12,675
Bank balances and cash	8,769
Creditors, deposits received and accruals	(6,046)
Bank loan	(588,154)
Net assets disposed of	654,805
Gain on disposal of Highest Reach and its subsidiaries	
Consideration	654,805
Net assets disposed of	(654,805)
Transaction costs paid	(19,769)
Reclassification of cumulative exchange reserve to profit or loss upon disposal	25,145
Gain on disposal	5,376
Consideration was satisfied by:	
Cash consideration received	654,805
Net cash inflow arising on disposal:	
Cash consideration received	654,805
Bank balances and cash disposed of	(8,769)
Transaction costs paid	(19,769)
	626,267

39. DISPOSAL OF SUBSIDIARIES (continued)

The revenue and profit for the period from 1 April 2021 to 1 November 2021 of Highest Reach and its subsidiaries, which have been included in the consolidated statement of profit or loss, were HK$12,745,000 and HK$89,280,000 (31.3.2021: HK$19,047,000 and HK$24,486,000) respectively. During the year ended 31 March 2022, Highest Reach and its subsidiaries contributed HK$8,217,000 (2021: contributed HK$9,636,000) to the Group's net operating cash flows and paid HK$5,361,000 (2021: paid HK$8,738,000) in respect of financing activities.

40. CHARGE ON ASSETS

Bank borrowing of HK$20,587,588,000 (2021: HK$18,853,373,000) and lease liabilities of HK$1,151,000 (2021: HK$13,057,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2022 **HK$'000**	2021 HK$'000
Investment properties	**5,060,911**	5,346,129
Property, plant and equipment (excluding right-of-use assets)	**6,102,316**	7,078,994
Right-of-use assets	**2,106,087**	1,129,049
Properties for sale	**12,706,140**	11,522,516
Bank deposits	**893,962**	386,575
Investment securities	**648,071**	769,282
	27,517,487	26,232,545

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

Restrictions or covenants on leases

In addition lease liabilities disclosed above, lease liabilities of HK$608,585,000 (2021: HK$713,840,000) are recognised with related right-of-use assets of HK$491,594,000 (2021: HK$604,853,000) as at 31 March 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

41. CAPITAL COMMITMENTS

	2022 HK$'000	2021 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of		
– hotel properties	1,390,056	906,875
– investment properties	718,902	55,867
Commitment to provide credit facility to a joint venture	80,580	213,981
Capital injection to investment funds	144,282	13,988
	2,333,820	1,190,711

42. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties and certain properties for sales temporary rented out have committed leases for next 1 to 18 years (2021: 1 to 18 years).

Minimum lease payments receivables on leases are as follows:

	2022 HK$'000	2021 HK$'000
Within one year	137,935	128,139
In the second year	118,108	106,681
In the third year	97,110	83,897
In the fourth year	87,405	75,735
In the fifth year	74,901	68,863
More than five years	621,300	696,514
	1,136,759	1,159,829

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions with related parties:

	2022 HK$'000	2021 HK$'000
Provision of building management service by associates	4,016	3,866
Provision of underwriting service to joint ventures	–	514
Provision of sales and marketing services by a joint venture	23,086	15,779
Sales of properties to a related company (Note)	–	235,060
Interest income from a joint venture	11,608	848
Interest income from unlisted debt securities issued by a joint venture	23,797	31,779

Note: The properties comprised certain commercial units located in Singapore. The sale of properties is included in the revenue of the Group for the year.

Details of the balances with associates, joint ventures, an investee company and related companies as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) The Group has entered into three hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2022, hotel management services income of HK$nil (2021: HK$20,000) was received under these contracts.

(c) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 14.

44. AMOUNTS DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, joint ventures, an investee company and a related company are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

45. SHARE OPTION SCHEMES

On 31 August 2012, the Company adopted a new share option scheme and the old share option scheme of the Company adopted on 28 August 2002 was expired on 28 August 2012 (collectively referred to as the "FECIL Share Option Schemes"). The FECIL Share Option Schemes were approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Schemes, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

At 31 March 2022 and 2021, there were no options which remained outstanding under FECIL Share Option Schemes.

46. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

46. RETIREMENT BENEFITS SCHEMES (continued)

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

The Group makes contribution to defined benefit pay–as–you go system administrated by the Czech Social Security Administration for employees in Czech Republic, based on certain percentage of the salaries of the employees in Czech Republic.

Total retirement benefits expenses charged to profit or loss amounted to HK$43,486,000 in the current year (2021: HK$31,432,000).

47. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2022 HK$'000	2021 HK$'000
Financial assets		
Debt instruments as FVTOCI	1,124,161	2,028,844
Equity instruments at FVTOCI	902,298	1,059,400
Financial assets at FVTPL	1,006,810	1,054,562
Financial assets at amortised cost	10,018,835	7,155,044
Derivative financial instruments	17,919	3,531
	13,070,023	11,301,381
Financial liabilities		
Derivative financial instruments	25,922	13,852
Financial liabilities at amortised cost	33,122,490	29,176,861
	33,148,412	29,190,713

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies

The Group's major financial instruments included investment securities, borrowings, trade and other receivables, trade and other payables, bank balances and cash and notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, variable-rate loan receivables, borrowings and debt instruments. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

In addition, the Group is also exposed to fair value interest rate as most of the debt instruments are at fixed rate. The sensitivity analysis for fair value interest rate risk for debt instruments measured at fair value are presented under price risk.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Interest rate sensitivity analysis

The sensitivity analysis considers only loan receivables and borrowings which have significant impact on the consolidated financial statements and loan receivables outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period for borrowing and loan receivables.

If interest rates had been increased/decreased by 50 basis points (2021: 50 basis points) and all other variables were held constant, the Group's profit after tax, due to the impact of variable-rate loan receivables and borrowings, would have decreased/increased by HK$42,548,000 (2021: HK$34,334,000) and the interest capitalised would have increased/decreased by HK$64,452,000 (2021: HK$56,031,000).

No analysis for the impact of interest rate risk on debt instruments at FVTOCI as the management expected the impact is not significant.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, at the end of the reporting period are as follows:

	Assets		Liabilities	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
A$	**613,779**	421,585	**933,120**	159,300
US$	**2,250,182**	3,957,519	**4,755,518**	5,879,349
EUR	**199,312**	239,107	**9,577**	86,709
S$	**257,446**	336,919	**–**	–
GBP	**1,337,789**	247,116	**803,740**	36,214

Inter-company balances

	Assets		Liabilities	
	2022 HK$'000	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
A$	**10,755,646**	8,367,287	**–**	–
RMB	**1,571,271**	419,813	**1,594,810**	1,173,943
EUR	**364,344**	361,764	**–**	–
S$	**165,881**	174,344	**–**	–
GBP	**3,631,692**	2,229,509	**–**	–

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than USD for the individual group entity in Hong Kong since under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and USD. The following tables details the Group's sensitivity to a 10% (2021: 10%) weakening in the functional currencies of group entities against the relevant foreign currencies of respective group entities, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at the year end. For a 10% strengthening of the functional currencies of group entities against the relevant foreign currencies, these would be an equal and opposite impact on profit and other comprehensive income.

	(Decrease) increase in profit after tax	
	2022	2021
	HK$'000	HK$'000
A$	(26,665)	21,901
RMB	(209,196)	(98,024)
EUR	15,843	12,725
S$	21,497	28,133
GBP	44,593	17,610

	Increase in other comprehensive income	
	2022	2021
	HK$'000	HK$'000
A$	1,075,565	836,729
RMB	157,127	41,981
EUR	36,434	36,176
S$	16,588	17,434
GBP	363,169	222,951

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk

The Group is exposed to equity price risk, fair value interest rate risk and other price risk arising from financial assets at FVTPL and financial assets at FVTOCI.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt price risk at the end of the reporting period.

If the price of the respective equity and investment funds have been 5% (2021: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$2,350,000 (2021: HK$453,000) as a result of the changes in fair value of equity securities at FVTPL.

- profit after tax would have increased/decreased by HK$28,198,000 (2021: HK$17,729,000) as a result of the changes in fair value of investment funds at FVTPL.

- FVTOCI reserve would have increased/decreased by HK$37,671,000 (2021: HK$52,970,000) as a result of the changes in fair value of securities at FVTOCI.

The management considered that the fluctuation of price on structured notes is not significant and no sensitivity analysis is presented.

No analysis for the impact of credit risk exposure and market interest rate exposure on fixed rate debt securities as the management expected the impact is not significant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, pledged/restricted bank deposits, bank balances, deposits in financial institutions, amounts due from related parties, other receivables, loan receivables, customers' deposits under escrow, debt instruments at FVTPL and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables are mitigated because they are secured over properties.

Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

For the Group's investments in debt securities, the investment committee are responsible for the credit risk assessment and give advice to the board of directors. The investment committee also assesses the financial performance of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. Failure to repay may result in collateral liquidation, if any, and/or legal actions against the issuers. The Group also monitors the credit rating and market news of the issuers of the respective debts securities for any indication of potential credit deterioration.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group concentration of credit risk mainly on amounts due from an investee company, amount due from a shareholder of a non-wholly owned subsidiary, amounts due from associates which is mainly due from two associates (2021: two associates), and amounts due from joint ventures which is mainly due from eight joint ventures (2021: six joint ventures). The Group actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on the outstanding balances.

The Group invests in rated and unrated debt securities as well as investment grade debt securities. The management regularly reviews and monitors the portfolio of debt securities. Summary of the fair value and principal amount of debt securities at FVTPL are set out below.

Debt securities at FVTPL

	2022		2021	
	Fair value HK$'000	Principal amount HK$'000	Fair value HK$'000	Principal amount HK$'000
AA- to BBB-	73,388	90,900	166,806	163,726
BB+ to B	74,809	80,116	129,350	130,523
Unrated	4,654	4,676	89,139	87,291
	152,851	175,692	385,295	381,540

Trade debtors arising from contracts with customers as well as lease receivables

In order to minimise the credit risk, the management of the Group has policies in place to ensure the sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade debtors including lease receivables individually or collectively based on the Group's internet credit rating.

Loan receivables/amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company/bank balances and deposits

The credit risk of loan receivables and amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company consider that the probability of default is minimal after assessing the counter-parties financial background and underlying assets held by the related parties.

Loan receivables represent mortgage loans secured by the properties of the borrowers.

In determining the recoverability of loan receivables, the Group considers any change in the credit quality of the borrowers, the value of the underlying properties under mortgage, historical settlements of loan interests and other forward-looking information.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Debt instruments at FVTOCI

The Group only invests in debt securities with credit rating of B or above issued by Moody's or Standard & Poor's. The directors of the Company focus on the investment diversification and their credit ratings changes. During the year, the credit rating of certain debt securities which are issued by PRC property developers, have been down-graded to CCC triggered by default events.

The directors of the Company assess ECL on the debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debts instruments credit grades. Summary of the fair value and principal amount of debt securities at FVTOCI are set out below.

	2022		2021	
	Fair value HK$'000	Principal amount HK$'000	Fair value HK$'000	Principal amount HK$'000
AA- to BBB-	106,817	116,534	435,537	425,445
BB+ to B	476,190	523,286	1,259,538	1,274,442
CCC	79,769	109,480	–	–
Unrated	461,385	466,830	333,769	354,277
	1,124,161	1,216,130	2,028,844	2,054,164

During the year ended 31 March 2022, as certain issuers, which are PRC property developers, were determined to be credit-impaired, the credit loss allowances on those individual debt instruments are measured on lifetime ECL basis. For the purpose of ECL assessment, the Group considers the gross principal amount and the related contracted interests of the debt instruments. The Group assesses ECL for debt instruments at FVTOCI by reference to the credit rating of the debt instruments announced by external credit rating agencies, the macroeconomic factors affecting each issuer, and the probability of default and loss given default of each debt instrument.

During the year ended 31 March 2022, the impairment loss on debt instruments at FVTOCI amounting to HK$78,258,000 was recognised in profit or loss. During the year ended 31 March 2021, the directors of the Company were of the opinion that the ECL on these debt instruments was insignificant.

The credit risks on pledged deposits, restricted bank deposits, deposits in financial institutions, bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and leases receivables/	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment:

	NOTES	External credit rating	Internal credit rating	12-month or lifetime ECL	2022 Gross carrying amount HK$'000	2021 Gross carrying amount HK$'000
Debt instruments at FVTOCI						
Investment in debt securities	20	AA- to B	N/A	12-month ECL	583,007	1,695,075
		Unrated	Low risk	12-month ECL	461,385	333,769
		CCC	N/A	Lifetime ECL – credit-impaired	79,769	–
Financial assets at amortised cost						
Trade debtors (contract with customers)	24	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	391,667	826,950
		N/A	Loss	Credit-impaired	56,687	36,903
Loan receivables	21	N/A	Low risk (Note 2)	12-month ECL	187,635	217,905
Amounts due from related parties and a shareholder of a non-wholly owned subsidiary	33 & 44	N/A	Low risk (Note 2)	12-month ECL	1,285,809	800,180
Pledged deposits/restricted bank deposits	22	above A- (Note 3)	N/A	12-month ECL	893,962	400,591
Bank balances/deposits in financial institutions	22	above A- (Note 3)	N/A	12-month ECL	6,902,605	4,412,067
Other receivables	24	N/A	Low risk (Note 2)	12-month ECL	145,833	170,786
Customers' deposits under escrow	25	N/A	Low risk (Note 2)	12-month ECL	468,696	335,818
Others						
Lease receivables	24	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	59,693	22,905

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

1. Trade debtors and lease receivables
For trade debtors and lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors and contract assets, which are assessed individually, the Group determines the expected credit losses on trade and lease receivables collectively based on shared credit risk characteristics by reference to the Group's internal credit ratings.

   As at 31 March 2022, the Group provided HK$9,253,000 (2021: HK$9,253,000) impairment allowance for trade debtors, based on the collective assessment. Impairment allowance of HK$56,687,000 (2021: HK$36,903,000) were made on credit impaired debtors on an individual basis. The increase of impairment allowance made on credit impaired debtors was due to increase of long outstanding debtors in particular to car park segment.

2. Loan receivables, amounts due from related parties, customers' deposits under escrow and other receivables
For the purposes of internal credit risk management, the Group uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

   Loan receivables are secured by property interests. The directors of the Company consider the exposure to credit risk of these loan receivables is low after taking into account the value of the collateral, historical settlements of loan interests and principal and other forward-looking information. The fair value of the collateral is higher than the outstanding amount of these receivables at the end of the reporting period. The loss given default and 12-month ECL of these loan receivables is considered as insignificant to the Group, and no allowance of expected credit loss is provided for these loan receivables.

   For amounts due from related parties, the directors of the Company consider the exposure to credit risk of these amounts is low after taking into consideration of the fair values of the underlying assets held by the related parties, the outlook of their future operations and the expected operating cash flows of the related parties.

   Customers' deposits under escrow represents the portion of the sale proceeds being held in the escrow accounts. The funds are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities. The directors consider the exposure of credit risk is low.

   For other receivables, the directors of the Company consider the exposure of credit risk, historical settlement and other forward-looking information. The loss under of 12-month ECL of the other receivables are insignificant to be recognised.

3. For pledged deposits, restricted bank deposits, bank balances and deposits in financial institutions, the ECL is assessed by reference to probability of default and loss credit rating grade published by international credit agencies.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2022							
Creditors and accruals	N/A	1,404,211	–	–	–	1,404,211	1,404,211
Other liabilities	3.0	3,628	2,249	2,249	209	8,335	6,086
Other liabilities (deposit received)	N/A	–	–	338,000	–	338,000	338,000
Amount due to a related company	N/A	858	–	–	–	858	858
Amounts due to associates	N/A	7,245	–	–	–	7,245	7,245
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	171,548	–	–	–	171,548	171,548
Bank and other borrowings	1.71	11,133,518	11,368,802	4,351,697	559,441	27,413,458	26,590,414
Lease liabilities	3.08	93,386	151,595	97,160	400,442	742,583	609,736
Notes	4.96	231,211	4,364,198	74,640	557,097	5,227,146	4,604,128
		13,045,605	15,886,844	4,863,746	1,517,189	35,313,384	33,732,226
Derivatives financial instrument – net settled							
Interest rate/currency swap contracts		25,922	–	–	–	25,922	25,922

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For the year ended 31 March 2022

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2021							
Creditors and accruals	N/A	1,250,252	–	–	–	1,250,252	1,250,252
Other liabilities	3.00	2,192	120,225	6,386	271	129,074	128,798
Amount due to a related company	N/A	807	–	–	–	807	807
Amounts due to associates	N/A	51,326	–	–	–	51,326	51,326
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	168,997	–	–	–	168,997	168,997
Bank and other borrowings	2.62	10,960,182	9,658,731	2,321,145	507,410	23,447,468	22,357,765
Lease liabilities	2.88	83,476	115,868	133,784	414,703	747,831	726,897
Notes	4.50	2,530,297	3,256,052	74,640	581,977	6,442,966	5,218,916
		15,047,529	13,150,876	2,535,955	1,504,361	32,238,721	29,903,758
Derivatives financial instrument – net settled Interest rate/currency swap contracts		7,045	6,807	–	–	13,852	13,852

Liquidity risk

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2022 and 31 March 2021, the carrying amounts of these bank borrowings amounted to HK$5,032,785,000 and HK$2,705,485,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2022						
Bank and other borrowings	**3,947,823**	**1,041,951**	**21,817**	**76,730**	**5,088,321**	**5,032,785**
At 31 March 2021						
Bank and other borrowings	1,623,246	719,149	421,043	80,888	2,844,326	2,705,485

The cash flows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate benchmark reform

As listed in notes 20, 27 and 31, the Group's unlisted debt instruments, bank borrowings and interest rate swaps which are indexed to SOR and the 3-month USD LIBOR will mature before the cessation of SOR and 3-month USD LIBOR as mentioned below. In addition, several of the Group's bank borrowings which are indexed with BBSW and HIBOR, BBSW and HIBOR will co-exist with AUD Overnight Index Average ("AONIA") and Hong Kong Dollar Overnight Index Average ("HONIA") respectively. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

During the year ended 31 March 2022, the LIBOR settings in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings ceased immediately after 31 December 2021.

The Financial Conduct Authority has confirmed the remaining LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after 30 June 2023, in the case of the remaining US dollar settings.

BBSW

The Reserve Bank of Australia has indicated a multi-rate approach to be adopted in Australia, where AONIA has been identified as an alternative to BBSW and there is no plan to discontinue BBSW. Therefore, BBSW will co-exist with AONIA.

For the floating rate bank borrowings that are linked to BBSW, the management expects the BBSW will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

For the floating rate bank borrowings that are linked to HIBOR, the management expects the HIBOR will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

SOR

The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee have confirmed that SOR will cease to be provided by any administrator or no longer be representative immediately after 30 June 2023 and identified the Singapore Overnight Rate Average ("SORA") as the alternative interest rate benchmark for SOR and have set out a roadmap for this transition.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate benchmark reform (continued)

Risks arising from the interest rate benchmark reform

Except for the bank borrowings indexed with HIBOR and BBSW, the following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs and other index rates that are relevant to the Group, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, all contracts which are linked to GBP LIBOR have been transitioned to SONIA. For the floating rate bank borrowings that are linked to HIBOR and BBSW, the management expects the contracts will continue to maturity and the Group does not intend to transition the contracts to HONIA and AONIA respectively.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 March 2022. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Progress towards implementation of alternative benchmark interest rates (continued)

Financial instruments	Maturing in	Carrying amounts/ notional amounts HK$'000	Transition progress
Non-derivative financial asset			
Unlisted debt instruments at FVTOCI linked to BBSW	2024	410,220	AONIA will co-exist with BBSW. The management expects the BBSW will continue to maturity.
Non-derivative financial liabilities			
Bank loans linked to HIBOR	2022 to 2027	15,181,008	HONIA will co-exist with HIBOR. The management expects the HIBOR will continue to maturity.
Bank loans linked to SOR	2022	2,339,474	The contract will mature before the cessation of SOR.
Bank loans linked to BBSW	2024	5,410,639	AONIA will co-exist with BBSW. The management expects the BBSW will continue to maturity.
Bank loans linked to 3-month USD LIBOR	2022	625,751	The contract will mature before the cessation of 3-month USD LIBOR.
Derivative			
Interest rate swaps – Receive 3-month USD LIBOR, pay fixed interest rate swap	2030–2031	156,400	The contracts will transit based on International Swaps and Derivatives Association protocol.

Note: No detailed fallback clauses for the above contracts.

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

	Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
		31.3.2022 HK$'000	31.3.2021 HK$'000		
1a)	Listed equity securities classified as financial assets at FVTPL	42,617	6,336	Level 1	Quoted bid prices in an active market
1b)	Listed equity securities classified as equity instrument at FVTOCI	902,298	1,059,400	Level 1	Quoted bid prices in an active market
1c)	Unlisted equity securities classified as financial assets at FVTPL	13,662	4,506	Level 2	Recent transaction price of equity securities issued to third parties
2a)	Listed debt securities classified as financial assets at FVTPL	152,851	351,266	Level 1	Quoted bid prices in an active market
2b)	Unlisted debt securities classified as financial assets at FVTPL	-	34,029	Level 2	Reference to market value provided by brokers/financial institution
2c)	Unlisted debt securities classified as financial assets at FVTOCI	419,604	194,489	Level 2	Reference to market value provided by brokers/financial institution
2d)	Listed debt securities classified as financial assets at FVTOCI	704,557	1,834,355	Level 1	Quoted bid prices in an active market
3a)	Investment funds classified as financial assets at FVTPL	427,873	310,029	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
3b)	Investment funds classified as financial assets at FVTPL	247,526	114,637	Level 3	Reference to the net asset value of the unlisted equity investment provided by the external counterparties. Discount of 4.6% (2021: 1.3%) for lack of marketability

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

	Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31.3.2022 HK$'000	Fair value as at 31.3.2021 HK$'000	Fair value hierarchy	Valuation technique and key inputs
4)	Structured notes classified as financial assets at FVTPL	–	233,759	Level 2	Reference to market value provided by financial institution
5)	Convertible bond classified as financial assets at FVTPL	122,281	–	Level 3	Binomial Option Pricing Model The fair value is estimated based on the risk free rate, conversion price, underlying share price, expected volatility of the underlying share price, expected dividend yield and discount rate.
6a)	Cross currency swap contracts classified as derivative financial instruments	Assets – 4,084 Liabilities – (1,911)	– Liabilities – (500)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties.
6b)	Interest rate swap contracts classified as derivative financial instruments	Assets – 13,835 –	Assets – 3,531 Liabilities – (13,352)	Level 2	Discounted cash flow Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties.
7)	Liabilities arising from profit guarantee arrangement	Liabilities – (24,011)	–	Level 3	Income approach Future cash flows are estimated based on the contractual terms to be payable by the Group, discounted using an appropriate discount rate.

There were no transfers between Levels 1, 2 and 3 during the years ended 31 March 2022 and 31 March 2021.

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For the year ended 31 March 2022

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Investment funds classified as financial assets at FVTPL HK$'000	Liabilities arising from profit guarantee arrangement HK$'000	Convertible bonds classified as financial assets at FVTPL HK$'000
At 1 April 2020	21,904	–	–
Addition	77,467	–	–
Unrealised fair value change recognised in profit or loss	12,850	–	–
Exchange realignment	2,416	–	–
At 31 March 2021	114,637	–	–
Addition	111,224	56,406	129,500
Redemption	–	–	(2,660)
Unrealised fair value change recognised in profit or loss	23,528	(32,667)	(4,559)
Exchange realignment	(1,863)	272	–
At 31 March 2022	247,526	24,011	122,281

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable inputs for any of the level 3 financial instruments of the Group, as the management considers that the exposure is insignificant to the Group.

d. Financial instruments subject to enforceable master netting arrangements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. No further disclosure is provided as the effects are considered insignificant.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK$'000 (note 31)	Notes HK$'000 (note 34)	Dividend payable HK$'000	Amounts due to related companies HK$'000 (note 44)	Amounts due to associates HK$'000 (note 44)	Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (note 33)	Lease liabilities HK$'000 (note 32)	Other liabilities HK$'000	Total HK$'000
At 1 April 2020	19,911,762	3,548,124	-	751	6,897	395,126	624,339	8,014	24,495,013
New lease entered	-	-	-	-	-	-	49,347	-	49,347
Financing cash flows	769,135	1,493,416	(345,406)	56	44,429	(249,982)	(84,547)	(1,920)	1,625,181
Non-cash changes	(23,830)	-	(102,647)	-	-	-	(14,646)	-	(141,123)
Finance costs	542,357	165,160	-	-	-	-	21,239	-	728,756
Dividends recognised as distribution	-	-	448,053	-	-	-	-	-	448,053
Foreign exchange translation	1,158,341	12,216	-	-	-	23,853	131,165	238	1,325,813
At 31 March 2021	22,357,765	5,218,916	-	807	51,326	168,997	726,897	6,332	28,531,040
New lease entered	-	-	-	-	-	-	12,102	-	12,102
Termination of lease contracts	-	-	-	-	-	-	(15,194)	-	(15,194)
Disposal of subsidiaries	(588,154)	-	-	-	-	-	-	-	(588,154)
Financing cash flows	4,598,828	(835,432)	(386,923)	51	(44,250)	-	(133,503)	-	3,198,771
Non-cash changes (Note)	(211,195)	(54,438)	(68,855)	-	-	-	(180)	-	(334,668)
Finance costs	569,185	248,234	-	-	-	-	20,246	-	837,665
Dividends recognised as distribution	-	-	455,778	-	-	-	-	-	455,778
Foreign exchange translation	(136,015)	26,848	-	-	169	2,551	(632)	(84)	(107,163)
At 31 March 2022	26,590,414	4,604,128	-	858	7,245	171,548	609,736	6,248	31,990,177

Note: The non-cash changes mainly represented settlement of bank loan by the Purchaser amounting to HK$211,195,000 as disclosed in note 39, accrued interest payables of HK$54,438,000 included in "other payables and accrued charges" as disclosed in note 28, and issuance of shares in lieu of cash dividend amounting to HK$68,855,000 as disclosed in note 38.

In addition, the Group has made distributions of HK$189,191,000 (2021: HK$220,345,000) to owners of perpetual capital notes during the year ended 31 March 2022.

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49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2022 HK$'000	2021 HK$'000
Non-current Asset		
Interests in subsidiaries	6,117,754	7,482,201
Current Assets		
Amount due from a subsidiary	–	1,138,840
Bank balances, deposits and cash	7,748	7,839
	7,748	1,146,679
Current Liabilities		
Creditors and accrued charges	25,137	29,554
Loan from a subsidiary	–	159,300
Amount due to a subsidiary	–	19,465
Notes	–	1,834,899
	25,137	2,043,218
Net Current Liabilities	(17,389)	(896,539)
Total Assets Less Current Liabilities	6,100,365	6,585,662
Capital and Reserves		
Share capital	241,962	239,508
Share premium	4,650,772	4,584,371
Reserves	101,004	665,687
	4,993,738	5,489,566
Non-current Liabilities		
Notes	1,106,374	1,095,843
Deferred tax liabilities	253	253
	1,106,627	1,096,096
	6,100,365	6,585,662

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2020	236,942	4,534,687	34,087	628,830	129,271	5,563,817
Profit and other comprehensive income for the year	–	–	–	–	319,675	319,675
Dividends	–	–	–	–	(448,053)	(448,053)
Share issued in lieu of cash dividend	4,443	98,204	–	–	–	102,647
Repurchase of ordinary shares	(1,877)	(48,520)	1,877	–	–	(48,520)
At 31 March 2021	239,508	4,584,371	35,964	628,830	893	5,489,566
Loss and other comprehensive expense for the year	–	–	–	–	(108,905)	(108,905)
Dividends	–	–	–	(455,778)	–	(455,778)
Share issued in lieu of cash dividend	2,454	66,401	–	–	–	68,855
At 31 March 2022	241,962	4,650,772	35,964	173,052	(108,012)	4,993,738

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2022 %	2021 %	
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	100,000,001 share of A$1	100	100	Property development
Indirect subsidiaries					
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development
Amphion Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Angel Meadows (FEC) Limited	UK	100 shares of £1	100	100	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apexwill Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Asian Harvest Investments Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	88.85	88.85	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI/HK	100 shares of US$1	100	100	Investment holding
Capital Fortune Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Leasing Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Property Pty Ltd	Australia	100 shares of A$1	77.75	77.75	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	30,000 shares of HK$100	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$8,800,000	100	100	Hotel management

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2022 %	2021 %	Principal activities
Chun Wah Holdings Limited	HK	200 shares of HK$1	100	100	Property development
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Crouch End (FEC) Limited	UK	1 share of £1	100	100	Property development
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Property development
Dorsett Hospitality International Limited	Cayman Islands	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR2	100	100	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Drakar Limited	Isle of Man/ UK	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	Curacao	99,000 shares of US$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Vault Limited	HK	1 share of HK$1	100	100	Vault Service

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2022 %	2021 %	Principal activities
FEC 640 Bourke Street Melbourne Pty Ltd	Australia	1 share of A$1	100	100	Property development
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Development Management Limited	UK	1 share of £1	100	100	Administrative services
FEC Financing (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Corporate treasury management
FEC May22 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
FEC Northern Gateway Development Limited	UK	1 share of £1	100	100	Property development
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	Amsterdam	120,000 shares of DeFi Land ("DFL") 1	100	100	Investment holding
FEC Suites Pte. Ltd.	Singapore	1 share of S$1	100	100	Property development
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares of £1	100	100	Investment holding
Madison Lighters and Watches Company Limited	HK	4 shares of HK$1	100	100	Investment holding
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 MYR1	100	100	Hotel operation
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2022 %	2021 %	Principal activities
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Perth FEC Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub One Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Seven Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Six Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Three Pty Ltd	Australia	1 share of A$1	100	100	Property development
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
Sanon Limited	HK	1 share of HK$1	100	100	Property development and investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	77.75	77.75	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property development
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Topping Faithful Limited	HK	1 share of HK$1	100	100	Sales agency service
Tracia Limited	Isle of Man/ UK	1 share of £1	100	100	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2022 %	2021 %	Principal activities
Trans World Hotels & Entertainment, a.s.	Czech Republic	400 shares of CZK75,000 and 100 shares of CZK700,000	100	100	Gaming and hotel operation
Trans World Hotels Austria GmbH	Austria	1 share of EUR40,000	100	100	Hotel operation
Trans World Hotels Germany GmbH	Germany	1 share of EUR20,000	100	100	Hotel operation
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Well Distinct Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Wing Mau Tea House Limited	HK	100,000 shares of HK$1	100	–	Property development
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding
武漢港澳中心物業管理有限公司(iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
上海帝盛酒店有限公司(iii)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

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

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of subsidiaries that has material non-controlling interests

The table below shows details of subsidiaries of the Group that have material non-controlling interests as at 31 March 2022 and 2021.

	Profit allocated to non-controlling interests/owners of perpetual capital notes		Accumulated non-controlling interests/owners of perpetual capital notes	
	2022	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000
Owners of perpetual capital notes (Note)	**206,877**	199,713	**2,901,589**	2,883,903
Subsidiaries with individually immaterial non-controlling interests	**3,278**	62,833	**376,611**	373,330

Note:

FEC Finance Limited's issued ordinary shares are fully held by the Group. As disclosed in note 37, FEC Finance Limited issued perpetual capital notes which are classified as equity to parties outside the Group. Such non-controlling interests of FEC Finance Limited amounted to HK$2,901,589,000 (2021: HK$2,883,903,000) as at 31 March 2022.

51. CONTINGENT LIABILITIES

During the year ended 31 March 2021, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. Up to the date on which these consolidated financial statements are authorised for issue, the management is of the opinion, upon advised by the legal counsel, that the claim is not valid as there is no breach of contract and therefore these allegations of wrongdoing will be rigorously denied and the proceedings are being fully contested.

52. EVENTS AFTER THE REPORTING PERIOD

1) On 14 March 2022, Next Talent Developments Limited (the "Buyer"), an indirect wholly-owned subsidiary of the Company, Big Brilliance Limited (the "Seller"), a direct wholly-owned subsidiary of R&F Properties (HK) Company Limited ("R&F Prop HK") and an indirect wholly-owned subsidiary of Guangzhou R&F Properties Co., Ltd ("Guangzhou R&F"), and R&F Prop HK and Mr. LI Sze Lim, substantial shareholder of Guangzhou R&F, as the warrantors entered into the sales and purchase agreement ("SPA").

   Under the SPA, the Buyer will acquire the entire issued share capital of R&F Properties VS (UK) Co., Ltd ("Target Company"), an indirect wholly-owned subsidiary of Guangzhou R&F and take the assignment of amounts due to the Seller and certain subsidiaries of Guangzhou R&F from the Target Company and its two subsidiaries ("Intercompany Loan") at the consideration of approximately GBP95,703,000 (equivalent to approximately HK$977,123,000), subject to adjustment to consideration ("Adjustment") as defined in the Company's announcement published on 15 March 2022.

   Subject to the completion of the transaction ("Completion"), the Seller will have the option to, at any time after the completion and on or before the end of six months after Completion, repurchase the entire issued share capital of the Target Company and the Intercompany Loan from the Buyer at a consideration of approximately GBP106,610,000 (equivalent to approximately HK$1,088,492,000) plus all the costs, liabilities and expenses ("Option Consideration") as defined in the Company's announcement published on 15 March 2022.

   The Seller may exercise the option by notice to the Buyer given at any time on or before the day falling 30 days prior to the date which is 6 months after Completion. Such notice once given shall be irrevocable. The option will automatically lapse and cease to be exercisable by the Seller if the option has not been duly exercised on or before the end of six months after Completion, or any Adjustment is not made by the Seller and received by the Buyer within two business days of demand by the Buyer, or there has occurred a material breach of any provision under the SPA. The transaction had completed on 4 April 2022. Up to the date on which these consolidated financial statements are authorised for issue, the Company is in process of finalising the accounting impact of the transaction.

2) The Board of Directors has recommended a bonus issue of shares on the basis of one bonus share for every ten existing ordinary shares held by the Shareholders whose names appear on the Company's Register of Members on 14 September 2022 (the "Proposed Bonus Issue").

   The Proposed Bonus Issue will be subject to (i) Shareholders' approval of the Proposed Bonus Issue at the forthcoming annual general meeting; and (ii) the Stock Exchange granting the listing of and permission to deal in the new shares to be allotted thereunder. A circular containing details of the Proposed Bonus Issue will be despatched to the Shareholders on or around 28 July 2022 and new share certificates will be posted on or around 22 September 2022. No adjustment has been made to the Group's basic and diluted earnings per shares as set out in note 12 to the consolidated financial statements as the Proposed Bonus Issue has not yet approved as at the date on which these consolidated financial statements are authorised for issue.

Independent Auditor's Report

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 106 to 227, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements and estimation associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People's Republic of China and Singapore. The investment properties were carried at HK$8,159,748,000 as at 31 March 2021 and represents approximately 16% of total assets in the consolidated financial statements of the Group as at 31 March 2021. As disclosed in note 8 to the consolidated financial statements, changes in fair value of investment properties of HK$382,882,000 was recognised in the consolidated statement of profit or loss for the year then ended 31 March 2021. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments and estimates by the directors of the Company, including market rent, gross development value, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding and assessing the reasonableness of the valuation techniques and significant assumptions used by the management and Valuers based on the relevant accounting requirements and industry norms; • Evaluating the reasonableness of the key inputs, including market rent, gross development value, market unit rate and capitalisation rate adopted by the management and the Valuers, on a sample basis, by comparing the key inputs to relevant market data based on our knowledge of the property markets; and • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

As part of our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Tan Wei Ming.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 June 2021

Consolidated Statement of Profit or Loss

For the year ended 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Revenue	7	**5,943,694**	7,450,604
Cost of sales and services		**(3,629,017)**	(4,742,094)
Depreciation of hotel and car park assets		**(473,194)**	(449,158)
Gross profit		**1,841,483**	2,259,352
Other income		**259,726**	143,111
Other gains and losses	8	**425,824**	(15,517)
Administrative expenses			
– Hotel operations and management		**(319,553)**	(441,905)
– Others		**(342,404)**	(409,314)
Pre-operating expenses			
– Hotel operations and management		**–**	(27,601)
Selling and marketing expenses		**(245,274)**	(193,773)
Share of results of associates		**(13,108)**	(11,485)
Share of results of joint ventures		**(31,082)**	2,878
Finance costs	9	**(309,785)**	(468,425)
Profit before tax		**1,265,827**	837,321
Income tax expense	10	**(460,087)**	(286,340)
Profit for the year	11	**805,740**	550,981
Attributable to:			
Shareholders of the Company		**543,194**	365,853
Owners of perpetual capital notes		**199,713**	98,564
Other non-controlling interests		**62,833**	86,564
		262,546	185,128
		805,740	550,981
Earnings per share	12		
Basic (HK cents)		**22.9**	15.5
Diluted (HK cents)		**22.9**	15.5

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Profit for the year	**805,740**	550,981
Other comprehensive income (expense) for the year		
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at fair value through other comprehensive income ("FVTOCI")	**525,837**	(402,838)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**1,974,889**	(1,559,653)
Fair value change on debt instruments at FVTOCI	**114,742**	(255,663)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	**(66,408)**	(28,359)
Other comprehensive income (expense) for the year	**2,549,060**	(2,246,513)
Total comprehensive income (expense) for the year	**3,354,800**	(1,695,532)
Total comprehensive income (expense) attributable to:		
Shareholders of the Company	**3,072,424**	(1,840,709)
Owners of perpetual capital notes	**199,713**	73,696
Other non-controlling interests	**82,663**	71,481
	282,376	145,177
	3,354,800	(1,695,532)

Consolidated Statement of Financial Position

At 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Non-current Assets			
Investment properties	15	**8,159,748**	7,243,208
Property, plant and equipment	16	**12,593,755**	11,160,856
Goodwill	17	**68,400**	68,400
Interests in associates	18	**1,800,616**	1,237,775
Interests in joint ventures	19(a)	**1,095,822**	791,846
Investment securities	20	**1,136,241**	492,852
Derivative financial instruments	28	**–**	37,222
Deposits for acquisition of property, plant and equipment		**95,372**	88,045
Amount due from an associate	43	**62,864**	62,864
Amounts due from joint ventures	43	**26,154**	58,572
Amount due from an investee company	43	**119,995**	119,995
Loan receivables	21	**210,876**	259,651
Pledged deposits	22	**9,525**	20,409
Deferred tax assets	35	**249,086**	93,653
		25,628,454	21,735,348
Current Assets			
Properties for sale	23		
Completed properties		**1,613,798**	1,966,189
Properties under development		**12,334,478**	9,983,444
Other inventories		**9,735**	11,146
Debtors, deposits and prepayments	24	**1,143,837**	379,091
Customers' deposits under escrow	25	**335,818**	147,527
Loan receivables	21	**7,029**	9,269
Contract assets	26	**–**	1,103,698
Contract costs	27	**315,042**	283,787
Amounts due from joint ventures	43	**463,399**	349,392
Amounts due from associates	43	**18,557**	24,717
Amount due from a shareholder of non-wholly owned subsidiary	33	**109,211**	–
Tax recoverable		**92,713**	160,697
Investment securities	20	**3,006,565**	2,534,548
Derivative financial instruments	28	**3,531**	–
Pledged deposits	22	**377,050**	51,600
Restricted bank deposits	22	**14,016**	120,932
Deposit in a financial institution	22	**46,316**	6,880
Bank balances and cash	22	**4,365,751**	2,911,726
		24,256,846	20,044,643
Investment properties held for sale	15	**15,488**	–
		24,272,334	20,044,643

Consolidated Statement of Financial Position

At 31 March 2021

	NOTES	2021 HK$'000	2020 HK$'000
Current Liabilities			
Creditors and accruals	29	**1,694,889**	1,264,635
Contract liabilities	30	**689,615**	310,598
Lease liabilities	32	**81,139**	77,253
Amount due to a related company	43	**807**	751
Amounts due to associates	43	**51,326**	6,897
Amounts due to shareholders of non-wholly owned subsidiaries	33	**168,997**	395,126
Derivative financial instruments	28	**7,045**	3,397
Notes	34	**1,834,899**	–
Tax payable		**747,998**	368,283
Bank and other borrowings	31	**10,438,601**	6,505,953
		15,715,316	8,932,893
Net Current Assets		**8,557,018**	11,111,750
Total Assets less Current Liabilities		**34,185,472**	32,847,098
Non-current Liabilities			
Lease liabilities	32	**645,758**	547,086
Derivative financial instruments	28	**6,807**	–
Notes	34	**3,384,017**	3,548,124
Bank borrowings	31	**11,919,164**	13,405,809
Deferred tax liabilities	35	**1,046,665**	903,317
Other liabilities		**128,798**	129,028
		17,131,209	18,533,364
Net Assets		**17,054,263**	14,313,734
Capital and Reserves			
Share capital	36	**239,508**	236,942
Share premium		**4,584,371**	4,534,687
Reserves		**8,973,151**	6,346,903
Equity attributable to shareholders of the Company		**13,797,030**	11,118,532
Owners of perpetual capital notes	37	**2,883,903**	2,904,535
Other non-controlling interests		**373,330**	290,667
		3,257,233	3,195,202
Total Equity		**17,054,263**	14,313,734

The consolidated financial statements on pages 106 to 227 were approved and authorised for issue by the Board of Directors on 24 June 2021 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	Fair value through other comprehensive income reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2019	235,169	4,479,650	29,820	54,727	(298,100)	(791,334)	984	1,057,764	8,644,396	13,413,076	-	219,186	219,186	13,632,262
Profit for the year	-	-	-	-	-	-	-	-	365,853	365,853	98,564	86,564	185,128	550,981
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,519,702)	-	-	-	(1,519,702)	(24,868)	(15,083)	(39,951)	(1,559,653)
Fair value change on equity instruments at fair value through other comprehensive income	-	-	-	-	(402,838)	-	-	-	-	(402,838)	-	-	-	(402,838)
Fair value change on debt instruments at fair value through other comprehensive income	-	-	-	-	(255,663)	-	-	-	-	(255,663)	-	-	-	(255,663)
Reclassification adjustment on disposal of debt instruments at fair value through other comprehensive income during the year	-	-	-	-	(28,359)	-	-	-	-	(28,359)	-	-	-	(28,359)
Other comprehensive expense for the year	-	-	-	-	(686,860)	(1,519,702)	-	-	-	(2,206,562)	(24,868)	(15,083)	(39,951)	(2,246,513)
Total comprehensive (expense) income for the year	-	-	-	-	(686,860)	(1,519,702)	-	-	365,853	(1,840,709)	73,696	71,481	145,177	(1,695,532)
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	(514,912)	(514,912)	-	-	-	(514,912)
Issuance of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	2,830,839	-	2,830,839	2,830,839
Shares issued in lieu of cash dividend	6,040	196,715	-	-	-	-	-	-	-	202,755	-	-	-	202,755
Repurchase of ordinary shares	(4,267)	(141,678)	4,267	-	-	-	-	-	-	(141,678)	-	-	-	(141,678)
At 31 March 2020	236,942	4,534,687	34,087	54,727	(984,960)	(2,311,036)	984	1,057,764	8,495,337	11,118,532	2,904,535	290,667	3,195,202	14,313,734

Consolidated Statement of Changes in Equity

For the year ended 31 March 2021

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	Fair value through other comprehensive income reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
Profit for the year	-	-	-	-	-	-	-	-	543,194	543,194	199,713	62,833	262,546	805,740
Exchange differences arising on translation of foreign operations	-	-	-	-	-	1,955,059	-	-	-	1,955,059	-	19,830	19,830	1,974,889
Fair value change on equity instruments at fair value through other comprehensive income	-	-	-	-	525,837	-	-	-	-	525,837	-	-	-	525,837
Fair value change on debt instruments at fair value through other comprehensive income	-	-	-	-	114,742	-	-	-	-	114,742	-	-	-	114,742
Reclassification adjustment on disposal of debt instruments at fair value through other comprehensive income during the year	-	-	-	-	(66,408)	-	-	-	-	(66,408)	-	-	-	(66,408)
Other comprehensive income for the year	-	-	-	-	574,171	1,955,059	-	-	-	2,529,230	-	19,830	19,830	2,549,060
Total comprehensive income for the year	-	-	-	-	574,171	1,955,059	-	-	543,194	3,072,424	199,713	82,663	282,376	3,354,800
Distribution to owners of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(220,345)	-	(220,345)	(220,345)
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	(448,053)	(448,053)	-	-	-	(448,053)
Repurchase of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	131,294	-	131,294	131,294
Sales of repurchased perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(131,294)	-	(131,294)	(131,294)
Shares issued in lieu of cash dividend	4,443	98,204	-	-	-	-	-	-	-	102,647	-	-	-	102,647
Repurchase of ordinary shares	(1,877)	(48,520)	1,877	-	-	-	-	-	-	(48,520)	-	-	-	(48,520)
At 31 March 2021	239,508	4,584,371	35,964	54,727	(410,789)	(355,977)	984	1,057,764	8,590,478	13,797,030	2,883,903	373,330	3,257,233	17,054,263

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by Far East Consortium International Limited ("the Company") for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a former non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the interest of the Company and its subsidiaries (together referred to as the Group) in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016.

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Operating activities		
Profit before tax	1,265,827	837,321
Adjustments for:		
Share of results of joint ventures	31,082	(2,878)
Share of results of associates	13,108	11,485
Depreciation of property, plant and equipment	487,612	462,467
Interest income	(7,773)	(10,462)
Finance costs	309,785	468,425
Change in fair value of investment properties	(382,882)	20,865
Change in fair value of financial assets at FVTPL	(80,834)	96,854
Gain on disposal of debts instruments at FVTOCI	(66,408)	(28,359)
Change in fair value of derivative financial instruments	41,295	(20,899)
(Gain) loss on disposal of property, plant and equipment	(1,599)	452
Allowance for expected credit loss	11,050	4,990
Rent concessions	(14,646)	–
Operating cash flows before movements in working capital	1,605,617	1,840,261
Increase in properties for sale	(85,254)	(107,566)
Decrease (increase) in other inventories	1,411	(276)
Decrease (increase) in loan receivables	51,201	(16,763)
Decrease (increase) in contract assets	1,170,650	(1,063,117)
(Increase) decrease in debtors, deposits and prepayments	(731,372)	55,349
(Increase) decrease in customer's deposits under escrow	(188,272)	43,422
Decrease in investment held for trading	71,334	59,084
Increase (decrease) in creditors and accruals	279,024	(177,250)
Increase in contract costs	29,438	19,874
Increase (decrease) in contract liabilities	339,557	(654,818)
Cash generated from (used in) operations	2,543,334	(1,800)
Income tax paid	(117,333)	(252,051)
Net cash from (used in) operating activities	2,426,001	(253,851)

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Investing activities		
Acquisition and development expenditures of property, plant and equipment	(931,475)	(1,409,170)
Capital investment in associates	(336,151)	(310,130)
Capital investment in joint ventures	(259,207)	(199,997)
Development expenditures and additional cost of investment properties	(172,543)	(2,075,345)
Purchase of equity instruments at FVTPL	(118,625)	(10,372)
Proceeds from sale of equity securities at FVTPL	62,994	–
Purchase of debt instruments at FVTOCI	(5,461,590)	(6,987,173)
Proceeds from sale/redemption of debt instruments at FVTOCI	5,195,116	5,025,722
Proceeds from sale of debt instruments at FVTPL	402,328	1,917,049
Purchase of investment funds	(498,712)	(629,634)
Proceeds from sale of investment funds	387,089	1,190,482
Purchase of structured notes	(353,820)	–
Proceeds from sale/redemption of structure notes	120,255	–
Net cash inflow on derivative financial instruments	2,851	–
Proceeds from disposal of property, plant and equipment	7,927	5,739
Placement of pledged deposits	(339,134)	(52,207)
Release of pledged deposits	24,568	16,138
Placement of restricted bank deposits	(1,938)	(11,971)
Release of restricted bank deposits	108,854	66,764
Repayment from associates	11,086	272
Advance to joint ventures	(166,424)	(240,257)
Repayment from joint ventures	99,931	–
Deposit refunded for acquisition of property, plant and equipment	–	6,381
Dividend and distribution received from associates and a joint venture	6,259	5,745
Bank interest received	7,773	10,462
Advance to a shareholder of a non-wholly owned subsidiary	(109,211)	–
Net cash used in investing activities	(2,311,799)	(3,681,502)

Consolidated Statement of Cash Flows

For the year ended 31 March 2021

	2021 HK$'000	2020 HK$'000
Financing activities		
Advance from a shareholder of a non-wholly owned subsidiary	169,113	12,164
Repayment to a shareholder of a non-wholly owned subsidiary	(419,095)	–
Payment for repurchase of shares	(48,520)	(141,678)
Proceeds on issue of notes, net of transaction costs	2,205,000	77,217
Repurchase of notes	(553,675)	–
New bank and other borrowings raised	8,588,890	10,780,182
Repayments of bank and other borrowings	(7,301,228)	(7,851,733)
Repayments of lease liabilities	(63,308)	(96,494)
Repayments of other liabilities	(1,920)	(26,736)
Distribution to owners of perpetual capital notes	(220,345)	–
Advance from related companies	56	128
Advance from associates	44,429	–
Repayment to associates	–	(19,888)
Advance from other liabilities	–	122,020
Issuance of perpetual capital notes, net of transaction costs	–	2,830,839
Payment for repurchase of perpetual capital notes	(131,294)	–
Proceeds from sale of perpetual capital notes	131,294	–
Dividends paid	(345,406)	(312,157)
Interest paid	(697,675)	(807,101)
Net cash from financing activities	1,356,316	4,566,763
Net increase in cash and cash equivalents	1,470,518	631,410
Cash and cash equivalents brought forward	2,918,606	2,472,165
Effect of foreign exchange rate changes	22,943	(184,969)
Cash and cash equivalents carried forward	4,412,067	2,918,606
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	4,365,751	2,911,726
Deposit in a financial institution	46,316	6,880
	4,412,067	2,918,606

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The ultimate controlling shareholder is David CHIU. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2021 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations and securities and financial product investments. The details of the principal subsidiaries are set out in note 49.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

In addition, the Group has early applied the Amendment to HKFRS 16 *COVID-19-Related Rent Concessions* and Amendments to HKFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021*.

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

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

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions and COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments HKFRS 16 *COVID-19-Related Rent Concessions and COVID-19-Related Rent Concessions beyond 30 June 2021* are effective for annual reporting periods beginning on or after 1 June 2020 and 1 April 2021 respectively.

The Group has applied these amendments for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 *Leases* if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 April 2020. The Group has derecognised the part of lease liabilities that have been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of HK$14,646,000, which has been recognised as variable lease payments in profit or loss for the current year.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 *Interest Rate Benchmark Reform – Phase 2* relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements as a result of interest rate benchmark reform and disclosure requirements under HKFRS 7 *Financial Instruments: Disclosures*.

- Changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities. A practical expedient is introduced for changes required by the reform (i.e. as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These changes are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

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

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 (continued)

- Hedge accounting requirements. Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

- Disclosures. The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As disclosed in notes 20, 28 and 31, at as 31 March 2021, the Group has several debt instruments, bank loans and derivative financial instruments, with interest rates which are based on variable rates and will/may be subject to interest rate benchmark reform. Based on the Group's preliminary assessment, the Group expects no significant gains or losses should the interest rate for these debt instruments, bank loans and derivative financial instruments changes resulting from the reform on application of the amendments.

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

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

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

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

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

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

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

Based on the Group's outstanding liabilities as at 31 March 2021, including the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

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

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

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

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

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

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

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

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

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

As disclosed in note 3, to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

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

In addition, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the provisions for decommissioning and restoration and the corresponding amounts recognised as part of the cost of the related assets.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2021, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK$623,189,000 and HK$726,897,000 respectively. The Group is still in the process of assessing the full impact of the application of the amendments.

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

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

Amendments to HKAS 8 Definition of Accounting Estimates

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

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

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

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

Basis of preparation of consolidated financial statements

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

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

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

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

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

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

Basis of preparation of consolidated financial statements (continued)

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

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

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

Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

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

Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

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

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

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

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

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

Business combinations

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

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

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 2010).

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

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

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

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

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

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

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

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

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

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

Significant accounting policies (continued)

Non-current assets held for sale

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under development for such purposes).

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

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or capital appreciation rather than for sale in the ordinary course business, which is evidenced by inception of an operating lease to another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

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

Significant accounting policies (continued)

Property, plant and equipment (other than right-of-use assets)

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose (other than freehold land and properties under development) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

The Group transfers a property from inventories to property, plant and equipment where there is a change in use, evidenced by intention of owner-occupation rather than for sale in the ordinary course business.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

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

Significant accounting policies (continued)

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

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

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

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

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

Significant accounting policies (continued)

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

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

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

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

Leases

Definition of a lease

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

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

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

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

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the relevant right-of-use asset) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

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

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

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

Investments in associates and joint ventures

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

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

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

Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

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

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

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

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

Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

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

Interests in joint operations

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

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

Significant accounting policies (continued)

Interests in joint operations (continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Inventories

Properties for sale

Properties for sale consist of completed properties and properties under development.

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

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

Other inventories

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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

Significant accounting policies (continued)

Financial instruments

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

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

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

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

A financial asset is classified as held for trading if:

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

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

(i) Amortised cost and interest income

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

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

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

(iv) Financial assets at FVTPL

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade debtors, other receivables, customers' deposits under escrow, amounts due from related companies, amount due from a shareholder of non-wholly owned subsidiary, debts instruments classified as FVTOCI, pledged deposits, restricted bank deposits, deposit in a financial institution, bank balances and loans receivables), and other items including contract assets and lease receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade debtors, lease receivables and contract assets.

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

(i) Significant increase in credit risk

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

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

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

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

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

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

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

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

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

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

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

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

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

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

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

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

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors, lease receivables and contract assets, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Perpetual capital notes issued by a group entity, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

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

Financial liabilities at amortised cost

Financial liabilities including creditors, amounts due to related companies, amounts due to shareholders of non-wholly owned subsidiaries, notes, bank and other borrowings, and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period with changes in fair value recognising in profit or loss immediately.

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

Significant accounting policies (continued)

Revenue from contracts with customers

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

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

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Sales of properties

Revenue from properties sales is recognised over time when the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from properties sales is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer complete the handover procedures and obtains the control of the completed property.

For the progress towards complete satisfaction of a performance obligation that is recognised over time, revenue is recognised based on the stage of completion of the contract using the input method. The Group's sales contracts with customers include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

A contract asset is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade debtors when the rights become unconditional.

The Group receives deposits from customers when they sign the sale and purchase agreement.

Deposits received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

Hotel operations and management, car park operations and facilities management, property management services

As the customers simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the service fee received or receivable from the customers as its revenue over time based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Gaming and related operations

Gaming revenue is the aggregate net difference between gaming wins and losses. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

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

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Gaming and related operations (continued)

Incremental costs of obtaining a contract

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

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

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

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

Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

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

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

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

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

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

Significant accounting policies (continued)

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Government grants

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

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

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

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

Significant accounting policies (continued)

Taxation (continued)

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

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

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

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

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale except for freehold land. Freehold land is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

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

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgement in applying accounting policies

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

Revenue recognised from sales of properties over time

Certain revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. Management, in interpreting the applicable laws and exercising its judgements, has identified sales contracts in Singapore and Malaysia provide the Group with enforceable right to payment for performance completed to date while sales contracts in Hong Kong, regions in People's Republic of China excluding Hong Kong, United Kingdom and Australia do not provide the Group with such rights.

During the year ended 31 March 2021, revenue from sales of properties recognised over time by the Group amounted to HK$964,364,000 (2020: HK$1,938,783,000).

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying accounting policies (continued)

Deferred taxation on investment properties

For the purposes of measuring deferred taxes, arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that (a) the Group's investment properties in Hong Kong and Singapore are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, (b) the Group's investment properties in Australia (except for freehold land) and the regions in People's Republic of China excluding Hong Kong are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties in Hong Kong and Singapore, the directors of the Group have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The presumption that the carrying amounts of the Group's investment properties situated in Australia (except for freehold land) and the regions in People's Republic of China excluding Hong Kong are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

The carrying amounts of the freehold land are recovered entirely through sales.

Key sources of estimation uncertainty

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

Fair value measurement of financial instruments

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for certain Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial instruments are disclosed in note 46.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. In light of the negative impact of the COVID-19 pandemic, the independent valuers drew attention in their valuation reports in respect of investment properties located in Australia with fair value amounting to HK$339,693,000 that the valuation is valid as at 31 March 2021 and the value assessed may change significantly and unexpectedly over a short period of time. Whilst the Group considers valuations of the Group's investment properties are the best estimates, the ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve. Changes to assumptions including market rent, gross development value, market unit rate and capitalisation rate would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2021, the carrying amount of the Group's investment properties is HK$8,159,748,000 (2020: HK$7,243,208,000).

Deferred tax asset

As 31 March 2021, a deferred tax asset of HK$63,011,000 (2020: HK$74,837,000) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses and deductible temporary difference of HK$1,615,932,000 (2020: HK$1,384,198,000) and HK$447,512,000 (2020: HK$380,369,000), respectively due to unpredictability of future profit streams. The reliability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, notes, net of bank balances and cash, restricted bank deposits, pledged deposits, customers' deposits under escrow and deposit in a financial institution), and equity attributable to shareholders of the Company, comprising issued share capital, share premium and retained profits.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations by various geographical locations (including interests in associates and joint ventures) stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team as well as securities investments made and monitored by the same team)
- Car park operations and facilities management
- Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)
- Securities and financial product investments
- Provision of mortgage services (including as securities investments made and monitored by the same team)

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
Property development				
– Australia	2,214,158	1,368,695	349,190	103,796
– Hong Kong ("HK")	234,501	1,195,573	3,973	425,428
– Malaysia	6,529	23,199	(1,429)	5,831
– Other regions in People's Republic of China excluding HK ("PRC")	778,550	294,960	502,277	308,111
– Singapore	986,886	1,951,357	378,952	436,822
– United Kingdom ("UK")	5,442	1,192	16,592	(1,660)
	4,226,066	4,834,976	1,249,555	1,278,328
Property investment				
– Australia	6,877	9,669	19,875	28,013
– HK	41,078	39,844	4,810	32,220
– PRC	42,456	16,608	16,663	(20,036)
	90,411	66,121	41,348	40,197
Hotel operations and management				
– Australia	110,028	56,215	(61,974)	(55,018)
– HK	468,619	472,195	4,665	(87,042)
– Malaysia	76,648	189,979	(22,476)	12,798
– PRC	110,138	187,964	308,555	(53,500)
– Singapore	63,358	82,842	25,348	4,101
– UK	31,387	234,891	(43,166)	68,310
– Europe (other than UK)	28,780	121,448	(8,197)	(12,500)
	888,958	1,345,534	202,755	(122,851)

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6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

	Segment revenue		Segment profit (loss)	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Car park operations and facilities management				
– Australia and New Zealand	**474,518**	674,258	**3,032**	5,048
– Europe	**26,313**	73,757	**(29,495)**	(11,542)
– Malaysia	**1,364**	11,767	**(2,813)**	6,821
	502,195	759,782	**(29,276)**	327
Gaming operations				
– Australia	**–**	48,568	**(51)**	48,549
– Czech Republic	**87,811**	222,655	**9,664**	30,685
	87,811	271,223	**9,613**	79,234
Securities and financial product investments in HK	**107,700**	136,061	**243,029**	74,554
Provision of mortgage services				
– Australia	**32,297**	27,466	**49,025**	33,571
– HK	**8,256**	9,441	**7,633**	8,835
	40,553	36,907	**56,658**	42,406
Segment revenue/segment profit	**5,943,694**	7,450,604	**1,773,682**	1,392,195
Unallocated corporate income and expenses			**(147,034)**	(144,835)
Net foreign exchange (loss) gain			**(51,036)**	58,386
Finance costs			**(309,785)**	(468,425)
Profit before tax			**1,265,827**	837,321

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, certain bank interest income, net foreign exchange (loss) gain, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment without allocation of corporate assets which are mainly bank balances and cash and deposit in a financial institution.

	2021 HK$'000	2020 HK$'000
Property development		
– Australia	**8,552,873**	6,475,475
– HK	**2,077,878**	1,891,078
– Malaysia	**410,968**	404,347
– PRC	**3,006,192**	2,528,983
– Singapore	**4,672,612**	5,317,486
– UK	**3,494,892**	1,845,815
	22,215,415	18,463,184
Property investment		
– Australia	**339,693**	257,809
– HK	**4,161,992**	3,870,967
– PRC	**4,324**	4,567
	4,506,009	4,133,343
Hotel operations and management		
– Australia	**2,068,802**	1,534,962
– HK	**4,393,750**	4,357,103
– Malaysia	**843,071**	845,504
– PRC	**2,231,990**	1,582,534
– Singapore	**573,985**	758,811
– UK	**1,296,670**	1,151,748
– Europe (other than UK)	**282,288**	269,321
	11,690,556	10,499,983
Car park operations and facilities management		
– Australia and New Zealand	**1,480,495**	1,398,166
– Europe	**570,435**	398,331
– Malaysia	**142,197**	138,384
	2,193,127	1,934,881
Gaming operations		
– Australia	**1,059,400**	493,943
– Czech Republic	**353,354**	298,508
	1,412,754	792,451

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6. SEGMENT INFORMATION (continued)

(b) Segment assets (continued)

	2021 HK$'000	2020 HK$'000
Securities and financial product investments	**2,808,408**	2,230,900
Provision of mortgage services		
– Australia	**448,064**	542,814
– HK	**208,601**	258,569
	656,665	801,383
Segment assets	**45,482,934**	38,856,125
Unallocated corporate assets	**4,417,854**	2,923,866
Total assets	**49,900,788**	41,779,991

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, derivative financial instruments, amount due from an associate, amounts due from joint ventures, amount due from an investee company, loan receivables, pledged deposits and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Australia and New Zealand	**2,837,878**	2,184,871	**6,507,226**	4,595,519
HK	**860,154**	1,853,114	**7,966,597**	7,801,882
Malaysia	**84,541**	224,945	**910,136**	907,434
PRC	**931,144**	499,532	**4,268,750**	3,446,615
Singapore	**1,050,244**	2,034,199	**1,667,227**	1,789,089
UK	**47,724**	284,080	**1,576,858**	1,310,631
Europe (other than UK)	**132,009**	369,863	**916,919**	738,960
	5,943,694	7,450,604	**23,813,713**	20,590,130

6. SEGMENT INFORMATION (continued)

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2021								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Allowance for expected credit loss	(10,279)	553	(1,324)	-	-	-	-	-	(11,050)
Depreciation of property, plant and equipment	(8,612)	(1,047)	(341,086)	(11,219)	(120,626)	-	-	(5,022)	(487,612)
Change in fair value of investment properties	31,192	(1,295)	352,985	-	-	-	-	-	382,882
Change in fair value of financial assets at FVTPL	-	-	13,813	4,518	-	62,503	-	-	80,834
Change in fair value of derivative financial instruments	-	-	-	-	-	5,188	-	(49,001)	(43,813)
Share of results of associates	(3,673)	(9,435)	-	-	-	-	-	-	(13,108)
Share of results of joint ventures	147	4,090	(54,524)	-	1,102	-	18,103	-	(31,082)
Interests in associates	1,549,191	251,425	-	-	-	-	-	-	1,800,616
Interests in joint ventures	602,046	7,321	240,853	-	41,023	-	204,579	-	1,095,822
Acquisition in property, plant and equipment	11,907	21,530	954,246	-	27,639	-	777	5,894	1,021,993
Additions of investment properties	-	172,543	-	-	-	-	-	-	172,543
Investment securities	5	-	76,837	1,086,384	-	2,751,062	228,518	-	4,142,806
Amortisation of contract costs	189,710	-	-	-	-	-	-	-	189,710

	2020								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Allowance for expected credit loss	-	(2,732)	(841)	-	(1,417)	-	-	-	(4,990)
Depreciation of property, plant and equipment	(3,280)	(2,840)	(327,724)	(14,160)	(109,405)	-	-	(5,058)	(462,467)
Change in fair value of investment properties	51,327	(43,398)	(28,794)	-	-	-	-	-	(20,865)
Change in fair value of financial assets at FVTPL	-	-	(7,359)	-	-	(89,495)	-	-	(96,854)
Change in fair value of derivative financial instruments	-	32,857	(8,248)	-	-	(3,710)	-	-	20,899
Share of results of associates	(2,564)	(1,054)	(7,867)	-	-	-	-	-	(11,485)
Share of results of joint ventures	(8,310)	496	-	-	698	-	9,994	-	2,878
Interests in associates	972,895	264,880	-	-	-	-	-	-	1,237,775
Interests in joint ventures	422,983	5,471	225,675	-	1,060	-	136,657	-	791,846
Acquisition in property, plant and equipment	1,102,769	4,687	171,104	-	340,553	-	-	3,280	1,622,393
Additions of investment properties	-	2,075,345	-	-	-	-	-	-	2,075,345
Investment securities	5	-	21,904	470,944	-	2,150,375	384,172	-	3,027,400
Amortisation of contract costs	148,200	-	-	-	-	-	-	-	148,200

Information about segment liabilities are not regularly reviewed by CODM. Accordingly, segment liability information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sales of properties, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, gaming operations, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2021 HK$'000	2020 HK$'000
Sales of properties	**4,178,545**	4,776,345
Hotel revenue		
– room revenue	**765,366**	1,107,069
– food and beverage	**91,532**	199,614
Car park income		
– parking revenue	**436,900**	684,143
– management fee	**66,436**	76,493
Gaming revenue	**76,464**	196,554
Provision of property management services	**33,983**	19,415
Other operations	**9,565**	12,435
Revenue from contracts with customers	**5,658,791**	7,072,068
Leasing of properties – operating lease (note 15)	**136,650**	157,001
Loan interest income	**8,256**	9,441
Interest income from financial instruments	**139,997**	212,094
	5,943,694	7,450,604
Timing of revenue recognition from contracts with customers		
– At a point in time	**3,387,651**	3,246,164
– Over time	**2,271,140**	3,825,904
	5,658,791	7,072,068

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 6.

7. REVENUE (continued)

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

	For the year ended 31 March 2021					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Sales of properties	4,226,066	(47,521)	–	–	–	4,178,545
Hotel operations	888,958	(33,842)	(93,167)	3,417	–	765,366
Car park operations	502,195	1,141	–	–	–	503,336
Gaming operations	87,811	–	(7,930)	(3,417)	–	76,464
Provision of property management services	–	33,983	–	–	–	33,983
Food and beverage	–	–	91,532	–	–	91,532
Other operations	–	–	9,565	–	–	9,565
Revenue from contracts with customers	5,705,030	(46,239)	–	–	–	5,658,791
Leasing of properties	90,411	46,239	–	–	–	136,650
Provision of mortgage services	40,553	–	–	–	(32,297)	8,256
Interest income and dividend income from financial instruments	107,700	–	–	–	32,297	139,997
Total revenue	5,943,694	–	–	–	–	5,943,694

	For the year ended 31 March 2020					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Sales of properties	4,834,976	(58,631)	–	–	–	4,776,345
Hotel operations	1,345,534	(52,518)	(193,172)	7,225	–	1,107,069
Car park operations	759,782	854	–	–	–	760,636
Gaming operations	271,223	–	(18,877)	(7,225)	(48,567)	196,554
Provision of property management services	–	19,415	–	–	–	19,415
Food and beverage	–	–	199,614	–	–	199,614
Other operations	–	–	12,435	–	–	12,435
Revenue from contracts with customers	7,211,515	(90,880)	–	–	(48,567)	7,072,068
Leasing of properties	66,121	90,880	–	–	–	157,001
Provision of mortgage services	36,907	–	–	–	(27,466)	9,441
Interest income and dividend income from financial instruments	136,061	–	–	–	76,033	212,094
Total revenue	7,450,604	–	–	–	–	7,450,604

7. REVENUE (continued)

Performance obligations for contracts with customers

Sales of properties recognised at point in time

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers other than sales of properties in Singapore and Malaysia. Revenue from sales of such residential properties is therefore recognised at a point in time when the handover procedure is completed and the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

In different location, the Group receives 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits result in contract liabilities being recognised throughout the property construction period.

The Group considers the deposits do not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money.

Sales of properties recognised over time

Revenue from sales of properties in Singapore and Malaysia is recognised over time because the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Revenue for these sales of properties is recognised based on the stage of completion of the contract using input method.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

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

7. REVENUE (continued)

Performance obligations for contracts with customers (continued)

Hotel revenue

The hotel room revenue from customers are recognised over time using output method when the services and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

Car park income

The car park revenue from customers are recognised over time using output method when the service and facilities are provided.

Gaming revenue

Gaming revenue is the aggregate net difference between gaming wins and losses.

Provision of property management services

Revenue from property management services is recognised over time as income when the services and facilities are provided.

Food and beverage

For income from food and beverage, revenue is recognised when the food and beverage are delivered to the customer.

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

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the reporting period and the expected timing of recognising revenue from sales of properties are as follow:

	Sales of properties	
	2021 HK$'000	2020 HK$'000
Within one year	6,236,954	4,483,934
More than one year but not more than two years	9,786,612	1,808,038
More than two years	1,482,132	8,566,966
	17,505,698	14,858,938

The amount disclosed above do not include contracts for property management services and car park management fee in which the Group bills a fixed amount each month according to the terms.

As at 31 March 2021 and 31 March 2020, contracts with customers with unsatisfied performance obligations for the income from gaming operations, hotel revenue and parking revenue have original expected duration of one year or less.

Lease revenue

During the years ended 31 March 2021 and 2020, all income from lease of properties are fixed lease payments.

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8. OTHER GAINS AND LOSSES

	2021 HK$'000	2020 HK$'000
Change in fair value of investment properties	**382,882**	(20,865)
Change in fair value of financial assets at FVTPL	**80,834**	(96,854)
Gain on disposal of debts instruments at FVTOCI	**66,408**	28,359
Change in fair value of derivative financial instruments	**(43,813)**	20,899
Net foreign exchange (loss) gain	**(51,036)**	58,386
Allowance for expected credit loss	**(11,050)**	(4,990)
Gain (loss) on disposal of property, plant and equipment	**1,599**	(452)
	425,824	(15,517)

9. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on:		
Bank borrowings	**499,747**	613,220
Other loans	**12,717**	18,857
Interest on lease liabilities	**21,239**	20,950
Interest on notes	**165,160**	148,555
Amortisation of front-end fee	**19,069**	17,620
Others	**10,824**	20,369
Total interest costs	**728,756**	839,571
Less: amounts capitalised to:		
– properties for sale (properties under development)	**(377,800)**	(343,678)
– owners' occupation (property, plant and equipment)	**(41,171)**	(27,468)
	309,785	468,425

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.11% to 5.25% (2020: 2.04% to 4.00%) per annum to expenditure on the qualifying assets.

10. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**54,690**	83,608
PRC Enterprise Income Tax ("PRC EIT")	**201,769**	54,819
PRC Land Appreciation Tax ("PRC LAT")	**111,157**	40,015
Australia Income Tax	**56,052**	17,141
Malaysia Income Tax	**2,822**	4,780
Singapore Income Tax	**165,068**	6,507
Czech Republic Income Tax	**507**	6,421
	592,065	213,291
Under(over)provision in prior years:		
Hong Kong Profits Tax	**(3,382)**	318
PRC EIT	**7,027**	31,958
Australia Income Tax	**(8,758)**	(8,279)
Malaysia Income Tax	**–**	149
UK Income Tax	**–**	(8,282)
Singapore Income Tax	**–**	24
	(5,113)	15,888
Deferred taxation (note 35)	**(126,865)**	57,161
	460,087	286,340

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 19% and 19% (2020: 30%, 24%, 17%, 19% and 19%) of the estimated assessable profits, respectively.

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10. INCOME TAX EXPENSE (continued)

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

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2021							
Profit before tax	(165,340)	795,480	425,003	(33,116)	328,505	(84,705)	1,265,827
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 30%	
Tax at the applicable income tax rate	(27,281)	198,870	127,501	(7,948)	55,846	(16,928)	330,060
Tax effect of expenses not deductible for tax purpose	111,745	8,466	12,336	6,610	11,881	2,964	154,002
Tax effect of income not taxable for tax purpose	(56,828)	(3,429)	(75,404)	(292)	(8,540)	(2,408)	(146,901)
PRC LAT	–	111,157	–	–	–	–	111,157
Tax effect of deductible temporary difference not recognised	–	3,121	12,836	6,226	–	1,595	23,778
Utilisation of tax losses previously not recognised	(17,887)	(5,528)	(423)	(2,441)	(628)	–	(26,907)
Tax effect of PRC LAT	–	(27,789)	–	–	–	–	(27,789)
Utilisation of deductible temporary differences previously not recognised	(1,257)	–	–	–	(322)	–	(1,579)
Tax effect of tax losses not recognised	31,192	20,276	7,870	25,505	4,579	6,342	95,764
Tax effect of share of results of associates	1,557	–	1,102	–	–	–	2,659
Tax effect of share of results of joint ventures	3,600	–	2,433	–	196	–	6,229
Recognition of tax effect of PRC LAT previously not recognised	–	(47,236)	–	–	–	–	(47,236)
(Over)underprovision in prior years	(3,382)	7,027	(8,758)	–	–	–	(5,113)
Others	12	(1,695)	(5,911)	1,436	(3,702)	1,823	(8,037)
Income tax expense (credit) for the year	41,471	263,240	73,582	29,096	59,310	(6,612)	460,087

10. INCOME TAX EXPENSE (continued)

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2020							
Profit before tax	44,707	204,163	87,035	17,704	421,045	62,667	837,321
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 30%	
Tax at the applicable income tax rate	7,377	51,041	26,110	4,249	71,578	12,391	172,746
Tax effect of expenses not deductible for tax purpose	83,289	5,141	8,564	2,205	13,280	7,001	119,480
Tax effect of income not taxable for tax purpose	(37,170)	(1,187)	(2,513)	(568)	(13,846)	(1,640)	(56,924)
PRC LAT	–	40,015	–	–	–	–	40,015
Tax effect of deductible temporary difference not recognised	–	–	5,907	–	–	–	5,907
Utilisation of tax losses previously not recognised	(4,031)	–	(262)	–	–	(8,663)	(12,956)
Tax effect of PRC LAT	–	(10,002)	–	–	–	–	(10,002)
Utilisation of deductible temporary differences previously not recognised	(4,239)	–	–	(2,256)	–	–	(6,495)
Tax effect of tax losses not recognised	26,182	17,117	–	356	1,660	81	45,396
Tax effect of share of results of associates	1,472	–	769	–	–	–	2,241
Tax effect of share of results of joint ventures	(82)	–	(715)	–	–	–	(797)
Recognition of tax effect of PRC LAT previously not recognised	–	(31,958)	–	–	–	–	(31,958)
Under(over)provision in prior years	318	31,958	(8,279)	149	24	(8,282)	15,888
Others	(508)	(1,400)	(2,593)	1,575	7,044	(319)	3,799
Income tax expense for the year	72,608	100,725	26,988	5,710	79,740	569	286,340

Details of the deferred taxation are set out in note 35.

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11. PROFIT FOR THE YEAR

	2021 HK$'000	2020 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold recognised as an expense		
– Over time	**556,204**	1,443,992
– At point of time	**2,128,280**	1,973,078
	2,684,484	3,417,070
Auditor's remuneration	**16,358**	13,384
Depreciation of property, plant and equipment (included depreciation of leased properties with HK$90,000,000 (2020: HK$89,931,000))	**487,612**	462,467
Amortisation of contract cost	**189,710**	148,200
COVID-19-related rent concessions	**14,646**	N/A
Staff costs (included HK$389,500,000 (2020: HK$480,089,000) in cost of sales and services)		
– Directors' emoluments (note 14(a))	**26,389**	23,210
– Other staffs	**692,652**	861,816
	719,041	885,026
Share of taxation of associates (included in share of results of associates)	**885**	1,337
and after crediting:		
Bank interest income	**7,773**	10,462
Government grants (Note)	**203,032**	N/A

Note: During the current year, the Group recognised government grants received from the government from various regions in aggregate amount of HK$203,032,000 in respect of COVID-19-related subsidies. The amount is included in other income.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$543,194,000 (2020: HK$365,853,000) and the number of shares calculated as follows:

	2021 '000	2020 '000
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**2,368,457**	2,358,214

No diluted earnings per share is presented as there was no potential ordinary share in issue during both years.

13. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends recognised as distribution during the year:		
2021 interim dividend of HK4.0 cents per share (2020: 2020 interim dividend of HK4.0 cents per share)	**95,456**	94,843
2020 final dividend of HK15.0 cents per share (2020: 2019 final dividend of HK18.0 cents per share)	**352,597**	420,069
	448,053	514,912

The 2021 interim dividend and 2020 final dividend was declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$2.690 and HK$2.218 per share respectively. Shares are issued during the year on the shareholders' election for shares are set out in note 36. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2021 of HK15.0 cents (2020: HK$15.0 cents) per share, totalling of HK$359,262,000, has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the directors and chief executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and the HKCO, is as follows:

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2021				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	2,342	7	2,374
Craig Grenfell WILLIAMS	25	6,578	134	6,737
Cheong Thard HOONG	25	9,306	18	9,349
Winnie Wing Kwan CHIU	25	5,161	18	5,204
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Lai Him Abraham SHEK	220	–	–	220
Kwong Siu LAM	220	–	–	220
	785	25,427	177	26,389

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2020				
Executive Directors:				
David CHIU	25	2,040	2	2,067
Dennis CHIU	25	2,673	–	2,698
Craig Grenfell WILLIAMS	25	3,359	129	3,513
Cheong Thard HOONG	25	9,814	18	9,857
Winnie Wing Kwan CHIU (appointed on 3 June 2019)	21	4,414	18	4,453
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Lai Him Abraham SHEK (appointed on 3 June 2019)	182	–	–	182
Kwong Siu LAM	220	–	–	220
	743	22,300	167	23,210

David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses, other benefits and retirement benefits scheme contributions paid or payable to Executive Directors shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Cheong Thard HOONG of HK$1,212,000 (2020: HK$1,212,000) and Craig Grenfell WILLIAMS of HK$4,448,000 (2020: HK$1,195,000) respectively and included in salaries and other benefits, which was determined with reference to their performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2021 and 31 March 2020.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2020: four) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2020: one) individuals are as follows:

	2021 HK$'000	2020 HK$'000
Salaries and other benefits	5,147	3,505
Retirement benefits scheme contributions	36	120
	5,183	3,625

The emolument of five highest paid employees who are not directors of the Company was within the following bands:

	2021 Number of employee	2020 Number of employee
HK$2,500,001 to HK$3,000,000	2	–
HK$3,000,001 to HK$4,000,000	–	1
	2	1

No emolument was paid to the directors and the highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

15. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under development HK$'000	Total HK$'000
At 1 April 2019	4,940,846	485,550	5,426,396
Additions	8,558	2,066,787	2,075,345
Reclassify from completed properties for sale	52,644	–	52,644
(Decrease) increase in fair value	(63,390)	42,525	(20,865)
Exchange alignment	(233,072)	(57,240)	(290,312)
At 31 March 2020	4,705,586	2,537,622	7,243,208
Additions	44,992	127,551	172,543
Reclassify to investment properties held for sale	(15,488)	–	(15,488)
Increase in fair value	367,062	15,820	382,882
Exchange alignment	282,196	94,407	376,603
At 31 March 2021	5,384,348	2,775,400	8,159,748

15. INVESTMENT PROPERTIES (continued)

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 18 years (2020: 1 to 18 years). The rental payment of leases of offices and retail stores are fixed over the lease term.

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

During the year ended 31 March 2020, the Group transferred certain completed properties for sale to investment properties at fair value of HK$52,644,000.

For the year ended 31 March 2020, the total cash outflow for acquiring leasehold land included in investment properties amounted to HK$2,066,787,000.

During the year ended 31 March 2021, fair value gain of investment properties amounting to HK$352,985,000 was recognised in the profit or loss which mainly relates to the fair value gain of an investment property situated in the PRC as a result of a new lease agreement of 18 years lease term entered into with an independent third party during the year.

During the year ended 31 March 2021, the Group entered into a sale and purchase agreement to dispose certain investment properties of the Group for a cash consideration of AUD2,625,000 (equivalent to HK$15,488,000). The carrying amount of the captioned investment properties was reclassified to investment properties held for sale and the transaction was completed before the issue date of this report.

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at 31 March 2021, 31 March 2020 and at the date of transfer have been arrived at on the basis of a valuation carried out on those date by the following independent firm of qualified professional valuers not connected to the Group:

Location of the investment properties	Independent qualified professional valuers	Qualification
Australia	CBRE Valuations Pty Limited Colliers International (WA) Pty Ltd	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited Knight Frank Petty Ltd	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte Ltd Knight Frank Pte Ltd	Member of the Singapore Institute of Surveyors and Valuers

15. INVESTMENT PROPERTIES (continued)

In determining the fair value of the relevant properties, the Group engages independent qualified professional valuers ("Valuers") to perform the valuation. The management of the Company works closely with the valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuer for similar properties in the locality and adjusted for the valuer's knowledge of factors specific to the respective properties.

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2021 and 31 March 2020 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa.

The key inputs used in valuing the investment properties under the direct comparison approach and under the residual value approach were the market unit rate and gross development value respectively. A significant increase in the market unit rate and gross development value would result in a significant increase in the fair value of the investment properties and investment properties under development respectively, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Details of the significant unobservable input are as follows:

Class of property	Carrying amount 2021 HK$'000	2020 HK$'000	Significant unobservable input(s)
Completed investment properties			
Income capitalisation approach			
Office portion in HK	**494,900**	504,800	(1) Capitalisation rate 2.125% – 2.375% (2020: 2.125% to 2.375%) per annum (2) Market rent HK$29 to HK$39 (2020: HK$29 to HK$40) per square feet
Retail portion in HK	**1,296,628**	1,268,329	(1) Capitalisation rate 2.5% – 3.5% (2020: 2.5% to 3.5%) per annum (2) Market rent HK$13.5 to HK$60.0 (2020: HK$13.5 to HK$20.7) per square feet
Car park in HK	**15,220**	8,500	(1) Capitalisation rate 3.2% (2020: 3.2%) per annum (2) Market rent HK$1,500 (2020: HK$1,500) per car park
Retail portion in the PRC	**1,820,740**	1,328,710	(1) Capitalisation rate 5% (2020: 4.5% to 6.5%) per annum (2) Market rent Renminbi ("RMB") 85 to RMB336 (2020: RMB37 to RMB266) per square metre
Office portion in the PRC	**59,000**	49,050	(1) Capitalisation rate 5.5% (2020: 4.5%) per annum (2) Market rent RMB85 (2020: RMB56) per square metre
Retail portion in Australia	**339,693**	257,809	(1) Capitalisation rate 4.75% to 12.5% (2020: 4.5% to 12.5%) per annum (2) Market rent Australian Dollar ("A$") 454 to A$12,974 (2020: A$500 to A$14,016) per square metre

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15. INVESTMENT PROPERTIES (continued)

Class of property	Carrying amount 2021 HK$'000	2020 HK$'000	Significant unobservable input(s)
Completed investment properties (continued)			
Direct comparison approach			**Market unit rate**
Car park in the PRC	**90,152**	92,650	RMB263,000 to RMB267,000 (2020: RMB262,000 to RMB263,000) per car park
Retail portion in Singapore	**140,788**	132,980	Singapore Dollar ("S$") 39,297 (2020: S$38,006) per square metre
Residential in Singapore	**1,127,227**	1,062,758	S$28,234 (2020: S$24,580) per square metre
	5,384,348	4,705,586	
Investment properties under development measured at fair value			
Residual value approach			**Gross development value**
Office, retail and carpark in HK	**1,560,000**	1,430,182	Gross development value of HK$15,000 (2020: HK$15,500) per square foot for office Gross development value of HK$22,000 (2020: HK$22,000) per square foot for retail Gross development value of HK$1,900,000 (2020: HK$1,900,000) per car park
Residential in the PRC	**1,215,400**	1,107,440	Gross development value of RMB8,100 (2020: RMB8,040 to RMB8,050) per square metre
	2,775,400	2,537,622	

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

The ongoing COVID-19 pandemic has resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve which has led to higher degree of uncertainties in respect of the valuations in the current period, and independent valuers drew attention in their valuation reports in respect of investment properties located in Australia with fair value amounting to HK$339,693,000 (2020: HK$257,809,000) that the valuation is valid as at 31 March 2021 and the value assessed may change significantly and unexpectedly over a short period of time.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands HK$'000	Leased properties HK$'000	Owned properties Completed HK$'000	Owned properties Under development HK$'000	Leasehold improvements, furniture, fixtures and equipment HK$'000	Total HK$'000
COST						
At 1 April 2019	1,597,510	496,118	7,753,215	1,706,240	1,479,600	13,032,683
Additions	1,047,842	213,223	252,928	4,672	103,728	1,622,393
Transfer upon completion	–	–	975,424	(975,424)	–	–
Disposals	–	–	–	–	(9,387)	(9,387)
Exchange alignment	(40,955)	(85,043)	(592,308)	(73,130)	(87,507)	(878,943)
At 31 March 2020	2,604,397	624,298	8,389,259	662,358	1,486,434	13,766,746
Additions	–	49,347	5,312	918,587	48,747	1,021,993
Transfer upon completion	–	–	4,038	(4,038)	–	–
Disposals	–	–	–	–	(14,411)	(14,411)
Exchange alignment	47,058	111,440	672,600	158,683	104,261	1,094,042
At 31 March 2021	2,651,455	785,085	9,071,209	1,735,590	1,625,031	15,868,370
DEPRECIATION AND IMPAIRMENT						
At 1 April 2019	212,242	–	1,268,568	–	844,167	2,324,977
Provided for the year	42,760	89,931	214,050	–	115,726	462,467
Disposals	–	–	–	–	(3,196)	(3,196)
Exchange alignment	(8,954)	(8,047)	(77,614)	–	(83,743)	(178,358)
At 31 March 2020	246,048	81,884	1,405,004	–	872,954	2,605,890
Provided for the year	48,087	90,000	221,221	–	128,304	487,612
Disposals	–	–	–	–	(8,083)	(8,083)
Exchange alignment	26,867	8,348	91,011	–	62,970	189,196
At 31 March 2021	321,002	180,232	1,717,236	–	1,056,145	3,274,615
CARRYING VALUES						
At 31 March 2021	2,330,453	604,853	7,353,973	1,735,590	568,886	12,593,755
At 31 March 2020	2,358,349	542,414	6,984,255	662,358	613,480	11,160,856

The owned properties are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land, whichever is the shorter. The leasehold lands and leased properties are depreciated over the terms of the leases. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$99,256,000 (2020: HK$109,069,000).

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16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessee

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

	Leasehold lands HK$'000	Leased properties HK$'000	Office equipment HK$'000	Total HK$'000
As at 31 March 2021				
Carrying amount	2,330,453	604,853	18,336	2,953,642
As at 31 March 2020				
Carrying amount	2,358,349	542,414	21,000	2,921,763
For the year ended 31 March 2021				
Depreciation charge	48,087	90,000	2,752	140,839
For the year ended 31 March 2020				
Depreciation charge	42,760	89,931	2,664	135,355

	2021 HK$'000	2020 HK$'000
Expense relating to short-term leases and leases of low-value assets	**1,821**	1,862
Additions to right-of-use assets	**49,347**	1,261,065
Total cash outflow for leases	**86,368**	1,146,198

The Group leases various car parks, offices and office equipment for its operations. Lease contracts are entered into for fixed term of 1 to 18 years (2020: 1 to 18 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several hotels and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has extension options in a number of leases for car parks. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors. The Group assessed, at lease commencement date, it is reasonably certain to exercise the extension options. Therefore, all the relevant lease payments in the extended period have been included in the calculation of lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event.

The Group regularly entered into short-term leases for slot machines for gaming, motor vehicles and office equipment. As at 31 March 2021 and 2020, the portfolio of short-term leases is similar to the portfolio of leases for which short-term lease expense was recognised.

17. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2020: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

18. INTERESTS IN ASSOCIATES

	2021 **HK$'000**	2020 HK$'000
Unlisted investments, at cost	**1,346,021**	1,009,870
Share of post-acquisition results, net of dividends received	**454,595**	227,905
	1,800,616	1,237,775

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly		Principal activities
		2021	2020	
Bermuda Investments Limited	Ordinary	**25%**	25%	Property investment
Omicron International Limited*	Ordinary	**30%**	30%	Investment holding
Peacock Estates Limited	Ordinary	**25%**	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	**25%**	25%	Property development

* Incorporated in the British Virgin Islands and operating in HK
\+ Incorporated and operating in Australia

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

18. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2021 and 2020 was as follows:

	2021 HK$'000	2020 HK$'000
Non-current assets	1,632,837	1,346,469
Current assets	5,170,170	3,009,086
Non-current liabilities	(184,747)	(158,586)
Current liabilities	(443,137)	(302,172)

	2021 HK$'000	2020 HK$'000
Revenue	–	–
Loss for the year	(14,690)	(11,855)
Other comprehensive income (expense) for the year	950,412	(494,052)
Total comprehensive income (expense) for the year	935,722	(505,907)

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

	2021 HK$'000	2020 HK$'000
Net assets of DBC	6,175,123	3,894,797
Proportion of the Group's ownership interest in DBC	25%	25%
Carrying amount of the Group's interest in DBC	1,543,781	973,699

18. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material:

	2021 HK$'000	2020 HK$'000
The Group's share of loss and other comprehensive expense after tax	(9,435)	(8,521)
Aggregate carrying value of the Group's interest in these associates	256,835	264,076

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2021 HK$'000	2020 HK$'000
The unrecognised share of losses for the year	(13)	–
Cumulative unrecognised share of losses	(51,166)	(51,153)

19. INTERESTS IN JOINT VENTURES

(a) Joint ventures

	2021 HK$'000	2020 HK$'000
Unlisted investments, at cost	1,083,039	785,333
Share of post-acquisition results, net of dividends/distributions received	12,788	6,518
Less: impairment	(5)	(5)
	1,095,822	791,846

19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly 2021	2020	Principal activities
Guangdong Xin Shi Dai Real Estate Limited	PRC	**50%**	50%	Property development
QWB Residential Precinct Holdings Pty Ltd	Australia	**50%**	50%	Property development
BC Group Holdings Limited	Cayman Islands	**52.03%**	50.66%	Provision of mortgage service
Destination Gold Coast Consortium Pty Ltd	Australia	**33%**	33%	Property development
Destination Gold Coast Consortium Hotel Pty Ltd	Australia	**33%**	33%	Hotel operation
Destination Gold Coast Investments Pty Ltd	Australia	**25%**	25%	Hotel operation
Cuscaden Homes Pte Limited	Singapore	**10%**	10%	Property development

The Group and the other joint venturers are contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

Summarised financial information of material joint ventures

(i) QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(i) (continued)

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2021 and 2020 was as follows:

	2021 HK$'000	2020 HK$'000
Non-current assets	15,636	–
Current assets	889,577	475,245
Current liabilities	(43,503)	(61,521)
The above amounts of assets include the following:		
Cash and cash equivalents	29,428	11,498
Revenue	–	–
Loss for the year	(3)	(5)
Other comprehensive income (expense) for the year	130,259	(97,539)
Total comprehensive income (expense) for the year	130,256	(97,544)

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

	2021 HK$'000	2020 HK$'000
Net assets of QWB Residential	861,710	413,724
Proportion of the Group's ownership interest in QWB Residential	50%	50%
Carrying amount of the Group's interest in QWB Residential	430,855	206,862

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19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(ii) BC Group Holdings Limited ("BC Group") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of BC Group for the year ended 31 March 2021 and 2020 was as follows:

	2021 **HK$'000**	2020 HK$'000
Non-current assets	**6,923,974**	4,753,373
Current assets	**606,673**	474,213
Non-current liabilities	**(7,367,142)**	(5,007,269)
Current liabilities	**(43,905)**	(133,217)
The above amounts of assets and (liabilities) include the following:		
Cash and cash equivalents	**594,098**	369,572
Loan receivables	**6,852,033**	4,657,899
Notes	**(7,367,142)**	(4,972,163)
Revenue	**155,106**	119,093
Expenses	**(112,282)**	(100,236)
Income tax expense	**(11,338)**	(10,395)
Profit for the year	**31,486**	8,462
Other comprehensive income (expense) for the year	**10,065**	(6,992)
Total comprehensive income for the year	**41,551**	1,470

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

	2021 **HK$'000**	2020 HK$'000
Net assets of the BC Group	**119,600**	87,100
Proportion of the Group's ownership interest in BC Group	**52.03%**	50.66%
The Group's share of net assets of BC Group	**62,228**	44,125
Goodwill	**142,336**	142,336
Carrying amount of the Group's interest in BC Group	**204,564**	186,461

19. INTERESTS IN JOINT VENTURES (continued)

(a) Joint ventures (continued)

Summarised financial information of material joint ventures (continued)

(iii) Aggregate information of joint ventures that are not individually material:

	2021 HK$'000	2020 HK$'000
The Group's share of loss after tax	**(47,464)**	(1,409)
The Group's share of total comprehensive expense	**(47,464)**	(1,409)
Aggregate carrying value of the Group's interest in these joint ventures	**460,403**	398,523

(b) Joint operation

During the year ended 31 March 2015, a subsidiary of the Group as developer (the "Developer") has entered into development agreement ("Agreement") with Urban Renewal Authority ("URA") in form of joint operation to engage in residential/commercial property development and sales in Hong Kong. Under the Agreement, the Developer is mainly responsible for the development of the project. Units in the development will be sold or disposed of by URA in accordance with the terms and conditions of the Agreement and sales proceeds arising therefrom will be distributed between URA and the Developer pursuant to the terms and conditions of the Agreement.

The material amounts included in the consolidated financial statements arising from the joint operation are as follow:

	2021 HK$'000	2020 HK$'000
Analysis of financial position:		
Properties for sales	**–**	24,365
Deposit receivable from stakeholders	**25**	25
Account payables, other payables and accruals	**(5,014)**	(10,765)
Analysis of profit or loss:		
Revenue	**40,000**	421,115
Cost of sales	**(26,788)**	(246,758)

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20. INVESTMENT SECURITIES

	2021 HK$'000	2020 HK$'000
(i) Financial assets at FVTPL		
(a) *Investments held for trading*		
Listed equity securities	**6,336**	20,790
(b) *Debt instruments at FVTPL*		
Listed debt securities	**351,266**	474,634
Unlisted debt securities	**34,029**	242,602
	385,295	717,236
(c) *Equity instruments at FVTPL*		
Unlisted equity securities	**4,506**	5
(d) *Investment funds*	**424,666**	237,206
(e) *Structured notes*	**233,759**	–
	1,054,562	975,237
(ii) Financial assets at FVTOCI		
(a) *Debt instruments at FVTOCI*		
Listed debt securities	**1,834,355**	1,435,031
Unlisted debt securities	**194,489**	146,189
	2,028,844	1,581,220
(b) *Equity instruments at FVTOCI*		
Equity securities listed overseas	**1,059,400**	470,943
Total	**4,142,806**	3,027,400

	2021 HK$'000	2020 HK$'000
Analysed for reporting purposes as:		
Non-current assets	**1,136,241**	492,852
Current assets	**3,006,565**	2,534,548
	4,142,806	3,027,400

20. INVESTMENT SECURITIES (continued)

Other than the investment held for trading, the classification of investment securities under current assets is based on the realisation plan of the investment securities estimated by the management to meet with the Group's outflow in coming next twelve months.

Investment securities that are denominated in Australian dollar ("A$"), Euro ("EUR"), British Pounds ("GBP"), United State Dollar ("USD") and Singapore Dollar ("S$"), amounted to A$42,154,000 (equivalent to HK$248,708,000) (2020: A$93,859,000 (equivalent to HK$448,644,000)), EUR9,307,000 (equivalent to HK$84,691,000) (2020: EUR17,446,000 (equivalent to HK$148,979,000)), GBP5,564,000 (equivalent to HK$59,184,000) (2020: GBP6,670,000 (equivalent to HK$63,834,000)), USD325,321,000 (equivalent to HK$2,524,449,000) (2020: USD228,755,000 (equivalent to HK$1,770,564,000)) and S$15,001,000 (equivalent to HK$86,557,000) (2020: S$14,880,000 (equivalent to HK$80,971,000)) respectively. All other investment securities are denominated in functional currency of the respective group entities.

21. LOAN RECEIVABLES

	2021 HK$'000	2020 HK$'000
Loan receivables	217,905	268,920
Less: Amount due within one year and classified under current assets	(7,029)	(9,269)
Amount due after one year	210,876	259,651

Loan receivables represent mortgage loans secured by the properties of the borrowers.

Included in loan receivables is an amount of HK$5,683,000 (2020: HK$8,330,000) which bear interest ranging at prime rate minus 1.5% for first two years and prime rate plus 0.5% for the remaining period; an amount of HK$14,906,000 (2020: HK$23,987,000) are interest-free for the first 3 years and bear interest at prime rate per annum and are repayable by instalment thereafter; an amount of HK$197,252,000 (2020: HK$235,810,000) which bear interest ranging from prime rate minus 3% to prime rate plus 2% for whole loan period and the remaining balance of HK$64,000 (2020: HK$793,000) are unsecured, interest-free and repayable on demand.

Details of impairment assessment of loan receivables are set out in note 46.

22. PLEDGED DEPOSITS, RESTRICTED BANK DEPOSITS, DEPOSIT IN A FINANCIAL INSTITUTION, BANK BALANCES AND CASH

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 1.95% (2020: 0.00% to 2.45%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 2.03% (2020: 0.00% to 3.25%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits, carry interest at market rates ranging from 0.00% to 0.35% (2020: 0.30% to 1.63%), represent custody deposits paid in banks in relation to certain banking facility arrangements of the Group and deposits can be solely applied for settlement of development cost of designated property projects.

Deposit in a financial institution carries interest at a rate of 0.00% to 0.25% (2020: 0.00% to 0.25%) per annum.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 2.00% (2020: 0.00% to 2.00%) per annum.

Bank balances and cash that are denominated in A$, EUR, GBP, S$ and USD, amounted to A$1,647,000 (equivalent to HK$9,720,000) (2020: A$19,527,000 (equivalent to HK$93,339,000)), EUR16,957,000 (equivalent to HK$154,416,000) (2020: EUR6,468,000 (equivalent to HK$55,108,000)), GBP17,630,000 (equivalent to HK$187,932,000) (2020: GBP10,312,000 (equivalent to HK$98,959,000)), S$1,775,000 (equivalent to HK$10,243,000) (2020: S$1,025,000 (equivalent to HK$5,578,000)) and USD184,675,000 (equivalent to HK$1,433,070,000) (2020: USD132,466,000 (equivalent to HK$1,025,288,000)) respectively. All other bank balances and cash are denominated in functional currency of the respective group entities.

Details of impairment assessment of pledged deposits, restricted bank deposits, deposit in a financial institution, bank balances and cash are set out in note 46.

23. PROPERTIES FOR SALE

Included in properties for sale are properties with carrying value of HK$6,966,928,000 (2020: HK$7,685,565,000) which are not expected to be realised within the next twelve months.

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2021 HK$'000	2020 HK$'000
Trade debtors		
– Contracts with customers	**863,853**	147,121
– Lease receivables	**22,905**	11,443
Less: allowance for expected credit loss	**(46,156)**	(35,106)
	840,602	123,458
Utility and other deposits	**52,809**	63,909
Prepayment and other receivables	**184,671**	138,241
Other tax recoverable	**65,755**	53,483
	1,143,837	379,091

The following is an aged analysis of trade debtors and lease receivables, net of allowance for expected credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date except unbilled receivables from sales of properties recognised over time:

	2021 HK$'000	2020 HK$'000
Unbilled (Note)	**665,292**	–
0–60 days	**130,198**	97,290
61–90 days	**6,119**	8,742
Over 90 days	**38,993**	17,426
	840,602	123,458

Note: The amount represents unbilled unconditional receivables from sales of properties upon handing over of the properties to the customers. The aged analysis of unbilled receivables, which is based on revenue recognition, are as follows:

	2021 HK$'000	2020 HK$'000
0–60 days	**658,362**	–
Over 90 days	**6,930**	–
	665,292	–

24. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

As at 31 March 2021, included in the Group's trade and lease receivables balances are debtors with an aggregate carrying amount of HK$45,112,000 (2020: HK$26,168,000) which are past due at the reporting date. Out of the past due balances, HK$38,993,000 (2020: HK$17,426,000) has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the creditworthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances. The Group has no significant concentration on trade and lease receivables as the amounts spread over a number of counterparties and customers.

Details of impairment assessment of trade and other receivables are set out in note 46.

25. CUSTOMERS' DEPOSITS UNDER ESCROW

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund is remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

Details of impairment assessment of customers' deposits under escrow are set out in note 46.

26. CONTRACT ASSETS

As at 1 April 2019, contract assets amounted to HK$215,565,000.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

Details of impairment assessment of contract assets are set out in note 46.

27. CONTRACT COSTS

Contract costs capitalised as at 31 March 2021 and 2020 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$189,710,000 (2020: HK$148,200,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2020: nil).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

28. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Derivatives that are not designated in hedge accounting relationships:				
Interest rate swap contracts	**3,451**	–	**–**	(3,128)
Cross currency swap contracts	**80**	37,222	**(13,852)**	(269)
	3,531	37,222	**(13,852)**	(3,397)
Analysed for reporting purpose as:				
Current	**3,531**	–	**(7,045)**	(3,397)
Non-current	**–**	37,222	**(6,807)**	–
	3,531	37,222	**(13,852)**	(3,397)

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29. CREDITORS AND ACCRUALS

	2021 HK$'000	2020 HK$'000
Trade creditors		
– Construction cost and retention payable	805,054	666,631
– Others	67,907	74,838
	872,961	741,469
Construction cost and retention payable for capital assets	201,714	31,343
Rental deposits and rental receipts in advance	56,345	56,319
Other payables and accrued charges	563,869	435,504
	1,694,889	1,264,635

The following is an aged analysis of the trade creditors, based on the invoice date:

	2021 HK$'000	2020 HK$'000
0–60 days	731,780	700,139
61–90 days	5,069	3,623
Over 90 days	136,112	37,707
	872,961	741,469

30. CONTRACT LIABILITIES

	2021 HK$'000	2020 HK$'000
Sales of properties	689,615	310,598

As at 1 April 2019, contract liabilities amounted to HK$974,166,000.

The Group receives amounts ranging from 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. The amount is expected to be settled within the Group's normal operating cycle and is classified as current based on the Group's earliest obligation to transfer the properties to customers.

During the year ended 31 March 2021, the Group has recognised revenue of HK$152,936,000 (2020: HK$877,578,000) that was included in the contract liabilities balance at the beginning of the year.

31. BANK AND OTHER BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank loans	**21,571,315**	19,015,955
Other loans	**853,592**	929,007
	22,424,907	19,944,962
Less: front-end fee	**(67,142)**	(33,200)
	22,357,765	19,911,762
Analysed for reporting purpose as:		
Secured	**18,853,373**	16,557,962
Unsecured	**3,571,534**	3,387,000
	22,424,907	19,944,962
Current liabilities	**10,438,601**	6,505,953
Non-current liabilities	**11,919,164**	13,405,809
	22,357,765	19,911,762

	Bank loans		Other loans	
	2021 HK$'000	2020 HK$'000	2021 HK$'000	2020 HK$'000
The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:				
Revolving loans without specified repayment terms and loans repayable within one year	**6,879,524**	3,611,662	**853,592**	929,007
More than one year, but not exceeding two years	**5,939,369**	5,980,433	**–**	–
More than two years, but not exceeding five years	**5,485,321**	7,109,418	**–**	–
More than five years	**494,474**	315,958	**–**	–
	18,798,688	17,017,471	**853,592**	929,007
The carrying amounts of above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:				
Within one year	**1,552,474**	1,056,408	**–**	–
More than one year, but not exceeding two years	**356,227**	430,017	**–**	–
More than two years, but not exceeding five years	**717,957**	387,403	**–**	–
More than five years	**78,827**	91,456	**–**	–
	2,705,485	1,965,284	**–**	–
	21,504,173	18,982,755	**853,592**	929,007

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31. BANK AND OTHER BORROWINGS (continued)

Currencies	Interest rates	2021 HK$'000	2020 HK$'000
HK$	Hong Kong Interbank Offered Rate ("HIBOR") plus 0.75% to 1.6% (2020: HIBOR plus 0.75% to 2.1%)	**11,843,997**	10,528,031
RMB	3 to 5 years or above People's Bank of China Prescribed Interest Rate ("PBOC PIR") (2020: 3 to 5 years PBOC PIR)	**716,628**	491,820
S$	Singapore Swap Offered Rate ("S$ SOR") plus 0.68% to 1.1% (2020: S$ SOR plus 0.68% to 1.1%)	**3,200,677**	3,399,361
MYR	Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% and Malaysia Bank's Cost of Funds ("Malaysia COF") plus 1.50% (2020: Malaysia BLR minus 1.50% and Malaysia COF plus 1.50%)	**135,551**	160,750
A$	Australia Bank Bill Swap Bid Rate plus 1.5% to 2.0% (2020: Australia Bank Bill Swap Bid Rate plus 1.40% to 1.80%)	**3,794,215**	3,995,130
GBP	LIBOR plus 1.72% to 2.75% (2020: LIBOR plus 1.85% to 2.75%)	**1,498,327**	1,044,740
USD	LIBOR plus 1.35% (2020: LIBOR plus 1.35%)	**1,134,103**	29,325
EUR	Czech Republic Lombard Rate ("Czech Republic LR") plus 1.95% to 3.1% (2020: Czech Republic LR plus 1.95% to 3.1%)	**101,409**	295,805
		22,424,907	19,944,962

Bank and other borrowings that are denominated in GBP, A$, USD and EUR, amounted to GBP3,399,000 (equivalent to HK$36,214,000) (2020: GBP3,395,000 (equivalent to HK$32,432,000)), A$27,000,000 (equivalent to HK$159,300,000) (2020: Nil), USD153,212,000 (equivalent to HK$1,134,103,000) (2020: USD3,784,000 (equivalent to HK$29,325,000)) and EUR9,541,000 (equivalent to HK$86,709,000) (2020: EUR16,599,000 (equivalent to HK$141,809,000)) respectively. All other bank and other borrowings are denominated in functional currency of the respective group entities.

32. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	81,139	77,253
Within a period of more than one year but not more than two years	79,811	74,362
Within a period of more than two years but not more than five years	162,853	148,169
More than five years	403,094	324,555
	726,897	624,339
Less: Amount due for settlement with 12 months shown under current liabilities	(81,139)	(77,253)
Amount due for settlement after 12 months shown under non-current liabilities	645,758	547,086

All lease obligations that are denominated in functional currencies of the relevant group entities.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 1.5% to 6.0% (2020: 1.5% - 6.0%).

33. AMOUNTS DUE FROM/TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

As at 31 March 2020, included in the amounts due to shareholders of non-wholly owned subsidiaries is an amount of S$46,709,000 (equivalent to HK$387,867,000) due to a shareholder of a non-wholly owned subsidiary for financing the property development project in Singapore. The amount is unsecured, interest-free and due to a shareholder of FEC Skyline Pte. Ltd ("FEC Skyline"), a 70% subsidiary of the Company. In accordance with the contractual terms of the shareholders' agreements, the amount is repayable only when FEC Skyline has available cash, which represent cash proceeds received from the business after payment of operating expenses as provided in the annual budget including but not limited to bank loans and/or other financial institutions which are due for repayment together with the accrued interest. The amount due to a shareholder of a non-wholly owned subsidiary has been repaid in August 2020. The difference between the principal amount of the advance and its fair value at initial recognition amounting to HK$19,681,000 has been included in the non-controlling interest as deemed capital contribution arising from interest-free loan advanced by a non-controlling shareholder during the year ended 31 March 2017. As at 31 March 2021, the amount of S$18,927,000 (equivalent to HK$109,211,000) due from a shareholder of a non-wholly owned subsidiary is the advance of the expected return to be declared to a shareholder of FEC Skyline as a result of sales of the property development project. The amount is unsecured, interest-free and repayable on demand.

As at 31 March 2021, included in the amounts due to shareholders of non-wholly owned subsidiaries is an amount of S$27,975,000 (equivalent to HK$161,414,000) due to a shareholder of FEC Skypark Pte. Ltd ("FEC Skypark"), a 80% subsidiary of the Company for financing the property development project in Singapore. The amount is unsecured, interest-free and repayable on demand.

The remaining amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

34. NOTES

	2029 Notes HK$'000	2023 Notes HK$'000	2021 Notes HK$'000	2030 Notes HK$'000	2033 Notes HK$'000	2024 Notes HK$'000	Total HK$'000
At 1 April 2019	–	1,167,006	2,342,493	–	–	–	3,509,499
Issue of new notes	80,000	–	–	–	–	–	80,000
Less: transaction costs directly attributable to issue	(2,783)	–	–	–	–	–	(2,783)
Interest charged during the year	2,503	54,590	91,462	–	–	–	148,555
Interest paid during the year	(2,040)	(32,251)	(81,794)	–	–	–	(116,085)
Interest payable due within 12 months and included in other payable	(306)	(20,172)	(5,805)	–	–	–	(26,283)
Exchange adjustments	19	(14,898)	(29,900)	–	–	–	(44,779)
At 31 March 2020	77,393	1,154,275	2,316,456	–	–	–	3,548,124
Issue of new notes	–	–	–	200,000	200,000	1,818,900	2,218,900
Less: transaction costs directly attributable to issue	–	–	–	(1,542)	(2,656)	(9,702)	(13,900)
Interest charged during the year	4,350	49,793	81,354	6,816	4,132	18,715	165,160
Interest paid during the year	(3,774)	(28,716)	(72,912)	(5,249)	–	–	(110,651)
Interest payable due within 12 months and included in other payable	(304)	(18,977)	(4,399)	(1,467)	(4,027)	(18,084)	(47,258)
Repurchased and cancelled	–	(63,352)	(490,323)	–	–	–	(553,675)
Exchange adjustments	(2)	2,820	4,723	–	–	4,675	12,216
At 31 March 2021	77,663	1,095,843	1,834,899	198,558	197,449	1,814,504	5,218,916

34. NOTES (continued)

2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of USD 300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2021, the aggregate principal amount of the 2021 Notes outstanding was USD236,630,000 (equivalent to HK$1,836,249,000) (2020: USD300,000,000 (equivalent to HK$2,322,000,000)).

2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of USD150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2021, the aggregate principal amount of the 2023 Notes outstanding was USD141,775,000 (equivalent to HK$1,100,174,000) (2020: USD150,000,000 (equivalent to HK$1,161,000,000)).

2024 Notes

On 21 January 2021, a subsidiary of the Company issued notes with aggregate principal amount of USD235,000,000 with maturity date on 21 January 2024 (the "2024 Notes") to independent third party. The 2024 Notes bear interest at 5.10% per annum payable semi-annually. As at 31 March 2021, the aggregate principal amount of the 2024 Notes outstanding was USD235,000,000 (equivalent to HK$1,823,600,000).

2029 Notes

On 5 September 2019, a subsidiary of the Company issued notes with aggregate principal amount of HK$80,000,000 with maturity date on 5 September 2029 (the "2029 Notes") to independent third party. The 2029 Notes bear interest at 5.1% per annum payable semi-annually. As at 31 March 2021, the aggregate principal amount of the 2029 Notes outstanding was HK$80,000,000 (2020: HK$80,000,000).

2030 Notes

On 6 August 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 6 August 2030 (the "2030 Notes") to independent third party. The 2030 Notes bear interest at 5.15% per annum payable semi-annually. As at 31 March 2021, the aggregate principal amount of the 2030 Notes outstanding was HK$200,000,000.

2033 Notes

On 12 November 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 11 February 2033 (the "2033 Notes") to independent third party. The 2033 Notes bear interest at 5.25% per annum payable semi-annually. As at 31 March 2021, the aggregate principal amount of the 2033 Notes outstanding was HK$200,000,000.

Details of the issue of the 2023 Notes and 2021 Notes were disclosed in the Company's circular dated 7 November 2018 and 25 August 2016, respectively.

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35. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Provision of LAT HK$'000	Others HK$'000 (Note)	Total HK$'000
At 1 April 2019	86,250	306,453	70,448	44,913	(68,021)	(23,556)	329,101	745,588
(Credit) charge to profit or loss	(1,867)	8,010	–	(1,245)	(14,051)	(8,367)	74,681	57,161
Exchange alignment	(441)	(234)	(7,886)	(852)	7,235	1,130	7,963	6,915
At 31 March 2020	83,942	314,229	62,562	42,816	(74,837)	(30,793)	411,745	809,664
(Credit) charge to profit or loss	(4,019)	88,377	–	(2,478)	7,833	(145,964)	(70,614)	(126,865)
Exchange alignment	(1,754)	28,232	17,998	(177)	3,993	(5,787)	72,275	114,780
At 31 March 2021	78,169	430,838	80,560	40,161	(63,011)	(182,544)	413,406	797,579

Note: Others mainly represent the temporary difference arising from the deduction of the interest expenses and development expenditure of overseas subsidiaries at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**(249,086)**	(93,653)
Deferred tax liabilities	**1,046,665**	903,317
	797,579	809,664

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose except for the freehold lands, which are always presumed to be recovered entirely through sales. No deferred tax recognised in respect of the change in fair value of the investment properties located in Hong Kong and Singapore, as those properties were recovered through sales.

At 31 March 2021, the Group has unused tax losses of HK$2,096,198,000 (2020: HK$1,715,284,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$480,266,000 (2020: HK$331,086,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$1,615,932,000 (2020: HK$1,384,198,000) due to the unpredictability of future profit streams.

35. DEFERRED TAXATION (continued)

At 31 March 2021, the Group has deductible temporary difference in relation to accelerated accounting depreciation of property, plant and equipment amounted to HK$447,512,000 (2020: HK$380,369,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC generated after 1 January 2008, Australia and Singapore of HK$4,947,619,000 (2020: HK$3,791,780,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

36. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2019	2,351,690,302	235,169
Share repurchase	(42,672,000)	(4,267)
Issue of shares in lieu of cash dividends (i)	60,402,907	6,040
At 31 March 2020	2,369,421,209	236,942
Share repurchase	(18,775,000)	(1,877)
Issue of shares in lieu of cash dividends (ii)	44,430,532	4,443
At 31 March 2021	2,395,076,741	239,508

(i) On 18 February 2020 and 31 October 2019, the Company issued and allotted 9,928,874 and 50,474,033 new fully paid shares of HK$0.10 each at HK$3.766 and HK$3.276 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2020 interim dividend and 2019 final dividend pursuant to the scrip dividend scheme announced by the Company on 28 December 2019 and 3 September 2019 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 5 February 2021 and 6 November 2020, the Company issued and allotted 8,670,651 and 35,759,881 new fully paid shares of HK$0.10 each at HK$2.690 and HK$2.218 respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2021 interim dividend and 2020 final dividend pursuant to the scrip dividend scheme announced by the Company on 28 December 2020 and 24 September 2020 respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

36. SHARE CAPITAL (continued)

(iii) During the year ended 31 March 2021, the Company, through its subsidiary, repurchased certain of its own shares as follows:

Month of repurchase	No. of ordinary share purchased	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$'000
April 2020	**9,258,000**	**2.70**	**2.64**	**24,442**
June 2020	**9,517,000**	**2.48**	**2.34**	**24,078**

During the year ended 31 March 2020, the Company, through its subsidiary, repurchased certain of its own shares as follows:

Month of repurchase	No. of ordinary share purchased	Price per share Highest HK$	Lowest HK$	Aggregate consideration paid HK$'000
July 2019	5,550,000	3.84	3.52	21,090
August 2019	9,693,000	3.90	3.36	34,604
September 2019	2,727,000	3.57	3.49	9,299
October 2019	4,855,000	3.34	3.31	15,633
February 2020	8,276,000	3.94	3.55	30,042
March 2020	11,571,000	3.49	2.91	31,010

The shares were cancelled during the year and accordingly the issued share capital and the share premium was reduced by the nominal value of these shares and the premium paid on repurchase respectively.

All the shares issued during the years ended 31 March 2021 and 2020 rank pari passu in all respects with the existing shares in the Company.

During the year, except the amount disclosed above for listed shares, the amount of notes disclosed in note 34 and the amount of perpetual capital notes disclosed in note 37, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, notes or perpetual capital notes.

37. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued USD250,000,000, USD50,000,000 and USD60,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the USD1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distributions are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

During the year ended 31 March 2021, the Company through its wholly-owned subsidiary, repurchased and subsequently sold 2019 Perpetual Capital Notes with an aggregate principal amount of US$17,000,000.

The perpetual capital notes are classified as equity instrument. Any distributions made by FEC Finance to the holders are recognised in equity in the consolidated financial statements of the Group.

38. MAJOR NON-CASH TRANSACTIONS

(i) The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$102,647,000 (2020: HK$202,755,000).

(ii) During the year ended 31 March 2021, the Group entered into new lease agreement for the use of leased properties for five years, the Group recognised HK$49,347,000 (2020: HK$213,223,000) of right-of-use assets and lease liabilities.

39. CHARGE ON ASSETS

Bank borrowing of HK$18,853,373,000 (2020: HK$16,557,962,000) and lease liabilities of HK$13,057,000 (2020: HK$15,783,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2021 HK$'000	2020 HK$'000
Investment properties	5,346,129	4,971,580
Property, plant and equipment (excluding right-of-use assets)	7,078,994	6,124,724
Right-of-use assets	1,129,049	1,510,185
Properties for sale	11,522,516	8,263,088
Bank deposits	386,575	72,009
Investment securities	769,282	824,953
	26,232,545	21,766,539

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

39. CHARGE ON ASSETS (continued)

Restrictions or covenants on leases

In addition lease liabilities disclosed above, lease liabilities of HK$713,840,000 (2020: HK$608,556,000) are recognised with related right-of-use assets of HK$604,853,000 (2020: HK$542,414,000) as at 31 March 2021. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

40. CAPITAL COMMITMENTS

	2021 **HK$'000**	2020 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**864,868**	1,186,814
Commitment to provide credit facility to a joint venture	**213,981**	94,000
Others	**13,988**	17,528
	1,092,837	1,298,342

41. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties and certain properties for sales temporary rented out have committed leases for next 1 to 18 years (2020: 1 to 18 years).

Minimum lease payments receivables on leases are as follows:

	2021 **HK$'000**	2020 HK$'000
Within one year	**128,139**	104,456
In the second year	**106,681**	66,737
In the third year	**83,897**	31,992
In the fourth year	**75,735**	24,876
In the fifth year	**68,863**	22,201
More than five years	**696,514**	77,905
	1,159,829	328,167

42. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group entered into the following transactions with related parties:

	2021 HK$'000	2020 HK$'000
Provision of building management service by associates	**3,866**	3,851
Provision of underwriting service to joint ventures	**514**	420
Provision of sales and marketing services by a joint venture	**15,779**	–
Sales of properties to a related company (Note)	**235,060**	–
Interest income from a joint venture	**848**	–

Note: The properties comprise certain commercial units located in Singapore. The sale of properties is included in the revenue of the Group for the year.

Details of the balances with associates, joint ventures, an investee company and related companies as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) The Group has entered into three hotel management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2021, hotel management services income of HK$20,000 (2020: HK$2,409,000) was received under these contracts.

(c) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 14.

43. AMOUNTS DUE FROM/TO RELATED PARTIES

The amounts due from/to associates, joint ventures, an investee company and related companies are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

44. SHARE OPTION SCHEMES

On 31 August 2012, the Company adopted a new share option scheme and the old share option scheme of the Company adopted on 28 August 2002 was expired on 28 August 2012 (collectively referred to as the "FECIL Share Option Schemes"). The FECIL Share Option Scheme were approved by the Company for the purpose of providing incentives and rewards to employees or executive or officers (including executive and non-executive directors) of the Company or any of its subsidiaries and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the FECIL Share Option Schemes, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, the total number of shares to be issued under the FECIL Share Option Scheme is not permitted to exceed 10% of the shares of the Company then in issue; and the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options granted will be taken up upon payment of HK$1 by the grantee. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

At 31 March 2021 and 2020, there were no options which remained outstanding under FECIL Share Option Schemes.

45. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

45. RETIREMENT BENEFITS SCHEMES (continued)

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

Total retirement benefits expenses charged to profit or loss amounted to HK$31,432,000 in the current year (2020: HK$46,523,000).

46. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2021 HK$'000	2020 HK$'000
Financial assets		
Debt instruments as FVTOCI	2,028,844	1,581,220
Equity instruments at FVTOCI	1,059,400	470,943
Financial assets at FVTPL	1,054,562	975,237
Financial assets at amortised cost	7,155,044	4,356,818
Derivative financial instruments	3,531	37,222
	11,301,381	7,421,440
Financial liabilities		
Derivative financial instruments	13,852	3,397
Financial liabilities at amortised cost	29,176,861	24,839,968
	29,190,713	24,843,365

b. Financial risk management objectives and policies

The Group's major financial instruments included investment securities, borrowings, trade and other receivables, trade and other payables, contract assets, bank balances and cash and notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, variable-rate loan receivables, borrowings and debt instruments. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

In addition, the Group is also exposed to fair value interest rate as most of the debt instruments are at fixed rate. The sensitivity analysis for fair value interest rate risk for debt instruments measured at fair value are presented under price risk.

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity analysis

The sensitivity analysis considers only loan receivables and borrowings which have significant impact on the consolidated financial statements and loan receivables outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period for borrowing and loan receivables.

If interest rates had been increased/decreased by 50 basis points (2020: 50 basis points) and all other variables were held constant, the Group's profit after tax, due to the impact of variable-rate loan receivables and borrowings, would have decreased/increased by HK$34,334,000 (2020: HK$54,424,000) and the interest capitalised would have increased/decreased by HK$56,031,000 (2020: HK$44,012,000).

No analysis for the impact of interest rate risk on debt instruments at FVTOCI as the management expected the impact is not significant.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, at the end of the reporting period are as follows:

	Assets		Liabilities	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
A$	**421,585**	564,451	**159,300**	703,511
US$	**3,957,519**	2,805,985	**5,879,349**	3,538,862
EUR	**239,107**	169,163	**86,709**	298,713
S$	**336,919**	333,376	**–**	–
GBP	**247,116**	172,308	**36,214**	10,502

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

Inter-company balances

	Assets		Liabilities	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
A$	**8,367,287**	6,412,827	**–**	–
RMB	**419,813**	320,414	**1,173,943**	1,341,683
EUR	**361,764**	302,532	**–**	–
S$	**174,344**	162,943	**–**	–
GBP	**2,229,509**	1,176,985	**–**	–

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than USD for the individual group entity in Hong Kong since under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and USD. The following tables details the Group's sensitivity to a 10% (2020: 10%) weakening in the functional currencies of group entities against the relevant foreign currencies of respective group entities, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at the year end. For a 10% strengthening of the functional currencies of group entities against the relevant foreign currencies, these would be an equal and opposite impact on profit and other comprehensive income.

	Increase (decrease) in profit after tax	
	2021 HK$'000	2020 HK$'000
A$	**21,901**	(11,612)
RMB	**(98,024)**	(112,031)
EUR	**12,725**	(10,817)
S$	**28,133**	27,837
GBP	**17,610**	12,944

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis (continued)

	Increase in other comprehensive income	
	2021	2020
	HK$'000	HK$'000
A$	**836,729**	641,283
RMB	**41,981**	32,041
EUR	**36,176**	30,253
S$	**17,434**	16,294
GBP	**222,951**	117,699

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

Price risk

The Group is exposed to equity price risk, fair value interest rate risk and other price risk arising from financial assets at FVTPL and financial assets at FVTOCI.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt price risk at the end of the reporting period.

If the price of the respective equity and investment funds have been 5% (2020: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$453,000 (2020: HK$868,000) as a result of the changes in fair value of equity securities at FVTPL.

- profit after tax would have increased/decreased by HK$17,729,000 (2020: HK$9,903,000) as a result of the changes in fair value of investment funds at FVTPL.

- FVTOCI reserve would have increased/decreased by HK$52,970,000 (2020: HK$23,547,000) as a result of the changes in fair value of financial assets at equity securities at FVTOCI.

The management considered that the fluctuation of price on structured notes is not significant and no sensitivity analysis is presented.

No analysis for the impact of credit risk exposure and market interest rate exposure on fixed rate debt securities as the management expected the impact is not significant.

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, contract assets, pledged/restricted bank deposits, bank balances, amounts due from related parties, other receivables, loan receivables, customers' deposits under escrow, debt instruments at FVTPL and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables and contract assets are mitigated because they are secured over properties.

Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

For the Group's investments in debt securities, the investment committee are responsible for the credit risk assessment and give advance to the board of directors. The investment committee also assesses the financial performance of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. Failure to repay may result in collateral liquidation, if any, and/or legal actions against the issuers. The Group also monitors the credit rating and market news of the issuers of the respective debts securities for any indication of potential credit deterioration.

The Group concentration of credit risk mainly on amount due from an investee company, amount due from a shareholder of non-wholly owned subsidiary, amounts due from associates which is mainly due from two associates, and amounts due from joint ventures which is mainly due from six joint ventures. The Group actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on the outstanding balances.

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group invests in rated and unrated debt securities as well as investment grade debt securities. The management regularly reviews and monitors the portfolio of debt securities. Summary of the fair value and principal amount of debt securities at FVTPL are set out below.

Debt securities at FVTPL

	2021		2020	
	Fair value HK$'000	**Principal amount HK$'000**	Fair value HK$'000	Principal amount HK$'000
AA- to BBB-	**166,806**	**163,726**	422,637	455,245
BB+ to B	**129,350**	**130,523**	51,997	52,308
Unrated	**89,139**	**87,291**	242,602	242,602
	385,295	**381,540**	717,236	750,155

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade debtors and contract assets arising from contracts with customers as well as lease receivables

In order to minimise the credit risk, the management of the Group has policies in place to ensure the sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade debtors including lease receivables individually or collectively based on the Group's internet credit rating. Contract assets are assessed on an individual basis for impairment purpose.

Loan receivables/amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company/bank balances and deposits

The credit risk of loan receivables and amounts due from associates, joint ventures, a shareholder of non-wholly owned subsidiary and an investee company is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company consider that the probability of default is minimal after assessing the counter-parties financial background and underlying assets held by the related parties.

Loan receivables represent mortgage loans secured by the properties of the borrowers.

In determining the recoverability of loan receivables, the Group considers any change in the credit quality of the borrowers, the value of the underlying properties under mortgage, historical settlements of loan interests and other forward-looking information.

Debt instruments at FVTOCI

The Group only invests in debt securities with credit rating of B or above issued by Moody's or Standard & Poor's. The directors of the Company focus on the investment diversification and their credit ratings changes. The directors of the Company assess ECL on the debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debts instruments credit grades. As a result of this assessment, the directors of the Company are of the opinion that the ECL on these debt instruments is insignificant.

Summary of the fair value and principal amount of debt securities at FVTOCI are set out below.

	2021		2020	
	Fair value HK$'000	Principal amount HK$'000	Fair value HK$'000	Principal amount HK$'000
AA- to BBB-	435,537	425,445	787,918	813,302
BB+ to B	1,259,538	1,274,442	647,113	906,070
Unrated	333,769	354,277	146,189	146,189
	2,028,844	2,054,164	1,581,220	1,865,561

The credit risks on pledged deposits, restricted bank deposits, deposit in a financial institution, bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and leases receivables/contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2021 Gross carrying amount HK$'000	2020 Gross carrying amount HK$'000
Debt instruments at FVTOCI						
Investment in debt securities	20	AA- to B	N/A	12-month ECL	1,695,075	1,435,031
		Unrated	Low risk	12-month ECL	333,769	146,189
Financial assets at amortised cost						
Trade debtors (contract with customers)	24	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	826,950	117,778
		N/A	Loss	Credit-impaired	36,903	29,343
Loan receivables	21	N/A	Low risk (Note 2)	12-month ECL	217,905	268,920
Amounts due from related parties and a shareholder of a non-wholly owned subsidiary	33 & 43	N/A	Low risk (Note 2)	12-month ECL	800,180	615,540
Pledged deposits/restricted bank deposits	22	above A- (Note 3)	N/A	12-month ECL	400,591	192,941
Bank balances/deposit in a financial institution	22	above A- (Note 3)	N/A	12-month ECL	4,412,067	2,918,606
Other receivables	24	N/A	Low risk (Note 2)	12-month ECL	170,786	101,269
Customers' deposits under escrow	25	N/A	Low risk (Note 2)	12-month ECL	335,818	147,527
Others						
Contract assets	26	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	–	1,103,698
Lease receivables	24	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	22,905	11,443

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

1. Trade debtors, lease receivables and contract assets

   For trade debtors, lease receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors and contract assets, which are assessed individually, the Group determines the expected credit losses on trade and lease receivables collectively based on shared credit risk characteristics by reference to the Group's internal credit ratings.

   As at 31 March 2020, the directors of the Company consider the exposure of credit risk of contract assets is low after taking into account the value of the underlying properties, historical settlement of the counterparties and other forward-looking information. The fair value for the underlying properties is higher than the outstanding amount of the contract assets at the end of the reporting period. The loss given default of the contract assets is considered as insignificant to the Group, and no allowance of expected credit loss is provided for the contract assets.

   As at 31 March 2021, the Group provided HK$9,253,000 (2020: HK$5,763,000) impairment allowance for trade debtors, based on the collective assessment. Impairment allowance of HK$36,903,000 (2020: HK$29,343,000) were made on credit impaired debtors on an individual basis.

2. Loan receivables, amounts due from related parties, customers' deposits under escrow and other receivables

   For the purposes of internal credit risk management, the Group uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

   Loan receivables are secured by property interests. The directors of the Company consider the exposure to credit risk of these loan receivables is low after taking into account the value of the collateral, historical settlements of loan interests and principal and other forward-looking information. The fair value of the collateral is higher than the outstanding amount of these receivables at the end of the reporting period. The loss given default and 12-month ECL of these loan receivables is considered as insignificant to the Group, and no allowance of expected credit loss is provided for these loan receivables.

   For amounts due from related parties, the directors of the Company consider the exposure to credit risk of these amounts is low after taking into consideration of the fair values of the underlying assets held by the related parties, the outlook of their future operations and the expected operating cash flows of the related parties.

   Customers' deposits under escrow represents the portion of the sale proceeds being held in the escrow accounts. The funds are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities. The directors consider the exposure of credit risk is low.

   For other receivables, the directors of the Company consider the exposure of credit risk, historical settlement and other forward-looking information. The loss under of 12-month ECL of the other receivables are insignificant to be recognised.

3. For pledged deposits, restricted bank deposits, bank balances and deposit in a financial institution, the ECL is assessed by reference to probability of default and loss credit rating grade published by international credit agencies.

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2021							
Creditors and accruals	N/A	1,250,252	–	–	–	1,250,252	1,250,252
Other liabilities	3.00	2,192	120,225	6,386	271	129,074	128,798
Amount due to a related company	N/A	807	–	–	–	807	807
Amounts due to associates	N/A	51,326	–	–	–	51,326	51,326
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	168,997	–	–	–	168,997	168,997
Bank and other borrowings	2.62	10,960,182	9,658,731	2,321,145	507,410	23,447,468	22,357,765
Lease liabilities	2.88	83,476	115,868	133,784	414,703	747,831	726,897
Notes	4.50	2,530,297	3,256,052	74,640	581,977	6,442,966	5,218,916
		15,047,529	13,150,876	2,535,955	1,504,361	32,238,721	29,903,758
Derivatives financial instrument – net settled Interest rate/currency swap contracts		7,045	6,807	–	–	13,852	13,852

46. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2020							
Creditors and accruals	N/A	848,280	–	–	–	848,280	848,280
Other liabilities	3.00	1,885	106,770	22,561	370	131,586	129,028
Amount due to a related company	N/A	751	–	–	–	751	751
Amounts due to associates	N/A	6,897	–	–	–	6,897	6,897
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	395,126	–	–	–	395,126	395,126
Bank and other borrowings	3.17	7,075,474	10,336,373	3,577,224	325,986	21,315,057	19,911,762
Lease liabilities	2.91	87,434	154,689	114,174	412,386	768,683	624,339
Notes	4.02	143,400	2,473,058	1,175,315	94,006	3,885,779	3,548,124
		8,559,247	13,070,890	4,889,274	832,748	27,352,159	25,464,307
Derivatives financial instrument – net settled Interest rate/currency swap contracts		3,397	–	–	–	3,397	3,397

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2021 and 31 March 2020, the carrying amounts of these bank borrowings amounted to HK$2,705,485,000 and HK$1,965,284,000 respectively. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2021						
Bank borrowings	**1,623,246**	**719,149**	**421,043**	**80,888**	**2,844,326**	**2,705,485**
At 31 March 2020						
Bank borrowings	1,118,777	842,939	25,212	94,358	2,081,286	1,965,284

The cash flows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

46. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Certain financial instruments of the Group are measured at fair values at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31.3.2021 HK$'000	31.3.2020 HK$'000		
1a) Listed equity securities classified as financial assets at FVTPL	**6,336**	20,790	Level 1	Quoted bid prices in an active market
1b) Listed equity securities classified as equity instrument at FVTOCI	**1,059,400**	470,943	Level 1	Quoted bid prices in an active market
1c) Unlisted equity securities classified as financial assets at FVTPL	**4,506**	5	Level 2	Recent transaction price of equity securities issued to third parties
2a) Listed debt securities classified as financial assets at FVTPL	**351,266**	474,634	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at FVTPL	**34,029**	242,602	Level 2	Reference to market value provided by brokers/financial institution
2c) Unlisted debt securities classified as financial assets at FVTOCI	**194,489**	146,189	Level 2	Reference to market value provided by brokers/financial institution
2d) Listed debt securities classified as financial assets at FVTOCI	**1,834,355**	1,435,031	Level 1	Quoted bid prices in an active market
3a) Investment funds classified as financial assets at FVTPL	**310,029**	215,302	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
3b) Investment funds classified as financial assets at FVTPL	**114,637**	21,904	Level 3	Reference to the net asset value of the unlisted equity investment provided by the external counterparties. Discount of 1.3% (2020: 5.008%) for lack of marketability

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46. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31.3.2021 HK$'000	31.3.2020 HK$'000		
4) Structured notes classified as financial assets at FVTPL	**233,759**	–	Level 2	Reference to market value provided by financial institution
5) Cross currency swap contracts classified as derivative financial instruments	**–**	Assets – 37,222	Level 2	Discounted cash flow
	Liabilities – (500)	Liabilities – (269)		Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties
6) Interest rate swap contracts classified as derivative financial instruments	**Assets – 3,531**	–	Level 2	Discounted cash flow
	Liabilities – (13,352)	Liabilities – (3,128)		Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties

There were no transfers between Levels 1, 2 and 3 during the years ended 31 March 2021 and 31 March 2020.

46. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Investment funds classified as financial assets at FVTPL HK$'000	Unlisted (assets) liabilities arising from profit guarantee arrangement HK$'000	Unlisted equity securities classified as equity investment at FVTOCI HK$'000
At 1 April 2019	14,478	(2,547)	2,133
Addition	10,372	–	–
Unrealised fair value change recognised in profit or loss	(2,675)	2,547	(2,133)
Exchange realignment	(271)	–	–
At 31 March 2020	21,904	–	–
Addition	77,467	–	–
Unrealised fair value change recognised in profit or loss	12,850	–	–
Exchange realignment	2,416	–	–
At 31 March 2021	114,637	–	–

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable inputs for any of the level 3 financial instruments of the Group, as the management considers that the exposure is insignificant to the Group.

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts.

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47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK$'000 (note 31)	Notes HK$'000 (note 34)	Dividend payable HK$'000	Amounts due to related companies HK$'000 (note 43)	Amounts due to associates HK$'000 (note 43)	Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (note 33)	Lease liabilities HK$'000 (note 32)	Other liabilities HK$'000	Total HK$'000
At 1 April 2019	17,838,543	3,509,499	–	623	28,057	399,810	560,528	35,226	22,372,286
New lease entered	–	–	–	–	–	–	213,223	–	213,223
Financing cash flows	2,258,383	(38,868)	(312,157)	128	(19,888)	12,164	(117,444)	95,284	1,877,602
Non-cash changes	–	(26,283)	(202,755)	–	–	–	–	–	(229,038)
Finance costs	670,066	148,555	–	–	–	–	20,950	–	839,571
Dividends recognised as distribution	–	–	514,912	–	–	–	–	–	514,912
Foreign exchange translation	(855,230)	(44,779)	–	–	(1,272)	(16,848)	(52,918)	(1,482)	(972,529)
At 31 March 2020	19,911,762	3,548,124	–	751	6,897	395,126	624,339	129,028	24,616,027
New lease entered	–	–	–	–	–	–	49,347	–	49,347
Financing cash flows	769,135	1,493,416	(345,406)	56	44,429	(249,982)	(84,547)	(1,920)	1,625,181
Non-cash changes	(23,830)	–	(102,647)	–	–	–	(14,646)	–	(141,123)
Finance costs	542,357	165,160	–	–	–	–	21,239	–	728,756
Dividends recognised as distribution	–	–	448,053	–	–	–	–	–	448,053
Foreign exchange translation	1,158,341	12,216	–	–	–	23,853	131,165	1,690	1,327,265
At 31 March 2021	22,357,765	5,218,916	–	807	51,326	168,997	726,897	128,798	28,653,506

In addition, the Group has made distributions of HK$220,345,000 (2020: nil) to owners of perpetual capital notes during the year ended 31 March 2021.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current Asset		
Interests in subsidiaries	**7,482,201**	9,059,234
Current Assets		
Amount due from a subsidiary	**1,138,840**	706,000
Bank balances, deposits and cash	**7,839**	6,666
	1,146,679	712,666
Current Liabilities		
Creditors and accrued charges	**29,554**	31,933
Loan from a subsidiary	**159,300**	–
Amount due to a subsidiary	**19,465**	–
Notes	**1,834,899**	–
	2,043,218	31,933
Net Current (Liabilities) Assets	**(896,539)**	680,733
Total Assets Less Current Liabilities	**6,585,662**	9,739,967
Capital and Reserves		
Share capital	**239,508**	236,942
Share premium	**4,584,371**	4,534,687
Reserves	**665,687**	792,188
	5,489,566	5,563,817
Non-current Liabilities		
Loan from a subsidiary	**–**	637,650
Amount due to a subsidiary	**–**	67,516
Notes	**1,095,843**	3,470,731
Deferred tax liabilities	**253**	253
	1,096,096	4,176,150
	6,585,662	9,739,967

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2019	235,169	4,479,650	29,820	628,830	11,886	5,385,355
Profit and other comprehensive income for the year	–	–	–	–	632,297	632,297
Dividends	–	–	–	–	(514,912)	(514,912)
Share issued in lieu of cash dividend	6,040	196,715	–	–	–	202,755
Repurchase of ordinary shares	(4,267)	(141,678)	4,267	–	–	(141,678)
At 31 March 2020	236,942	4,534,687	34,087	628,830	129,271	5,563,817
Profit and other comprehensive income for the year	–	–	–	–	319,675	319,675
Dividends	–	–	–	–	(448,053)	(448,053)
Share issued in lieu of cash dividend	4,443	98,204	–	–	–	102,647
Repurchase of ordinary shares	(1,877)	(48,520)	1,877	–	–	(48,520)
At 31 March 2021	239,508	4,584,371	35,964	628,830	893	5,489,566

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/registered and paid up capital	Proportion of nominal value of issued capital/registered capital held by the Company 2021	2020	Principal activities
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	1 share of A$1	100	100	Property development
Indirect subsidiaries					
124 York Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
13 Roper Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
13 Roper Street Trust	Australia	N/A	77.75	77.75	Car park operation
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
19 Bank Street Trust	Australia	N/A	77.75	77.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
344 Queen Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
94 York Street Trust	Australia	N/A	77.75	77.75	Car park operation
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development and investment
Amphion Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Anderson International Properties Pte Ltd	Singapore	1,000 shares of S$1	100	100	Property investment
Anderson Raffles Limited	Mauritius	500,000,000 shares of US$1	100	100	Investment holding
Angel Meadows (FEC) Limited	UK	100 shares of £1	100	100	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apexwill Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Asian Harvest Investments Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Australian Property Management Pty Ltd	Australia	1 share of A$1	77.75	77.75	Car park operation
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	88.85	88.85	Car park operation
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI/HK	100 shares of US$1	100	100	Investment holding
Capital Fortune Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Care Park (Albert Street) Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/registered and paid up capital	Proportion of nominal value of issued capital/registered capital held by the Company 2021	2020	Principal activities
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	30,000 shares of HK$100	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$8,800,000	100	100	Hotel management
Chun Wah Holdings Limited	HK	200 shares of HK$1	100	100	Property development
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Crouch End (FEC) Limited	UK	1 share of £1	100	100	Property development
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Property development
Dorsett Hospitality International Limited	Cayman Islands	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR2	100	100	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Drakar Limited	Isle of Man/ UK	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Esmart Management Limited	HK	2 shares of HK$1	100	100	Hotel management
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	Curacao	99,000 shares of US$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding

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49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/registered and paid up capital	Proportion of nominal value of issued capital/registered capital held by the Company 2021	2020	Principal activities
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Properties Pty Limited	Australia	12 shares of A$1 225 redeemable preference shares of A$44.44	100 100	100 100	Investment holding and property investment
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Rockman Hotels (Australia) Pty Limited	Australia	12 shares of A$1 375 redeemable preference shares of A$10,000	100 100	100 100	Investment holding
Far East Vault Limited	HK	1 share of HK$1	100	100	Vault service
FEC 640 Bourke Street Melbourne Pty Ltd	Australia	1 share of A$1	100	100	Property development
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Development Management Limited	UK	1 share of £1	100	100	Administration services
FEC Financing Solutions Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC May22 Pty Ltd	Australia	1 share of A$1	100	100	Property development
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
FEC Skyline Pte. Ltd	Singapore	4,000,000 shares of S$1	70	70	Property development
FEC Skypark Pte. Ltd.	Singapore	3,000,000 shares of S$1	80	80	Property development
FEC Strategic Investments (Netherlands) B.V.	Amsterdam	120,000 shares of DFL1	100	100	Investment holding
FEC Suites Pte. Ltd.	Singapore	1 share of S$1	100	100	Property development
FECFW 1 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FECFW 2 Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
Ficon Roper Street Trust	Australia	N/A	77.75	77.75	Car park operation
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares of £1	100	100	Investment holding
Launceston York Car Park Trust	Australia	N/A	77.75	77.75	Car park operation

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/registered and paid up capital	Proportion of nominal value of issued capital/registered capital held by the Company 2021	2020	Principal activities
Madison Lighters and Watches Company Limited	HK	4 shares of HK$1	100	100	Investment holding
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd	Australia	1 share of A$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 MYR1	100	100	Hotel operation
Midtown at Upper West Side Pty Ltd	Australia	2 shares of A$1	100	100	Investment holding
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Perth FEC Pty Ltd	Australia	1 share of A$1	100	100	Property development
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Raffles Legend Properties Pte Ltd	Singapore	1 share of S$1	100	100	Property investment
Regency Hotels Proprietary Limited	Australia	100 shares of A$1	100	100	Investment holding
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation
Roper Debt Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Roper Street Car Park Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Roper Street Car Park Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
Sanon Limited	HK	1 share of HK$1	100	100	Property development and investment
Scarborough Development Limited	HK	2 shares of HK$1	100	100	Property investment
SC98A s.r.o.	Czech Republic	1 share of CZK100,000	100	100	Investment holding
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	77.75	77.75	Car park operation
Shepparton Car Park Trust	Australia	N/A	77.75	77.75	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Spencer Green Pty Ltd	Australia	1 share of A$1	100	100	Property development
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Success Range Sdn. Bhd.	Malaysia	500,000 shares of MYR1	100	100	Hotel operation

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/registered and paid up capital	Proportion of nominal value of issued capital/registered capital held by the Company 2021	2020	Principal activities
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property development
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Topping Faithful Limited	HK	1 share of HK$1	100	100	Sales agency service
Tracia Limited	Isle of Man/UK	1 share of £1	100	100	Investment holding
Trans World Corporation	Czech Republic	22,968 shares of CZK1	100	100	Gaming and hotel operation
Trans World Hotels & Entertainment, a.s.	Czech Republic	400 shares of CZK75,000 and 100 shares of CZK700,000	100	100	Gaming and hotel operation
Trans World Hotels Austria GmbH	Austria	1 share of EUR40,000	100	100	Hotel operation
Trans World Hotels Germany GmbH	Germany	1 share of EUR20,000	100	100	Hotel operation
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Victoria Land Pty Limited	Australia	12 share of A$1	100	100	Management services
Well Distinct Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding
武漢港澳中心物業管理有限公司 (iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司 (i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司 (i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
上海帝盛酒店有限公司 (iii)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

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

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of subsidiaries that has material non-controlling interests

The table below shows details of subsidiaries of the Group that have material non-controlling interests as at 31 March 2021 and 2020.

	Profit allocated to non-controlling interests/owners of perpetual capital notes		Accumulated non-controlling interests/owners of perpetual capital notes	
	2021 HK$'000	2020 HK$'000	**2021 HK$'000**	2020 HK$'000
Owners of perpetual capital notes	**199,713**	98,564	**2,883,903**	2,904,535
Subsidiaries with individually immaterial non-controlling interests	**62,833**	86,564	**373,330**	290,667

FEC Finance Limited's issued ordinary shares are fully held by the Group. As disclosed in note 37, FEC Finance Limited issued perpetual capital notes which are classified as equity to parties outside the Group. Such non-controlling interests of FEC Finance Limited amounted to HK$2,883,903,000 (2020: HK$2,904,535,000) as at 31 March 2021.

50. CONTINGENT LIABILITIES

During the year, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. At this juncture, the management is of the opinion, upon advised by the legal counsel, that the claim is not valid as there is no breach of contract and therefore these allegations of wrongdoing will be rigorously denied and the proceedings are being fully contested.

51. EVENT AFTER THE REPORTING PERIOD

On 15 June 2021, the Group has entered into a sale and purchase agreement with independent third party to dispose its entire equity interest in an indirect wholly-owned subsidiary, which holds a hotel property in the United Kingdom, for an aggregate consideration of GBP115,000,000 (equivalent to approximately HK$1,256,950,000). The Group is in the process of finalising the financial impact of the disposal and it is impracticable to disclose the financial impact as at the date of this report.

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