

*Multifield*

**Multifield International Holdings Limited**

**萬事昌國際控股有限公司\***

(Incorporated in Bermuda with limited liability)

(Stock Code: 0898)



**2021**

**ANNUAL REPORT**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Lau Chi Yung, Kenneth (*Chairman*)  
Mr. Lau Michael Kei Chi  
(*Vice-Chairman and Managing Director*)

#### Independent Non-executive Directors

Mr. Tsui Ka Wah  
Mr. Lo Mun Lam, Raymond  
(*appointed on 27 May 2021*)  
Mr. Lo Kam Cheung, Patrick  
(*appointed on 27 May 2021*)  
Mr. Wong Yim Sum (*retired on 27 May 2021*)  
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

### AUDIT COMMITTEE

Mr. Lo Mun Lam, Raymond (*Chairman*)  
(*appointed on 27 May 2021*)  
Mr. Tsui Ka Wah  
Mr. Lo Kam Cheung, Patrick  
(*appointed on 27 May 2021*)  
Mr. Wong Yim Sum (*retired on 27 May 2021*)  
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

### REMUNERATION COMMITTEE

Mr. Tsui Ka Wah (*Chairman*)  
Mr. Lau Chi Yung, Kenneth  
Mr. Lau Michael Kei Chi  
Mr. Lo Mun Lam, Raymond  
(*appointed on 27 May 2021*)  
Mr. Lo Kam Cheung, Patrick  
(*appointed on 27 May 2021*)  
Mr. Wong Yim Sum (*retired on 27 May 2021*)  
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

### NOMINATION COMMITTEE

Mr. Lau Chi Yung, Kenneth (*Chairman*)  
Mr. Lau Michael Kei Chi  
Mr. Tsui Ka Wah  
Mr. Lo Mun Lam, Raymond  
(*appointed on 27 May 2021*)  
Mr. Lo Kam Cheung, Patrick  
(*appointed on 27 May 2021*)  
Mr. Wong Yim Sum (*retired on 27 May 2021*)  
Mr. Lee Siu Man, Ervin (*retired on 27 May 2021*)

### COMPANY SECRETARY

Mr. Li Ying Leung

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Communications (Hong Kong) Limited  
Bank J. Safra Sarasin Ltd, Hong Kong Branch  
Bank of China

### SOLICITORS

Ng and Fang Solicitors & Notaries  
Wong & Tang Solicitors  
Guangdong Langqian Law Firm

### AUDITORS

Elite Partners CPA Limited  
*Certified Public Accountants*  
*and Registered Public Interest Entity Auditor*  
10/F, 8 Observatory Road  
Tsim Sha Tsui  
Kowloon  
Hong Kong

### REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Units 22-28, 25/F  
Tower A, Southmark  
11 Yip Hing Street  
Wong Chuk Hang  
Hong Kong

### PRINCIPAL SHARE REGISTRAR & TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR & TRANSFER OFFICE

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS**

On behalf of the board of directors (the “Board”) of Multifield International Holdings Limited (the “Company”), I am pleased to present the annual results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021.

### **REVIEW OF OPERATIONS**

#### **PROPERTY INVESTMENT**

##### **Hong Kong**

The Group's investment properties in Hong Kong mainly comprise office buildings, industrial buildings, retail shops and car parks. The Group's investment properties portfolio contributed stable rental revenue of approximately HK\$72 million in 2021 (2020: HK\$70 million).

##### **Shanghai, China**

The Group's investment property portfolio in Shanghai, China comprises three residential complexes operating under the brand name of “Windsor Renaissance”, which consist of around 182 blocks of hotel-serviced villas and 132 hotel-serviced apartments in total. Windsor Renaissance is regarded as a symbol of high quality hotel-serviced villas and apartments in Shanghai, and is well recognised by consulates and management of foreign business entities. These properties in Shanghai had an average occupancy rate of approximately 95% and generated rental and management fee revenue of approximately HK\$166 million in 2021 (2020: HK\$159 million).

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

### Zhuhai, China

#### *Zhuhai Qianshan*

The Group has a plot of 36,808 square meters commercial use land in Qianshan, Zhuhai, where a few existing residents have not yet relocated. Local government is responsible for relocation work, but the progress has been very slow.

To speed up the relocation progress, the Group has proposed to local government an adjustment in planning that a portion of such commercial use land be allocated for building residential units for in situ resettlement of existing residents. However, such proposal requires coordination among a number of government departments, for example, the change of land use planning. The Group is currently waiting for comments and approval from relevant government departments.

#### *Zhuhai Doumen*

On 24 February 2021, 珠海市自然資源局 (literally translated as Zhuhai Municipal Natural Resources Bureau) issued compensation notice (letter reference number (2021)52) in respect of the resumption of the 94,110.84 square meters hotel, commercial and exhibition use land located in Doumen, Zhuhai (the “**Doumen Land**”) which was previously owned by the Group, the amount of compensation was RMB205,538,078.

The management considered that the Zhuhai Municipal Natural Resources Bureau had no legal basis to make the above compensation decision and was against legal procedures. The Zhuhai Municipal Natural Resources Bureau not only failed to specify relevant legal basis on the above compensation notice, it also once again hired valuation agency unilaterally without the Group's consent, and submitted to such agency information which had not been confirmed by the Group as the basis for making assessment. As a result, the assessment for the Doumen Land's value was substantially inaccurate and thus was unfair to the Group. To protect the Group's legitimate interests, the Group has engaged lawyers to file administrative complaints against local government departments including the Zhuhai Municipal Natural Resources Bureau, 珠海市斗門區人民政府 (literally translated as People's Government of Zhuhai Doumen District), and 珠海市斗門區井岸鎮人民政府 (literally translated as People's Government of Zhuhai Doumen District Jingan Town).

On 25 February 2022, the local court issued its judgement on an administrative proceeding filed by the Group to set aside the compensation notice (letter reference number (2021)52) issued by the Zhuhai Municipal Natural Resources Bureau.

As of the date of approval of these consolidated financial statements, the Group has not reached an agreement with the Zhuhai Municipal Natural Resources Bureau on the amount of compensation available to the Group in respect of the resumption of the Doumen Land. Nevertheless, no material negative impact on the daily operations and the financial position of the Group is expected.

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL INVESTMENTS

The worldwide economy and global stock markets were volatile in 2021.

As of 31 December 2021, the Group held approximately HK\$816 million (31 December 2020: HK\$870 million) of highly liquid equity investments consisted mainly of blue chip stocks and Exchange Traded Funds listed in Hong Kong. These equity investments were held by the Group for long-term investment purpose and earning dividend income.

The Group's equity investments recorded a net fair value loss of approximately HK\$53 million for the year (2020: loss of HK\$174 million) when marking the investment portfolio to market valuation as of 31 December 2021. Dividend income derived from equity investments amounted to approximately HK\$30 million in 2021 (2020: HK\$22 million).

The equity investments held by the Group as at 31 December 2021 were as follows:

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2021	Percentage of shareholding as at 31 December 2021	Investment cost	Realised gain	Unrealised gain/(loss)	Dividend income	Fair value/ amount as at 31 December 2021	Percentage to the Company's total asset as at 31 December 2021
						on change in fair value for the year ended 31 December 2021	on change in fair value for the year ended 31 December 2021			
					HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	%
2800	Tracker Fund of Hong Kong	Collective investment fund, structured as a unit trust established under Hong Kong law, provide investment results that closely correspond to the performance of the Hang Seng Index.	7,850	0.19	196,381	–	(30,458)	5,260	184,632	1.38
5	HSBC Holdings plc	Banking and financial services, manages its products and services through four businesses: Retail Banking and Wealth Management (RBWM), Commercial Banking (CMB), Global Banking and Markets (GB&M), and Global Private Banking (GPB)	5,743	0.03	385,760	–	35,317	9,822	269,331	2.02

**CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS**

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2021 '000	Percentage of shareholding as at 2021 %	Investment cost HK\$'000	Realised	Unrealised	Dividend income for the year ended 2021 HK\$'000	Fair value/ carrying amount as at 31 December 2021 HK\$'000	Percentage to the Company's total asset as at 2021 %
						gain on change in fair value for the year ended 31 December 2021 HK\$'000	gain/(loss) on change in fair value for the year ended 31 December 2021 HK\$'000			
2828	Hang Seng China Enterprises Index ETF	Sub-fund of the Hang Seng Investment Index Funds Series, a unit trust established as an umbrella fund under the laws of Hong Kong, which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index.	2,664	1.03	337,354	-	(67,079)	4,769	222,497	1.67
3988	Bank of China Limited	Banking and financial services, a China-based company principally engage in the provision of banking and related financial services.	29,300	0.04	101,558	-	4,688	6,963	82,333	0.62
941	China Mobile Limited	Telecommunication and Services, a China-based company principally engage in telecommunication and related businesses including mobile businesses, wireline Broadband businesses and Internet of Things (IoT) businesses.	340	0.00	31,219	-	884	1,153	15,912	0.12

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Stock Code	Company Name	Principal Business	Number of shares held as at 31 December 2021 '000	Percentage of shareholding as at 31 December 2021 %	Investment cost HK\$'000	Realised	Unrealised	Dividend income for the year ended 31 December 2021 HK\$'000	Fair value/ carrying amount as at 31 December 2021 HK\$'000	Percentage to the Company's total asset as at 31 December 2021 %
						gain on change in fair value for the year ended 31 December 2021 HK\$'000	gain/(loss) on change in fair value for the year ended 31 December 2021 HK\$'000			
2628	China Life Insurance Company Limited	Life insurance, a China-based company principally engage provides a range of insurance products, including individual and group life insurance, health insurance and accident insurance products.	1,000	0.01	29,741	-	(4,180)	768	12,920	0.10
857	PetroChina Co. Ltd.	Petroleum and gases, a China-based company principally engage in the production and distribution of oil and gas.	2,378	0.01	24,819	-	2,544	624	8,251	0.06
	Other listed securities <sup>#</sup>				56,014	-	4,803	1,062	20,163	0.15
						-	(53,481)	30,421	816,039	6.12

<sup>#</sup> Other listed securities comprised equity investments in 11 companies whose shares were mainly listed on the Main Board of The Stock Exchange of Hong Kong Limited. The carrying value of each of these investments represented less than 1% of the total assets of the Group as at 31 December 2021.

The Board acknowledges that the performance of the equity investments may be affected by worldwide economy, volatility in the Chinese and Hong Kong stock markets, and susceptible to other external factors that may affect their values. In order to mitigate possible financial risk related to the equity investments, the management will closely monitor the performance of respective equity investments and the changes in market condition. The Group will adjust the Group's portfolio of investments as the Board considers appropriate.

## **CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The Group recorded an increase of over 6,800% in net profit for the year ended 31 December 2021 to approximately HK\$489 million (2020: HK\$7 million). The substantial increase in profit was main due to (i) a decrease in fair value loss on equity investments, (ii) an increase in fair value gain on investment properties, and (iii) the recognition of reversal of provision in respect of a plot of land in 2021.

The Group's rental and property management services income increased by approximately 3% to approximately HK\$238,000,000 in 2021 (2020: HK\$230,000,000). During the year, rental income from Hong Kong increased by approximately 3% to approximately HK\$71 million (2020: HK\$69 million), while rental and management fee income from hotel-serviced apartments and villas in Shanghai increased by approximately 4% to approximately HK\$166 million (2020: HK\$159 million).

The Group's equity investments recorded a reduction in fair value loss to approximately HK\$53 million in 2021 (2020: HK\$174 million). These equity investments recorded dividend income of approximately HK\$30 million during the year (2020: HK\$22 million).

Investment properties held by the Group record a substantial increase in fair value gain of approximately 670% to HK\$413 million in 2021 (2020: HK\$54,000,000). As at 31 December 2021, fair value of the Group's investment properties increased by approximately 5% from the end of last year to approximately HK\$11,232 million (31 December 2020: HK\$10,652 million).

### **CAPITAL STRUCTURE**

Details of changes in capital structure of the Company during the year ended 31 December 2021 are as follows:

#### **Share consolidation**

On 26 March 2021, the Board proposed to implement a share consolidation on the basis of every five ordinary shares of par value HK\$0.01 each in the capital of the Company be consolidated into one ordinary share of par value HK\$0.05 each. By an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021, the aforesaid share consolidation took effect on 31 May 2021.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

The Group did not have any material acquisitions or disposals of subsidiaries, associated companies and joint ventures during the year ended 31 December 2021.

### **FOREIGN CURRENCY EXPOSURE**

The Group's monetary assets, liabilities and transactions are mainly denominated in Renminbi, Hong Kong dollar, United States dollar and Malaysian ringgit. The Group is exposed to foreign exchange risk with respect mainly to Renminbi which may affect the Group's performance. The management is aware of the possible exchange rate exposure due to the continuing fluctuation of Renminbi and will closely monitor its impact on the performance of the Group and when appropriate hedge its currency risk.

As of 31 December 2021, the Group did not have any financial instrument for foreign currency hedging purpose (31 December 2020: Nil).

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flows and banking facilities provided by principal bankers in Hong Kong. In order to preserve liquidity and enhance interest yields, liquid assets were maintained in the form of highly liquid equity investments amounted to approximately HK\$816 million as of 31 December 2021 (31 December 2020: HK\$870 million). The Group's cash and cash equivalents as of 31 December 2021 amounted to approximately HK\$462 million (31 December 2020: HK\$467 million).

As of 31 December 2021, the Group had total bank and other borrowings amounted to approximately HK\$1,487 million (31 December 2020: HK\$1,627 million), which were secured by legal charges on the Group's certain investment properties in Hong Kong and Shanghai. The Group's bank borrowings were mainly arranged on a floating rate basis. The maturity of bank and other borrowings of the Group as at 31 December 2021, ignoring the effect of any repayment on-demand clause, was as follows:

	<i>HK\$'000</i>
Within one year	225,400
In the second year	378,400
In the third to fifth years, inclusive	<u>883,200</u>
Total	<u><u>1,487,000</u></u>

With the total bank and other borrowings of approximately HK\$1,487 million (2020: HK\$1,627 million) and the aggregate of the shareholder funds, non-controlling interests and total bank borrowings of approximately HK\$11,340 million (2020: HK\$11,046 million), the Group's gearing ratio as at 31 December 2021 was around 13% (31 December 2020: 15%).

### CHARGES ON GROUP ASSETS

Details of charges on Group assets are set out in Note 24 to the consolidated financial statements.

### CONTINGENT LIABILITY

As of 31 December 2021, the Group had no material contingent liability (31 December 2020: Nil).

### COMMITMENTS

As at 31 December 2021, the Group had committed payment for the construction and land development expenditure amounted to approximately HK\$5 million (31 December 2020: HK\$10 million).

### EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group has no material events after reporting period which are required to be disclosed.

### EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2021, the Group had approximately 200 employees in Shanghai, Zhuhai and Hong Kong. During the year, the staff costs (including directors' emoluments) amounted to approximately HK\$31 million (2020: HK\$29 million).

The objective of the Group's remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration paid to its employees (including directors and senior management), their performance, experience and the prevailing market condition are mainly considered. In addition to salaries, provident fund scheme, discretionary bonuses and tuition/training subsidies are available to employees. Level of remuneration is reviewed annually. During the review process, no individual director is involved in decisions relating to his own remuneration.

## CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECT

The fifth wave of COVID-19 outbreak in Hong Kong, caused by the highly transmissible Omicron variant, has yet to show obvious signs of slowing down. The number of new local cases remains at a high level in recent days compared with the last four waves of outbreak. In the mainland China, the number of confirmed cases has been on the rise recently, some provinces and cities have implemented strict preventive measures to prevent further spread of the pandemic.

Hong Kong's economy is being hit hard by various unfavourable internal and external factors such as repeated tightening of local pandemic prevention measures, long-standing restrictions on cross-border travel, the escalating trade tensions between China and the United States, the military conflict between Russia and Ukraine, surging inflation, and interest rate hike expectations. The Group is not optimistic about the local economic outlook for 2022, in particular, retail, catering, and tourism-related industries are now under extremely difficult operating conditions, and a considerable number of small and medium enterprises are at risk of closing down.

As the investment properties held by the Group in Hong Kong are mainly commercial and industrial properties, the related rental income will remain under severe pressure until the overall operations of tenants are improved. On the other hand, the Group's investment properties in the mainland China are mainly large-scale and high-quality residential estates. Although the Group's revenue from the mainland China has been stable since the outbreak of the pandemic, operations in the country may still be affected amid the recent nationwide resurgence of infections.

In addition to dragging down the local and even global economy, today's unprecedentedly complex international situation also leading to turmoil in global financial markets. The value of the Group's equity investment portfolio may fluctuate in 2022, the Group will pay close attention to the relevant risks and take necessary measures in a timely manner.

Despite the uncertain outlook for the local economy, it is expected that the Group's financial position will not be significantly and adversely affected in the absence of unforeseeable circumstances. The Group will continue to adopt a prudent investment strategy with an aim to preserve financial resources for possible investment opportunities and thereby create value for shareholders.

### ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to thank our shareholders who have extended to us their trust. The Board and management have decided to propose a final dividend of HK2.50 cents per ordinary share of par value HK\$0.05 each at the forthcoming annual general meeting. I would also like to thank my fellow directors for their support and all the staff for their dedication and hard work. I believe that we will create greater value to our investors in the future.

**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong, 31 March 2022

## BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. LAU Chi Yung, Kenneth**, aged 62, is the Chairman of the Company. Mr. Lau is also the Chairman and Director of Oriental Explorer Holdings Limited (Stock Code: 430) (“Oriental Explorer”), whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

**Mr. LAU Michael Kei Chi**, aged 68, is the Vice-Chairman and Managing Director of the Company. He joined the Group in 1997. Mr. Lau is also the Vice-Chairman and Managing Director of Oriental Explorer and is the elder brother of Mr. Lau Chi Yung, Kenneth.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. TSUI Ka Wah**, aged 69, joined the Group as an Independent Non-executive Director in 2010. He has 28 years of banking experience with the United States and local banks, and has held various management positions in corporate, retail and private banking. Until 2009, he was the President of Great China Region for a U.S. bank, overseeing operations in Taiwan, the People’s Republic of China and Hong Kong. Since August 2013, he has held the position of Chief Executive Officer of SME Credit Company Limited. Mr. Tsui holds a Bachelor Degree and a Master Degree of Business Administration from the Chinese University of Hong Kong. He is also an Independent Non-executive Director of Oriental Explorer, Southeast Asia Properties & Finance Limited (Stock Code: 252) and Grand Ming Group Holdings Limited (Stock Code: 1271) respectively, whose shares are listed on the main board of the Hong Kong Stock Exchange.

**Mr. LO Mun Lam, Raymond**, aged 69, joined the Group as an Independent Non-executive Director in 2021. He is a Chartered Accountant and Corporate Finance designate of the ICAEW (FCA/CF), a Chartered Surveyor (FRICS) and a Chartered Arbitrator (FCIArb.). He is also a Trust & Estate Practitioner (TEP). Mr. Raymond Lo held both directorate and executive positions with multinational corporations, advisory and financial institutions in the past 30 years.

Mr. Raymond Lo is currently an executive director of Amasse Capital Holding Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (Stock Code: 8168), and is also a responsible officer of Amasse Capital Limited for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance.

Mr. Raymond Lo has been an independent non-executive director of China Datang Corporation Renewal Power Company Limited, a state-owned enterprise listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1798), since August 2013. He is also currently an independent non-executive director of Oriental Explorer.

**Mr. LO Kam Cheung, Patrick**, aged 68, joined the Group as an Independent Non-executive Director in 2021. He is a Chartered Accountant in the United Kingdom and Canada, a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Institute of Directors, with extensive experience in auditing and risk advisory. Mr. Patrick Lo had served with a big 4 accounting firm for over 10 years, and had managed the internal audit and risk management functions of a fully licensed bank and a mobile operator in Hong Kong respectively for a total of over 15 years. Mr. Patrick Lo joined RSM Hong Kong in 2007 as a partner overseeing its Risk Advisory Services Department. Before retiring from the firm in 2019, Mr. Patrick Lo had participated in initial public offering assignments of over 50 successfully listed companies. The team led by Mr. Patrick Lo at the firm had also provided internal audit, risk management and corporate governance advisory services to more than 20 companies listed in Hong Kong, Singapore, the United States, and the United Kingdom respectively. Mr. Patrick Lo is currently a Senior Advisor of RSM Consulting (Hong Kong) Limited.

Mr. Patrick Lo was an independent non-executive director of Da Sen Holdings Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1580), from May 2021 to March 2022. He is also currently an independent non-executive director of Oriental Explorer.

## BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

### SENIOR MANAGEMENT

#### Hong Kong

**Ms. SIU Wai King, Donna**, aged 57, joined the Group in 1992. She is the General Manager of the Group. She is responsible for the Group's Hong Kong property business and headquarter's operations, and has over 20 years' experience in property business.

**Mr. LI Ying Leung**, aged 51, joined the Group in 2014. He is the Manager of the Accounting Department of the Group and the Company Secretary of the Company. He holds a Bachelor Degree, and is a member of the HKICPA. He has over 15 years' experience in auditing and accounting.

#### Shanghai, PRC

**Mr. MASSY Jean-Philippe**, aged 45, joined the Group in 2006. He is the General Manager of the Group's subsidiaries in Shanghai. He is responsible for the property management and sales operation in Shanghai. He holds a Master Degree in Management. He has over 15 years' experience in management and marketing.

**Ms. FAN Qing**, aged 52, joined the Group in 1996. She is the Deputy General Manager of the Group's subsidiaries in Shanghai, responsible for the Finance Department in Shanghai. She holds the qualification of Middle Level Accountant (國家中級會計師資格). She has over 15 years' experience in accounting, real estate development and operation.

**Ms. WANG Wen Yang**, aged 43, joined the Group in 2001. She is the Senior Manager of the Group's subsidiaries in Shanghai. She holds a Bachelor Degree. She is responsible for the leasing and sales of properties in Shanghai. She has over 10 years' experience in real estate leasing.

**Ms. WANG Yu**, aged 50, joined the Group in 2002. She is the Senior Manager of the Group's subsidiaries in Shanghai, responsible for the Personnel and Administration Department. She holds a Bachelor Degree. She has over 15 years' experience in personnel and administration.

**Ms. MAO Ling Hua**, aged 47, joined the Group in 1996. She is the Senior Manager of the Group's subsidiaries in Shanghai, responsible for property management. She has over 15 years' experience in property management.

**Ms. SHEN Yan**, aged 48, joined the Group in 2001. She is the Senior Manager of the Group's subsidiaries in Shanghai, responsible for property management. She holds a Bachelor Degree. She has over 15 years' experience in property management.

**Ms. ZHANG Qian**, aged 44, joined the Group in 2003. She is the Manager of the Group's subsidiaries in Shanghai, responsible for property management. She has over 10 years' experience in property management.

**Ms. GUO Jin Hong**, aged 42, joined the Group in 2002. She is the Deputy Manager of Finance Department of the Group's subsidiaries in Shanghai. She has over 10 years' experience in accounting and property operation.

#### Zhuhai, PRC

**Ms. GU He**, aged 46, joined the Group in 2001. She is the Deputy General Manager of the Group's subsidiaries in Zhuhai. She holds a Bachelor Degree and the qualification of Middle Level Accountant (國家中級會計師資格). She has over 15 years' experience in accounting, real estate development and operation.

**Ms. JIAN Chu Shan**, aged 47, joined the Group in 2007. She is the Manager of Finance Department of the Group's subsidiaries in Zhuhai. She holds a Bachelor Degree and the qualification of Middle Level Accountant (國家中級會計師資格). She has over 10 years' experience in accounting.

#### Malaysia

**Mr. NG Kok Khin, Daryl**, aged 40, joined the Group in 2018. He is the General Manager of the Group's subsidiaries in Malaysia. He is responsible for the Group's property business and operations in Malaysia. He holds a Bachelor's Degree in Law and a Post Graduate Diploma in International Business & Finance. He has over 15 years' experience in corporate banking and property development industry.

## REPORT OF THE DIRECTORS

The directors present herewith their report and the audited financial statements of the Company and the Group for the year ended 31 December 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 1 to the consolidated financial statements.

### RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2021 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 32 to 38 and pages 99 to 100.

The directors recommend the payment of a final dividend of HK2.50 cents per ordinary share of par value HK\$0.05 each in respect of the year ended 31 December 2021 (2020: HK0.50 cents per ordinary share of par value HK\$0.01 each), to shareholders whose name appeared on the register of members on 8 June 2022. The final dividend if approved, will be payable to the shareholders on or around 23 June 2022.

### SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years. The information has been extracted from the published audited consolidated financial statements of the Company, after appropriate adjustments and reclassifications. This summary does not form any part of the audited consolidated financial statements.

### RESULTS

	Years ended 31 December				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
REVENUE	<b>268,262</b>	252,478	312,930	55,780	603,593
Cost of sales	<b>(52,094)</b>	(50,703)	(50,208)	(47,815)	(51,002)
Gross profit	<b>216,168</b>	201,775	262,722	7,965	552,591
Other income and gains	<b>452,512</b>	(98,064)	403,760	1,063,744	368,522
Operating and administrative expenses	<b>(40,490)</b>	(44,378)	(43,380)	(50,969)	(49,880)
Finance costs	<b>(16,955)</b>	(30,999)	(49,575)	(42,551)	(34,393)
PROFIT BEFORE TAX	<b>611,235</b>	28,334	573,527	978,189	836,840
Income tax (expense)/credit	<b>(121,591)</b>	(21,310)	35,163	(114,543)	(10,945)
PROFIT FOR THE YEAR	<b>489,644</b>	7,024	608,690	863,646	825,895
Attributable to:					
Owners of the Company	<b>421,295</b>	37,355	530,993	732,554	651,494
Non-controlling interests	<b>68,349</b>	(30,331)	77,697	131,092	174,401
	<b>489,644</b>	7,024	608,690	863,646	825,895

## REPORT OF THE DIRECTORS

### ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Total assets	13,337,239	12,732,309	12,498,894	12,202,305	11,638,527
Total liabilities	(3,483,850)	(3,312,961)	(3,367,198)	(3,522,336)	(3,550,041)
Non-controlling interests	(1,777,781)	(1,838,341)	(1,728,076)	(1,679,137)	(1,609,357)
	<u>8,075,608</u>	<u>7,581,007</u>	<u>7,403,620</u>	<u>7,000,832</u>	<u>6,479,129</u>

### BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2021 are set out in the section headed “Chairman’s Statement and Management Discussion and Analysis” on pages 3 to 10 of the annual report and forms part of the “Report of the Directors”.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to support the environmental sustainability. The Group is committed to implementing policies and measures in our daily business operations to foster reduction of the Group’s environmental impact. The Group also strives to implement recycling and reducing measures in office premises where applicable.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year under review, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

### RELATIONSHIPS WITH STAKEHOLDERS

The Company recognizes that employees are our valuable assets. Thus employee management focuses on recruiting and growing the right people. Staff performance is measured on a regular and structured basis to provide employees with appropriate feedback and to ensure their alignment with the Group’s corporate strategy.

The Group also understands that maintaining long-term good relationship with business partners is also one of the primary objectives of the Group. Accordingly, our management have kept good communication, promptly exchanged ideas and shared business update with them when appropriate. During the year under review, there was no material and significant dispute between the Group and its business partners.

### PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in Notes 14 and 15 to the consolidated financial statements, respectively.

### PROPERTIES HELD FOR SALE

Details of the Group’s properties held for sale are set out in Note 17 to the consolidated financial statements.

## REPORT OF THE DIRECTORS

### SHARE CAPITAL AND SHARE OPTION SCHEME

Details of movements in the share capital and share option scheme of the Company during the year are set out in Notes 27 and 28 to the consolidated financial statements, respectively.

### PRE-EMPTIVE RIGHTS

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

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year.

### RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 38 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

### DISTRIBUTABLE RESERVES

As of 31 December 2021, the Company's reserves available for cash distribution and/or distribution in specie, as calculated in accordance with the Companies Act of Bermuda, amounted to approximately HK\$870,762,000.

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, less than 30% of the Group's turnover and less than 30% of the Group's purchases were attributable to the Group's five largest customers and five largest suppliers respectively.

### DIRECTORS

The directors of the Company (the "Director(s)") during the year and up to the date of this report were:

#### Executive Directors

Mr. Lau Chi Yung, Kenneth *(Chairman)*  
 Mr. Lau Michael Kei Chi *(Vice-Chairman and Managing Director)*

#### Independent Non-executive Directors

Mr. Tsui Ka Wah  
 Mr. Lo Mun Lam, Raymond *(appointed on 27 May 2021)*  
 Mr. Lo Kam Cheung, Patrick *(appointed on 27 May 2021)*  
 Mr. Wong Yim Sum *(retired on 27 May 2021)*  
 Mr. Lee Siu Man, Ervin *(retired on 27 May 2021)*

The Company has received annual confirmation from each of the independent non-executive Directors as regards their independence to the Company and considers that each of the independent non-executive Directors is independent to the Company.

In accordance with the Company's bye-laws, Mr. Tsui Ka Wah and Mr. Lo Kam Cheung, Patrick will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

## **REPORT OF THE DIRECTORS**

### **CHANGES IN INFORMATION OF DIRECTORS**

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors are set out below: Mr. Lo Kam Cheung, Patrick has resigned as an independent non-executive director of Da Sen Holdings Group Limited, a company listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1580), with effect from 4 March 2022.

### **BRIEF BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT**

Brief biography of the Directors and senior management of the Group are set out on pages 11 to 12 of the annual report.

### **MANAGEMENT CONTRACTS**

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

### **DIRECTORS' SERVICE CONTRACTS**

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

### **DIRECTORS' MATERIAL INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save as otherwise disclosed in Note 33 to the consolidated financial statements, there were no other transactions, arrangements or contracts that are significant in relation to the businesses of the Company and its subsidiaries to which the Company or any of its subsidiary was a party and in which a director of the Company or his connected entity had a material interest, whether directly or indirectly, subsisted at any time during the year.

### **EQUITY-LINKED AGREEMENTS**

No equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

### **PERMITTED INDEMNITY PROVISION**

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

### **CORPORATE GOVERNANCE**

The Company's corporate governance principles and practices are set out in the "Corporate Governance Report" contained in this annual report.

## REPORT OF THE DIRECTORS

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

As of 31 December 2021, the interests and short positions of the Directors and the chief executive of the Company and each of their respective associates, in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

#### Long position in ordinary shares of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	559,411,142*	66.91

#### Long position in ordinary shares of associated corporation – Oriental Explorer, a subsidiary of the Company

Name of Director	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of associated corporation %
Mr. Lau Chi Yung, Kenneth	Interest of controlled corporation	291,137,700*	75.00

\* *The above shares are ultimately controlled by Power Resources Holdings Limited which acts as the trustee under the Power Resources Discretionary Trust, a family discretionary trust, the discretionary objects of which include Mr. Lau Chi Yung, Kenneth and his family.*

In addition to the above, a director has non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as of 31 December 2021, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) are required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

## REPORT OF THE DIRECTORS

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above and in the share option scheme disclosures in Note 28 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies or subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES

So far as was known to the Directors, as of 31 December 2021, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in ordinary shares of the Company

Name of Shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of the total issued share capital of the Company %
Power Resources Holdings Limited	Interest of controlled corporation	559,411,142*	66.91
Lucky Speculator Limited	Directly beneficially owned	439,084,800*	52.52
Desert Prince Limited	Directly beneficially owned	120,326,342*	14.39

\* *Power Resources Holdings Limited was deemed to have a beneficial interest in 559,411,142 ordinary shares of the Company by virtue of its indirect interests through Lucky Speculator Limited and Desert Prince Limited, the wholly-owned subsidiaries, which held shares in the Company.*

Save as disclosed above, as at 31 December 2021, so far as was known to the Directors, no person, other than Director, whose interests are set out in the section "Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures of the Company and associated corporations" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2021 and up to the date of this report, none of the Directors or their respective close associates had interests in any business which was considered to compete or was likely to compete, either directly or indirectly, with the businesses of the Group.

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS

Details of material related party transactions of the Group for the year ended 31 December 2021 are set out in Note 33 to the consolidated financial statements.

None of the related party transactions disclosed in Note 33 to the consolidated financial statements constituted a connected transaction or a continuing connected transaction of the Company which is subject to any of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as of the date of this report.

### AUDITORS

The consolidated financial statements for the year ended 31 December 2021 have been audited by Elite Partners CPA Limited, Certified Public Accountants, who are proposed for reappointment at the forthcoming annual general meeting.

With effect from 22 December 2021, HLB Hodgson Impey Cheng Limited resigned as the auditor of the Company and Elite Partners CPA Limited were appointed as the new auditor of the Company to fill the casual vacancy so arising.

Save for the aforementioned, there has been no other change of auditors in the past three years.

ON BEHALF OF THE BOARD

**Lau Chi Yung, Kenneth**  
*Chairman*

Hong Kong  
31 March 2022

## **CORPORATE GOVERNANCE REPORT**

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal control, transparency and accountability to all shareholders.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company has applied the principals and complied with code provisions of the Corporate Governance Code and Corporate Governance Report (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) throughout the year ended 31 December 2021, save as disclosed below.

Under code provisions A.4.1 and A.4.2, (i) non-executive directors should be appointed for a specific term, subject to re-election; and (ii) all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Certain non-executive directors do not have a specific term of appointment and under the bye-laws of the Company, at each general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office by rotation save any Director holding office as chairman and managing director. The Company intends to propose any amendment of relevant bye-laws of the Company, if necessary, in order to ensure compliance with the Code.

### **BOARD COMPOSITION AND BOARD PRACTICE**

The Board is mandated to promote the success of the Company by providing leadership and supervising control of the Group’s business.

Currently, the Board comprises of two executive Directors and three independent non-executive Directors. The positions of chairman and managing director are held by separate individuals. The chairman provides leadership for the Board and the managing director, supported by the management team, provides planning and implementation. The Board, led by Mr. Lau Chi Yung, Kenneth is responsible for the approval and monitoring of the Group’s overall strategies and policies, approval of annual budgets and business plans, evaluating the performance of Group, and oversight of management. The chairman ensures that the Board works effectively and discharges its responsibilities. All Directors have been consulted on all major and material matters of the Company. With the support of the company secretary, the chairman seeks to ensure that all directors are properly briefed on issues arising at Board meetings and receive adequate and reliable information in a timely manner.

To implement the strategies and plans approved by the Board, executive directors and senior management meet on a regular basis to review the performance of the Group and make financial and operational decisions.

Under the Listing Rules, every listed issuer is required to have at least three independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Currently, the number of independent non-executive directors represents more than one-third of the total board members.

Save as Mr. Lau Michael Kei Chi is the elder brother of Mr. Lau Chi Yung, Kenneth, the members of the Board have no financial, business, family or other material/relevant relationships with one another.

The Company has arranged directors and officers liability and company reimbursement insurances for its directors and officers. The insurance coverage is reviewed on an annual basis.

Consideration was given to the independence of Mr. Tsui Ka Wah, who has served on the Board for more than 11 years. Mr. Tsui has been serving as an independent non-executive Director since 2010. The Nomination Committee of the Company has evaluated the performance of Mr. Tsui and found he has not engaged in any executive management of the Group, but has consistently contributed independent judgement and critical mindset to the Board over the past years. Both the Board and the Nomination Committee are of the view that the independence of Mr. Tsui has not been affected despite he has served as an independent non-executive Director for more than 11 years.

## CORPORATE GOVERNANCE REPORT

Each of the independent non-executive Director has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines. Review will be made regularly on the Board composition to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The brief biography of the Directors are set out on page 11.

The Board has scheduled regular meetings per year and meets more frequently as and when required to discuss and formulate the Group's overall business strategies, monitor financial performance and discuss the annual results, interim results and other significant matters. The Director can attend meetings in person or through other means of electronic communication. During the financial year ended 31 December 2021, the attendance of individual Director to the Board meeting and general meeting is summarized below:

	Number of meetings attended/held	
	Board meetings	General meeting
<b>Executive Directors</b>		
Mr. Lau Chi Yung, Kenneth	8/8	1/1
Mr. Lau Michael Kei Chi	8/8	1/1
<b>Independent Non-executive Directors</b>		
Mr. Tsui Ka Wah	8/8	1/1
Mr. Lo Mun Lam, Raymond ( <i>appointed on 27 May 2021</i> )	4/4	N/A
Mr. Lo Kam Cheung, Patrick ( <i>appointed on 27 May 2021</i> )	4/4	N/A
Mr. Wong Yim Sum ( <i>retired on 27 May 2021</i> )	4/4	1/1
Mr. Lee Siu Man, Ervin ( <i>retired on 27 May 2021</i> )	4/4	1/1

The company secretary keeps the minutes of meetings of the Board for inspection by the Directors and all Directors have full access to information of the Company.

### BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy in December 2013 which sets out the approach to achieve diversity on the Board.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, include and make good use of differences in the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee has set measurable objectives based on talents, skills, regional and industry experience, background, gender and other qualities to implement the Board Diversity Policy. Such objectives will be reviewed from time to time to ensure their appropriateness and the progress made towards achieving those objectives will be ascertained. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises members of single gender. In order to achieve gender diversity on the Board level, the Board will propose the appointment of at least one Director of different gender no later than 31 December 2024.

## CORPORATE GOVERNANCE REPORT

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Based on specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code for the year ended 31 December 2021. The interest held by individual Directors in the Company's securities as of 31 December 2021 are set out in the "Report of the Directors" on pages 13 to 19.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

With the assistance from the Finance Department, which is under the supervision of the Qualified Accountant of the Company, the Directors ensure that preparation of the financial statements of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure that the publication of the financial statements of the Group is in a timely manner.

The statement of the external auditors of the Company, Elite Partners CPA Limited, with regard to its reporting responsibilities on the Group's consolidated financial statements, is set out in the Independent Auditors' Report included in this annual report.

The Directors confirm that, to the best of their knowledge and having made reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions which may cause the Group not to continue as a going concern.

### DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Each newly appointed Director is provided with necessary induction and information to ensure that such Director has a proper understanding of the Company's operations and businesses as well as responsibilities of a director under the relevant statutes, laws, rules and regulations.

Directors' training is an ongoing process. During the year, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

Briefings were organised for Directors in 2021 to update the Directors on the duties of directors and roles and function of board committees, risk management and internal control, environmental, social and governance reporting and corporate governance were given to the Directors.

During the year, according to the records provided by the Directors, a summary of training is as follows:

#### Type of continuous professional development programmes

##### Executive Directors

Mr. Lau Chi Yung, Kenneth	A, B
Mr. Lau Michael Kei Chi	A, B

##### Independent Non-executive Directors

Mr. Tsui Ka Wah	A, B
Mr. Lo Mun Lam, Raymond	A, B
Mr. Lo Kam Cheung, Patrick	A, B

##### Notes:

- A: attending training sessions, including but not limited to briefing, seminars, webinars, conferences and workshops
- B: reading relevant news alerts, newspapers, journals, magazines and relevant publications

## CORPORATE GOVERNANCE REPORT

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Lau Chi Yung, Kenneth serves as the Chairman of the Company, and the role of Chief Executive Officer of the Company is served by our Managing Director, Mr. Lau Michael Kei Chi. They have separate defined responsibilities whereby the Chairman is primarily responsible for leadership and effective functioning of the Board, ensuring key issues are promptly addressed by the Board, as well as providing strategic direction of the Company, and also take primary responsibility for ensuring good corporate governance practices and procedures are established. The Managing Director is responsible for the day-to-day management of the Company's business and the effective implementation of corporate strategy and policies.

### AUDIT COMMITTEE

The Company has established an Audit Committee in accordance with the Listing Rules. The Audit Committee's terms of reference includes those specific duties as set out in the code provision C.3.3 of the Code. Pursuant to its terms of reference, the Audit Committee is required, amongst other things, to consider and recommend to the Board the appointment, re-appointment and removal of the external auditors and to approve their remuneration, to review the interim and annual financial statements, to review the Group's financial controls, internal controls and risk management system, the effectiveness of the Group's internal audit function and to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response. The Audit Committee should meet at least twice each year and when the need arises. Details of the attendance of Audit Committee meetings are as follows:

Members	Number of meetings attended/held
Mr. Lo Mun Lam, Raymond ( <i>Chairman</i> ) ( <i>appointed on 27 May 2021</i> )	2/2
Mr. Tsui Ka Wah	4/4
Mr. Lo Kam Cheung, Patrick ( <i>appointed on 27 May 2021</i> )	2/2
Mr. Wong Yim Sum ( <i>ex-chairman, retired on 27 May 2021</i> )	2/2
Mr. Lee Siu Man, Ervin ( <i>retired on 27 May 2021</i> )	2/2

In the presence of the representatives of the Company's independent external auditors, the Group's audited consolidated financial statements for the year ended 31 December 2021 have been reviewed by the Audit Committee, and with recommendation to the Board for approval.

The accounts for the year ended 31 December 2021 were audited by Elite Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that Elite Partners CPA Limited be reappointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

### REMUNERATION COMMITTEE

The main responsibilities of the Remuneration Committee are to consider and recommend to the Board the Company's remuneration policy and structure and to review and determine the remuneration and compensation packages of the executive directors and senior management of the Company. The Remuneration Committee reviews and proposes the management's remuneration proposals with reference to considerations factors such as the Group's performance and profitability, directors' experience, responsibilities and time commitment, existing market environment, salaries paid by comparable companies, employment conditions elsewhere in the Group, and considers the reasonableness on remuneration based on performance.

## CORPORATE GOVERNANCE REPORT

The Remuneration Committee set up on 16 September 2005 comprises two executive Directors and three independent non-executive Directors. Details of the attendance of the committee are as follows:

<b>Members</b>	<b>Number of meetings attended/held</b>
Mr. Tsui Ka Wah ( <i>Chairman</i> )	2/2
Mr. Lau Chi Yung, Kenneth	2/2
Mr. Lau Michael Kei Chi	2/2
Mr. Lo Mun Lam, Raymond ( <i>appointed on 27 May 2021</i> )	1/1
Mr. Lo Kam Cheung, Patrick ( <i>appointed on 27 May 2021</i> )	1/1
Mr. Wong Yim Sum ( <i>retired on 27 May 2021</i> )	1/1
Mr. Lee Siu Man, Ervin ( <i>retired on 27 May 2021</i> )	1/1

### NOMINATION COMMITTEE

The role of Nomination Committee set up on 28 March 2012 is to advise on and propose to appoint any person as a Director either to fill a casual vacancy on or as an additional member of the Board. The selection criteria are mainly based on the professional qualification and experience of the candidate. A newly appointed Director must retire and be re-elected at the first general meeting after his appointment. At each annual general meeting, one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. Details of the attendance of the committee are as follows:

<b>Members</b>	<b>Number of meetings attended/held</b>
Mr. Lau Chi Yung, Kenneth ( <i>Chairman</i> )	1/1
Mr. Lau Michael Kei Chi	1/1
Mr. Tsui Ka Wah	1/1
Mr. Lo Mun Lam, Raymond ( <i>appointed on 27 May 2021</i> )	N/A
Mr. Lo Kam Cheung, Patrick ( <i>appointed on 27 May 2021</i> )	N/A
Mr. Wong Yim Sum ( <i>retired on 27 May 2021</i> )	1/1
Mr. Lee Siu Man, Ervin ( <i>retired on 27 May 2021</i> )	1/1

The Nomination Committee periodically reviews the structure, size and composition of the Board, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include identifying individuals suitably qualified to become Board members, and select or make recommendations to the Board on the selection of individuals nominated for directorships, and assess the independence of independent non-executive Directors.

Most Nomination Committee members are independent non-executive Directors.

### REMUNERATION OF MEMBERS OF SENIOR MANAGEMENT BY BAND

Pursuant to paragraph B.1.5 of the Code, the remuneration of the members of the senior management by band for the year ended 31 December 2021 is set out in Note 9 to the consolidated financial statements.

## **CORPORATE GOVERNANCE REPORT**

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board has the overall responsibility for maintaining a sound and effective system of internal controls and risk management. The Board has identified the top risks of the Group and determined how much risk the Board is willing to take to achieve the Group's strategic objectives. During year 2016, an in-house internal audit department had been set up. In addition, the Group established a risk management system. Each business unit is required to identify and manage risks on a day-to-day basis as the first line of defence. Internal auditor, as the second line of defence, provides independent and objective assurance on the overall effectiveness of the internal control and risk management system.

The Audit Committee had reviewed the adequacy and effectiveness of the Group's risk management and internal controls system based on the review report issued by the internal auditor. The Board, through the review by the audit committee, considers that the Group's internal control and risk management system is effective and adequate.

There are inherent limitations in any systems of risk management and internal control and accordingly the Group's risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

There are also procedures including pre-clearance on dealing in the Group's securities by designated Directors, notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, and dissemination of information for specified purpose and on a need-to-know basis have been implemented to guard against possible mishandling of inside information within the Group.

### **PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION**

The Group complies with all relevant laws and regulations in relation to the handling and dissemination of inside information. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before any inside information being fully disclosed to the public, the Group ensures such information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in relevant announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

### **BUSINESS MODEL AND STRATEGY**

The Group has the mission to maintain long term profitability and assets growth with adoption of flexible business model and strategy and prudential risk and capital management framework. The Board has played and will continue to play a proactive role in the Group's development of business model to preserve the culture of the Group in serving customers well with premium service quality; the Group's business strategic drive for business expansion and opportunities; and the Group's setting of strategic goals, priorities and initiatives undertaken to motivate staff to achieve business and financial targets. Details of the Group's Business Review and financial review in the year 2021 are set out in the "Chairman's Statement and Management Discussion and Analysis" section of this annual report.

## **CORPORATE GOVERNANCE REPORT**

### **DIVIDEND POLICY**

Pursuant to the Dividend Policy of the Company, in deciding whether to propose/declare dividends and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

- (a) the overall results of operation and financial performance of the Group;
- (b) the Group's expected working capital requirements, capital expenditure requirements and future development plans;
- (c) the Group's financial position, retained earnings and distributable reserves;
- (d) any restrictions on payment of dividends by the Company that may be imposed by the Group's lenders or creditors;
- (e) the interests of the Company's shareholders;
- (f) taxation considerations;
- (g) possible effects on the Company's creditworthiness;
- (h) the general economic and other external factors that may have an impact on the future business and financial performance of the Group; and
- (i) any other factors that the Board may consider relevant and appropriate.

Any recommendation, declaration and payment of dividends are also subject to the compliance with any applicable laws and regulations, including but not limited to the laws of Bermuda and the Company's bye-laws.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid in future. There is no assurance that dividends will be paid in any particular manner or amount for any given period.

### **AUDITORS' REMUNERATION**

In line with the sound practice that the independence of external auditors should not be impaired by other non-audit assignments, the Group ensures that assignments other than statutory audits undertaken by external auditors should not have an adverse impact on their independence.

For the year ended 31 December 2021, the auditors of the Company received approximately HK\$780,000 for audit service.

### **COMPANY SECRETARY**

As at 31 December 2021, the company secretary of the Company, Mr. Li Ying Leung fulfills the requirements under Rules 3.28 and 3.29 of the Listing Rules. As an employee of the Company, the company secretary supports the Board, ensures good information flow within the Board and Board policies and procedures are followed, advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of Directors. He has attained not less than 15 hours of relevant professional training during the year ended 31 December 2021.

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

#### Procedures for shareholders to convene a Special General Meeting ("SGM")

The Board shall, on the requisition in writing of the shareholders of not less than one-tenth of the paid-up capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a SGM.

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

#### Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details are as follows:

Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong  
Email: [contact@multifield.com.hk](mailto:contact@multifield.com.hk)

Shareholders may also make enquiries with the Board at general meetings of the Company.

#### Procedures for putting forward proposals at shareholders' meeting

Shareholders can submit a written requisition to move a resolution at shareholders' meeting. The number of shareholders shall represent not less than one-twentieth of the total voting rights of all shareholders having at the date of the requisition a right to vote at the shareholders' meeting, or who are no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the shareholders' meeting. It must also be signed by all of the shareholders concerned and be deposited at the Company's principal place of business in Hong Kong at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong, for the attention of the company secretary not less than six weeks before the shareholders' meeting in case of a requisition requiring notice of a resolution and not less than one week before the shareholders' meeting in case of any other requisition.

The shareholders concerned must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the shareholders concerned under applicable laws and rules.

### CONSTITUTIONAL DOCUMENTS

There are no changes in the Company's constitutional documents during the year.

### INVESTOR RELATIONS AND COMMUNICATION

The Company establishes different communication channels with shareholders and investors. These include (i) the publication of interim and annual reports; (ii) the annual general meeting or SGM providing a forum for shareholders of the Company to raise comments and exchange views with the Board; (iii) the Company replies to enquiries from shareholders timely; and (iv) the Company's share registrar in Hong Kong serves the shareholders regarding all share registration matters.

In fact, the Company's annual general meeting is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Group's performance. A separate resolution is proposed for each substantially separate issue at annual general meetings.

**INDEPENDENT AUDITOR'S REPORT**

**To the shareholders of Multifield International Holdings Limited**  
*(Incorporated in Bermuda with limited liability)*

**OPINION**

We have audited the consolidated financial statements of Multifield International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 32 to 100, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 (“**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.

## INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

#### Key audit matter

#### How our audit addressed the key audit matter

#### *Valuation of investment properties*

Refer to Note 15 to the consolidated financial statements.

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 estimates associated with determining the fair value.

As at 31 December 2021, the Group had investment properties at a carrying amount of approximately HK\$11,232,245,000, with a gain arising on change in fair value of investment properties amounting to approximately HK\$413,329,000 recognised in the consolidated statement of profit or loss for the year then ended.

All of the Group's investment properties are stated at fair value based on valuations performed by an independent qualified professional valuer (the "Valuer") not connected with the Group.

The valuations were based on the direct comparison approach which involved the use of estimates and assumptions including recent sales price of similar properties with adjustments for any difference in location and condition of the properties.

Our key procedures in relation to the valuation of investment properties included:

- Communicating with the management about the valuation techniques adopted by the Valuer, obtaining the valuation reports for all properties measured at fair value, and assessing the relevance and reasonableness of valuation techniques used by the Valuer;
- Evaluating the appropriateness of the key input data used in the determination of fair value; comparing the key inputs to supporting evidence such as recent sale transaction on the market;
- Engaging an auditors' expert to assist our assessment on the appropriateness of the methodologies and the reasonableness of the assumptions and key input data adopted in the valuation; and
- Evaluating the Valuer's competence, capabilities and objectivity and reviewing their terms of engagement with the Group.

## **INDEPENDENT AUDITOR'S REPORT**

### **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditors' 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 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 of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Mr. Leung Man Kin with Practising Certificate Number P07174.

**Elite Partners CPA Limited**  
*Certified Public Accountants*

10th Floor  
8 Observatory Road  
Tsim Sha Tsui  
Kowloon, Hong Kong

31 March 2022

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>REVENUE</b>	5	<b>268,262</b>	252,478
Cost of sales		<u>(52,094)</u>	<u>(50,703)</u>
Gross profit		<b>216,168</b>	201,775
Other income and gains	5	<b>19,773</b>	17,247
Reversal of impairment of property, plant and equipment		<b>60,334</b>	–
Foreign exchange differences, net		<b>13,000</b>	5,487
Fair value changes on financial assets at fair value through profit or loss, net		<b>(53,453)</b>	(174,467)
Fair value changes on investment properties, net		<b>413,329</b>	53,669
Loss on disposal of investment properties		<b>(471)</b>	–
Operating and administrative expenses		<b>(40,490)</b>	(44,378)
Finance costs	7	<u>(16,955)</u>	<u>(30,999)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>611,235</b>	28,334
Income tax expense	10	<u>(121,591)</u>	<u>(21,310)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>489,644</b></u>	<u>7,024</u>
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>421,295</b>	37,355
Non-controlling interests		<u><b>68,349</b></u>	<u>(30,331)</u>
		<u><b>489,644</b></u>	<u>7,024</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			(Restated)
Basic and diluted	12	<u><b>HK50.39 cents</b></u>	<u>HK4.47 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*Year ended 31 December 2021*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>PROFIT FOR THE YEAR</b>	<b>489,644</b>	<b>7,024</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<b>143,703</b>	332,883
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>633,347</b>	339,907
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		
<b>ATTRIBUTABLE TO:</b>		
Owners of the Company	<b>532,224</b>	292,559
Non-controlling interests	<b>101,123</b>	47,348
	<b>633,347</b>	339,907

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>14</i>	<b>267,423</b>	207,737
Investment properties	<i>15</i>	<b>11,232,245</b>	10,652,048
Right-of-use assets	<i>16(a)</i>	<b>348</b>	357
Club debenture		<b>330</b>	330
		<hr/>	<hr/>
Total non-current assets		<b>11,500,346</b>	10,860,472
<b>CURRENT ASSETS</b>			
Properties held for sale	<i>17</i>	<b>281,851</b>	281,851
Trade receivables	<i>18</i>	<b>9,260</b>	7,014
Prepayments, deposits and other receivables	<i>19</i>	<b>255,092</b>	246,675
Financial assets at fair value through profit or loss	<i>20</i>	<b>828,301</b>	869,520
Cash and cash equivalents	<i>21</i>	<b>462,389</b>	466,777
		<hr/>	<hr/>
Total current assets		<b>1,836,893</b>	1,871,837
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>22</i>	<b>1,659</b>	2,803
Other payables and accruals	<i>23</i>	<b>194,180</b>	186,487
Deposits received		<b>74,004</b>	63,970
Interest-bearing bank and other borrowings	<i>24</i>	<b>1,487,000</b>	1,626,653
Tax payable		<b>55,685</b>	53,813
		<hr/>	<hr/>
Total current liabilities		<b>1,812,528</b>	1,933,726
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>24,365</b>	(61,889)
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>11,524,711</b>	10,798,583
		<hr/>	<hr/>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Amount due to a director	25	256,001	102,813
Deferred tax liabilities	26	<u>1,415,321</u>	<u>1,276,422</u>
Total non-current liabilities		<u>1,671,322</u>	<u>1,379,235</u>
<b>Net assets</b>		<u><u>9,853,389</u></u>	<u><u>9,419,348</u></u>
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Issued capital	27	41,804	41,804
Reserves	29	<u>8,033,804</u>	<u>7,539,203</u>
		<u>8,075,608</u>	<u>7,581,007</u>
Non-controlling interests		<u>1,777,781</u>	<u>1,838,341</u>
<b>Total equity</b>		<u><u>9,853,389</u></u>	<u><u>9,419,348</u></u>

**Lau Chi Yung, Kenneth**  
*Chairman*

**Lau Michael Kei Chi**  
*Vice-Chairman*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the Company								
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000 (Note a)	Available-for-sale investment revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000 (Note b)	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020	41,804	39,116	293,372	7,448	322,380	6,699,500	7,403,620	1,728,076	9,131,696
Profit/(loss) for the year	-	-	-	-	-	37,355	37,355	(30,331)	7,024
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	255,204	-	255,204	77,679	332,883
Total comprehensive income for the year	-	-	-	-	255,204	37,355	292,559	47,348	339,907
Final 2019 dividend declared (Note 11)	-	-	-	-	-	(31,353)	(31,353)	-	(31,353)
Interim 2020 dividend (Note 11)	-	-	-	-	-	(20,902)	(20,902)	-	(20,902)
Reorganisation (Note 29(b))	-	-	-	-	-	(62,917)	(62,917)	62,917	-
At 31 December 2020	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>7,448</u>	<u>577,584</u>	<u>6,621,683</u>	<u>7,581,007</u>	<u>1,838,341</u>	<u>9,419,348</u>
At 1 January 2021	41,804	39,116	293,372	7,448	577,584	6,621,683	7,581,007	1,838,341	9,419,348
Profit for the year	-	-	-	-	-	421,295	421,295	68,349	489,644
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	110,929	-	110,929	32,774	143,703
Total comprehensive income for the year	-	-	-	-	110,929	421,295	532,224	101,123	633,347
Final 2020 dividend declared (Note 11)	-	-	-	-	-	(20,902)	(20,902)	-	(20,902)
Interim 2021 dividend (Note 11)	-	-	-	-	-	(16,721)	(16,721)	-	(16,721)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	(161,683)	(161,683)
Transfer	-	-	-	(7,448)	-	7,448	-	-	-
At 31 December 2021	<u>41,804</u>	<u>39,116</u>	<u>293,372</u>	<u>-</u>	<u>688,513</u>	<u>7,012,803</u>	<u>8,075,608</u>	<u>1,777,781</u>	<u>9,853,389</u>

Note:

- (a) The contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the shares of the Company issued in exchange therefor.
- (b) The exchange fluctuation reserve of the Group comprises exchange differences arising from the translation of the financial statements of foreign operations.

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	611,235	28,334
Adjustments for:		
Fair value changes on investment properties, net	(413,329)	(53,669)
Dividend income from listed equity investments	(30,421)	(22,367)
Depreciation of property, plant and equipment	3,394	4,362
Depreciation of right-of-use assets	9	9
Finance costs	16,955	30,999
Fair value changes on financial assets at fair value through profit or loss, net	53,453	174,467
Impairment of club debenture	–	340
Interest income	(3,847)	(2,792)
Reversal of impairment of property, plant and equipment	(60,334)	–
Loss on disposal of investment properties	471	–
Loss on disposal of property, plant and equipment	–	5
	177,586	159,688
Operating cash flows before movements in working capital		
Increase in trade receivables	(2,244)	(3,126)
Increase in prepayments, deposits and other receivables	(1,630)	(864)
Increase in financial assets at fair value through profit or loss	(12,234)	–
(Decrease)/increase in trade payables	(1,204)	631
Increase in other payables and accruals	7,785	14,381
Increase in deposits received	8,942	3,039
	177,001	173,749
Cash generated from operations		
Dividend received from listed equity investments	30,421	22,367
Income tax paid	(15,866)	(24,056)
	191,556	172,060
Net cash generated from operating activities		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(108)	(93)
Proceeds from disposal of investment properties	12,120	–
Interest received	3,847	2,958
	15,859	2,865
Net cash generated from investing activities		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
New interest-bearing borrowings	1,523,545	360,028
Repayment of interest-bearing borrowings	(1,663,198)	(565,458)
Advance from a director	426,305	143,265
Repayment to a director	(273,234)	(97,970)
Interest paid	(16,501)	(31,296)
Dividend paid to non-controlling interest	(161,683)	–
Dividend paid	(37,623)	(52,232)
	(202,389)	(243,663)
Net cash used in financing activities		

**CONSOLIDATED STATEMENT OF CASH FLOWS**

Year ended 31 December 2021

	2021 HK\$'000	2020 HK\$'000
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,026</b>	<b>(68,738)</b>
Cash and cash equivalents at beginning of the year	466,777	538,641
Effect of foreign exchange rate changes, net	<u>(9,414)</u>	<u>(3,126)</u>
<b>CASH &amp; CASH EQUIVALENT AT END OF THE YEAR</b>	<b><u>462,389</u></b>	<b><u>466,777</u></b>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	21 88,216	61,141
Non-pledged deposits with original maturity of less than three months when acquired	21 <u>374,173</u>	<u>405,636</u>
Cash and cash equivalents	<b><u>462,389</u></b>	<b><u>466,777</u></b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE AND GROUP INFORMATION

Multifield International Holdings Limited (the “**Company**”) is a limited liability company incorporated in Bermuda. The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the principal place of business of the Company is located at Units 22-28, 25/F., Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong. The shares of the Company are listed on the Hong Kong Stock Exchange.

During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were involved in the following principal activities:

- property investment;
- provision of serviced apartment and property management services; and
- trading of securities and investment holding.

In the opinion of the directors, the holding company of the Company is Lucky Speculator Limited, which is incorporated in the British Virgin Islands, and the ultimate holding company of the Company is Power Resources Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Lau Chi Yung, Kenneth, who is also a director of the Company.

#### Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Benefit Properties Sdn. Bhd.	Malaysia	Malaysian Ringgit 1,000	–	–	100	100	Property investment
Call Rich Investments Limited	British Virgin Islands	United States dollars ("US\$") 50,000	–	–	70.04	70.04	Investment holding
Chater Land Limited	Hong Kong	Hong Kong dollars ("HK\$")	–	–	69	69	Property investment
Charter Million Investment Limited	Hong Kong/ People’s Republic of China (PRC)	HK\$2	–	–	65	65	Property investment
Conrad Shipping Limited	Hong Kong	HK\$1	–	–	75	75	Property investment
Ernesto Investments Limited	British Virgin Islands	US\$1	–	–	69	69	Investment holding
Ever Ford Development Limited	Hong Kong/PRC	HK\$10,000	–	–	69	69	Property investment
Fexlink Limited	Hong Kong	HK\$100	–	–	100	100	Property investment

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Forever Richland Limited	British Virgin Islands	US\$50,000	–	–	75	75	Investment holding
Fortune Text Holdings Limited	Hong Kong/PRC	HK\$2	–	–	65	65	Property investment
Gain Power Consultants Limited	Hong Kong	HK\$1	–	–	69	69	Property investment
Godfrey Investments Limited	British Virgin Islands	US\$1	–	–	100	100	Investment holding
Good Connection Investments Limited	British Virgin Islands/PRC	US\$50,000	–	–	82.02	82.02	Property investment
Goodrich Properties Limited	Hong Kong	HK\$2	–	–	75	75	Property investment
Grandfield Nominees Limited	Hong Kong	HK\$2	–	–	75	75	Property investment
Head Wonder International Limited	British Virgin Islands	US\$10,000	–	–	65	65	Investment holding
Kiuson Development Limited	Hong Kong	HK\$100	–	–	82.02	82.02	Investment holding
Kiuson Development (Shanghai) Ltd. <sup>#</sup> (Note (i))	PRC	US\$10,000,000	–	–	100	100	Property investment
Lau & Partners Consultants Limited	Hong Kong/PRC	HK\$10,000	–	–	75	75	Property investment
Limitless Investment Limited	British Virgin Islands	US\$2	–	–	100	100	Investment holding
Linkful (Holdings) Limited	Hong Kong	Ordinary HK\$1,000 Non-voting deferred HK\$20,000,000	–	–	75	75	Investment holding
Linkful (PRC) Investments Limited	Hong Kong	HK\$2	–	–	75	75	Investment holding

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Linkful Management Services Limited	Hong Kong	HK\$2	-	-	75	75	Provision of management services
Linkful Properties Company Limited	Hong Kong/PRC	HK\$2	-	-	75	75	Property investment
Linkful Strategic Investment Limited	British Virgin Islands	US\$1	100	100	-	-	Investment holding
Lucky River Limited	British Virgin Islands	US\$1	-	-	100	100	Investment holding
Mark Rich Limited	Hong Kong	HK\$10,000	-	-	69	69	Property investment
Maxlord Limited	Hong Kong	HK\$10,000	-	-	75	75	Property investment
Multifield (Holdings) Limited	Hong Kong	HK\$1,000,000	-	-	100	100	Investment holding, provision of management services and agency services
Multifield Hotel Serviced Apartment Management (Shanghai) Ltd. <sup>#</sup> (Note (i))	PRC	US\$200,000	-	-	100	100	Provision of property management and administration services
Multifield International Hotel Management Limited	Hong Kong	HK\$10,000	-	-	100	100	Provision of property management and administration services
Multifield Investment (HK) Limited	British Virgin Islands	US\$1	-	-	100	100	Investment holding
Multifield Investment (PRC) Limited	British Virgin Islands	US\$1	-	-	100	100	Investment holding
Multifield Management Services Limited	British Virgin Islands	US\$2	-	-	100	100	Investment holding
Multifield Properties Holdings Limited	British Virgin Islands	US\$1	-	-	100	100	Investment holding
Multifield Properties Limited	Hong Kong/PRC	HK\$9,000	-	-	100	100	Investment holding and property investment
Multifield Property Agency Limited	Hong Kong	HK\$2	-	-	75	75	Property Investment

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**1. CORPORATE AND GROUP INFORMATION** (continued)

**Information about subsidiaries** (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Multifield Property Management Limited	Hong Kong	HK\$2	-	-	100	100	Provision of property management services
Multifield International Holdings (B.V.I.) Limited	British Virgin Islands	US\$40	-	-	100	100	Investment holding
New Luck Management Limited	Hong Kong	HK\$1	-	-	69	69	Property investment
Nichiyu Consultants Limited	British Virgin Islands	US\$2	-	-	100	100	Investment holding
Oriental Explorer Holdings Limited	Bermuda	HK\$27,000,000	-	-	75	75	Investment holding
Oriental Explorer Property Management Limited (formerly known as Win Channel Enterprises Limited)	Hong Kong	HK\$2	-	-	100	100	Property investment
Power Earning Limited	Hong Kong	HK\$1	-	-	75	75	Property investment
Prince Properties Limited	Hong Kong	HK\$10,000	-	-	100	100	Investment holding
Quick Profits Limited	British Virgin Islands	US\$2	-	-	100	100	Investment holding
Quick Returns Group Limited	British Virgin Islands	US\$1	-	-	75	75	Investment holding
Reach Profit Investments Limited	British Virgin Islands	US\$1	-	-	75	75	Investment holding
Rich Returns Limited	British Virgin Islands	US\$100	-	-	69	69	Investment holding
Richwell Properties Limited	Hong Kong	Ordinary HK\$110,000 Non-voting deferred HK\$10,000	-	-	100	100	Property investment
Rich Century Development Limited	Hong Kong	HK\$1	-	-	75	75	Property investment
Silver Nominees Limited	Hong Kong	HK\$2	-	-	75	75	Property investment
Sino Yield Investments Limited	British Virgin Islands	US\$3	-	-	100	100	Investment holding

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiaries (continued)

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company				Principal activities
			Direct		Indirect		
			2021 %	2020 %	2021 %	2020 %	
Snowdon Worldwide Limited	British Virgin Islands	US\$1	-	-	100	100	Investment holding
Target Grace Limited	Hong Kong	HK\$1	-	-	100	100	Investment holding
Tellink Development Limited	Hong Kong	HK\$100	-	-	75	75	Property investment
Triple Luck Investments Limited	British Virgin Islands	US\$50,000	-	-	75	75	Investment holding
Verywell Properties Limited	British Virgin Islands/Hong Kong	US\$1	-	-	75	75	Property investment
Windsor Property Management (Shanghai) Co., Ltd. <sup>#</sup> (Note (i))	PRC	US\$200,000	-	-	100	100	Provision of property management services
Windsor Renaissance Hotel Property Management (Shanghai) Ltd. <sup>#</sup> (Note (i))	PRC	US\$140,000	-	-	100	100	Provision of property management services
Winner Strong Limited	Hong Kong	HK\$100	-	-	100	100	Property investment
Wise Chance Limited	Hong Kong	HK\$100	-	-	100	100	Property investment
Wise Success Limited	Hong Kong	HK\$100	-	-	100	100	Property investment
珠海市世紀西海房地產投資有限公司 (Note (ii))	PRC	RMB10,000,000	-	-	100	100	Property development
珠海萬事昌酒店有限公司 (Note (ii))	PRC	US\$20,000,000	-	-	100	100	Property development
珠海市港豐商務服務有限公司 (Note (ii))	PRC	HK\$120,000	-	-	100	100	Provision of property consultant services

<sup>#</sup> The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those companies, as no English names have been registered.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 1. CORPORATE AND GROUP INFORMATION *(continued)*

#### Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Except for Multifield International Holdings (B.V.I.) Limited and Linkful Strategic Investment Limited, all subsidiaries are indirectly held by the Company.

*Notes:*

- (i) These subsidiaries are registered as wholly-foreign-owned enterprises under the PRC law.
- (ii) This subsidiary is a limited liability company established in the PRC.

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

### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and equity investments which have been measured at fair value.

These financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

#### Basis of consolidation

The consolidated financial statements include the financial statements of Multifield International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2021. A subsidiary is an entity directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.1 BASIS OF PREPARATION *(continued)*

#### Basis of consolidation *(continued)*

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

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following amendments to HKFRSs for the first time for the current year’s consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
HKFRS 17	<i>Insurance contract<sup>3</sup></i>
Amendments to HKFRS 17	<i>Insurance contract<sup>3,6</sup></i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>3</sup></i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates<sup>3</sup></i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>3</sup></i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current<sup>3</sup></i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021<sup>1</sup></i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use<sup>2</sup></i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract<sup>2</sup></i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41<sup>2</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> No mandatory effective date yet determined but available for adoption

<sup>5</sup> As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

<sup>6</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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

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

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Fair value measurement**

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

#### Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Related parties *(continued)*

- (b) the party is an entity where any of the following conditions applies: *(continued)*
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Land and Buildings	5% or over the lease terms, if shorter
Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	20% – 33 $\frac{1}{3}$ %
Motor vehicles	20% – 33 $\frac{1}{3}$ %
Vessels	20%

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS***31 December 2021***2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Properties under development**

Properties in the course of development are classified as non-current assets and are stated at cost less any impairment losses, and are not depreciated. Cost comprises acquisition cost relating to the leasehold interests in lands and direct development costs attributable to such properties. Interests in lands are amortised over the expected useful life and are included as part of cost of properties under development.

**Investment properties**

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

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

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

**Properties held for sale**

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, capitalised interest during the period of development and other direct costs attributable to such properties. Net realisable value is calculated as the estimated selling price less all costs to completion, if applicable, and costs of marketing and selling.

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Leases *(continued)*

##### *Group as a lessee (continued)*

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (b) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

##### *Group as a lessor*

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Investments and other financial assets

##### *Initial recognition and measurement*

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

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

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

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

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

##### *Subsequent measurement*

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

##### *Financial assets at amortised cost (debt instruments)*

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Investments and other financial assets** *(continued)**Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on listed equity investments classified as financial assets at fair value through profit or loss are also recognised as other income and gains in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

**Derecognition of financial assets**

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

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

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

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

**Impairment of financial assets**

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Impairment of financial assets *(continued)*

##### *General approach*

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

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

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

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

##### *Simplified approach*

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Financial liabilities***Initial recognition and measurement*

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

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

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other borrowings and amount due to a director.

*Subsequent measurement*

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

*Financial liabilities at amortised cost (loans and borrowings)*

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

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

**Derecognition of financial liabilities**

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Cash and cash equivalents

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

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

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

#### Income tax

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Income tax** *(continued)*

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Government grants**

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

Government grants, subsidies from the relevant People's Republic of China (the "PRC") and Hong Kong government authorities, in the form of return of income tax, value added tax not associating with the purchase of property, plant and equipment and various taxes, as an incentive for the investments in various cities in the PRC are recognised in the consolidated statement of profit or loss when relevant approval has been obtained.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue recognition

##### *Revenue from contracts with customers*

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

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

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

##### *Provision of serviced apartment and property management services*

Revenue from the provision of serviced apartment and property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

##### *Revenue from other sources*

Rental income is recognised on a time proportion basis over the lease terms.

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Share-based payments**

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grant is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Other employee benefits

##### *Pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employee’s relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The only obligation of the Group with respect to the central pension scheme is to pay the ongoing contribution under the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group’s employer contributions vest fully with the employees when contributed in the central pension scheme. The Group has no forfeiture of pension scheme contributions (i.e. contributions processed by the employer on behalf of the employee who has exited the scheme prior to vesting of such contributions). As at 31 December 2021, no forfeited contribution under the pension scheme of the Group is available for deduction of contribution payable in coming years.

##### *Employment Ordinance long service payments*

Certain of the Group’s employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the end of the reporting period.

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)***Dividends**

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

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes 11 to the consolidated financial statements.

**Foreign currencies**

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

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in OCI and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

#### Judgements

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

##### *Property lease classification – Group as lessor*

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

##### *Classification between investment properties and owner-occupied properties*

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES** *(continued)***Judgements** *(continued)**Deferred taxation on investment properties*

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, management has reviewed the Group's investment properties and concluded that the certain of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, in determining the Group's deferred taxation on these investment properties, the directors have determined that the presumption that these investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties of rental purpose, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties be subsequently disposed by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event the investment properties are being disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax and land appreciation tax.

**Estimation uncertainty**

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

*Fair values of financial instruments*

Financial instruments such as equity instruments are carried at the consolidated statement of financial position at fair value. The best evidence of fair value is quoted prices in an active market, where quoted prices are not available for a particular financial instrument, the Group uses the market values determined by independent financial institutions or internal or external valuation models to estimate the fair value. The use of methodologies, models and assumptions in pricing and valuing these financial assets and liabilities is subjective and requires varying degrees of judgement by management, which may result in significantly different fair values and results.

*Impairment of receivables*

The Group estimates the amount of loss allowance for trade receivables and deposits and other receivables by assessing the ECLs. The ECLs for trade receivables and deposits and other receivables are based on assumptions about risk of default and expected loss rates. The Group makes these assumptions and selects the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. The information about the ECLs on the Group's trade receivables and deposits and other receivables is disclosed in Notes 18, 19 and 36 to the consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

#### *Estimation uncertainty (continued)*

##### *Estimation of fair value of investment properties*

As described in Note 15, the investment properties were revalued at the end of the reporting period based on the appraised market value provided by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

##### *Income taxes and deferred taxation*

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be recognised. The outcome of their actual recognition may be different.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into three (2020: three) reportable operating segments as follows:

- (a) the property investment segment mainly comprises rental income from investment properties;
- (b) the provision of serviced apartment and property management services segment; and
- (c) the trading and investments segment includes the trading of securities and investment income from securities investment and investment holding.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that unallocated corporate expenses, interest income on bank deposits, fair value changes on investment properties, non-lease-related finance costs and other gains are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets.

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

There are no sales or other transactions between the operating segments during the year (2020: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 4. OPERATING SEGMENT INFORMATION (continued)

Years ended 31 December 2021 and 2020

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	<u>200,224</u>	<u>193,984</u>	<u>37,617</u>	<u>36,127</u>	<u>30,421</u>	<u>22,367</u>	<u>268,262</u>	<u>252,478</u>
<b>Segment results</b>	<u>245,555</u>	<u>161,222</u>	<u>(9,963)</u>	<u>(3,353)</u>	<u>(23,744)</u>	<u>(156,279)</u>	<u>211,848</u>	<u>1,590</u>
<i>Reconciliation:</i>								
Unallocated corporate expenses							(16,760)	(13,173)
Interest income on bank deposits							3,847	2,792
Fair value changes on investment properties, net	413,329	53,669	-	-	-	-	413,329	53,669
Other gains							15,926	14,455
Finance costs							(16,955)	(30,999)
Profit before tax							<u>611,235</u>	<u>28,334</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 4. OPERATING SEGMENT INFORMATION (continued)

Years ended 31 December 2021 and 2020 (continued)

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	12,145,033	11,104,346	40,663	37,864	817,665	970,371	13,003,361	12,112,581
<i>Reconciliation:</i>								
Corporate and unallocated assets							333,878	619,728
Total assets							<u>13,337,239</u>	<u>12,732,309</u>
Segment liabilities	198,260	219,334	23,138	22,989	568	52	221,966	242,375
<i>Reconciliation:</i>								
Corporate and unallocated liabilities							3,261,884	3,070,586
Total liabilities							<u>3,483,850</u>	<u>3,312,961</u>

	Property investment		Provision of serviced apartment and property management services		Trading and investments		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>										
Depreciation and amortisation	2,935	3,266	453	1,093	-	-	6	12	3,394	4,371
Fair value changes on financial assets at fair value through profit or loss, net	-	-	(28)	-	53,481	174,467	-	-	53,453	174,467
Capital expenditure*	102	7	-	-	-	-	6	86	108	93
Loss on disposal of investment properties	471	-	-	-	-	-	-	-	471	-
Reversal of impairment of property, plant and equipment	(60,334)	-	-	-	-	-	-	-	(60,334)	-

\* Capital expenditure consists of additions to property, plant and equipment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 4. OPERATING SEGMENT INFORMATION (continued)

#### Geographical information

(a)	Hong Kong		Mainland China		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>102,712</u>	<u>92,520</u>	<u>165,550</u>	<u>159,958</u>	<u>268,262</u>	<u>252,478</u>

The revenue information above is based on the locations of the customers. No single external customer accounted for 10% or more of the total revenue for the years ended 31 December 2021 and 2020.

(b)	Hong Kong		Mainland China		Malaysia		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	<u>4,168,076</u>	<u>4,079,306</u>	<u>7,203,852</u>	<u>6,652,748</u>	<u>128,088</u>	<u>128,088</u>	<u>11,500,016</u>	<u>10,860,142</u>

The non-current asset information above is based on the locations of assets and excludes club debenture.

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>		
Serviced apartment and property management services	<u>37,617</u>	<u>36,127</u>
<i>Revenue from other sources</i>		
Rental income from property letting under fixed lease payments	<u>200,224</u>	<u>193,984</u>
Dividend income from listed equity investments	<u>30,421</u>	<u>22,367</u>
	<u>230,645</u>	<u>216,351</u>
	<u>268,262</u>	<u>252,478</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**5. REVENUE, OTHER INCOME AND GAINS** *(continued)*

**Revenue from contracts with customers**

*(a) Disaggregation of revenue information*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
By source of revenue:		
Revenue recognised overtime		
Serviced apartment and property management services	<u>37,617</u>	<u>36,127</u>
By geographical locations:		
Hong Kong	1,269	1,100
Mainland China	<u>36,348</u>	<u>35,027</u>
	<u>37,617</u>	<u>36,127</u>

*(b) Performance obligations for contracts with customers*

Serviced apartment and property management services income is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised for these serviced apartment and property management services based on monthly statement issued by the Group's management agent using output method.

**Transaction price allocated to remaining performance obligation for contract with customers**

As at 31 December 2021, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$14,306,000 (2020: HK\$12,837,000). The Group will recognise the expected revenue in future when the services are provided to customer, which is expected to occur within the next fifteen months (2020: fifteen months).

**Other income and gains**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government grants and subsidies <i>(Note)</i>	10,048	9,662
Interest income on bank balances	3,847	2,792
Loss on disposal of property, plant and equipment, net	–	(5)
Others	<u>5,878</u>	<u>4,798</u>
	<u>19,773</u>	<u>17,247</u>

*Note:*

During the current year, the Group recognised government grants of HK\$10,048,000 in respect of professional service business development by the People's Republic China government.

During the year ended 31 December 2020, the Group recognised government grants of approximately HK\$1,438,000 in respect of Covid-19 related subsidies, of which approximately HK\$1,418,000 relates to Employment Support Schemes provided by the Hong Kong government. Various government grants have been received for tax refunded. There are no unfulfilled conditions or contingencies relating to grants.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 6. PROFIT BEFORE TAX

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

	2021 HK\$'000	2020 HK\$'000
Auditors' remuneration – audit services	780	1,050
Auditors' remuneration – non-audit services	–	300
Cost of services provided	52,094	50,703
Depreciation of property, plant and equipment	3,394	4,362
Depreciation of right-of-use assets	9	9
Expense relating to short-term leases not included in the measurement of lease liabilities	–	146
Impairment of club debenture ( <i>Note (i)</i> )	–	340
Loss on disposal of property, plant and equipment	–	5
Loss on disposal of investment properties	471	–
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	30,034	31,006
Foreign exchange differences, net	<u>(13,000)</u>	<u>(5,487)</u>
Employee benefit expense (including directors' and chief executive's remuneration):		
Salaries, wages and benefits in kind	28,600	27,617
Pension scheme contributions (defined contribution scheme) ( <i>Note (ii)</i> )	<u>2,097</u>	<u>1,856</u>
Total staff costs	<u>30,697</u>	<u>29,473</u>

Notes:

- (i) During the year ended 31 December 2020, the directors of the Company considered HK\$340,000 impairment identified with reference to the second hand market price at the club debenture.
- (ii) At 31 December 2021, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2020: Nil).

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK\$'000	2020 HK\$'000
Interest on bank loans and other borrowings	<u>16,955</u>	<u>30,999</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fees	<u>560</u>	<u>504</u>
Other emoluments:		
Salaries, wages and benefits in kind	5,125	5,125
Pension scheme contributions	<u>18</u>	<u>18</u>
	<u>5,143</u>	<u>5,143</u>
	<u><u>5,703</u></u>	<u><u>5,647</u></u>

#### (a) Independent non-executive directors

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Mr. Lo Mun Lam, Raymond ( <i>Note b</i> )	112	–
Mr. Lo Kam Cheung, Patrick ( <i>Note b</i> )	112	–
Mr. Lee Siu Man, Ervin ( <i>Note a</i> )	84	168
Mr. Wong Yim Sum ( <i>Note a</i> )	84	168
Mr. Tsui Ka Wah	<u>168</u>	<u>168</u>
	<u><u>560</u></u>	<u><u>504</u></u>

*Notes:*

- (a) Mr. Wong Yim Sum and Mr. Lee Siu Man, Ervin retired as the Company's independent non executive director on 27 May 2021.
- (b) Mr. Lo Kam Cheung, Patrick and Mr. Lo Mun Lam, Raymond were appointed as the Company's independent non executive director on 27 May 2021.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

#### (b) Executive directors and chief executive

	Fees <i>HK\$'000</i>	Salaries, wages and benefits in kind <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
<b>2021</b>				
<b>Executive directors:</b>				
Mr. Lau Chi Yung, Kenneth	–	2,875	18	2,893
Mr. Lau Michael Kei Chi (Chief executive)	–	2,250	–	2,250
	–	5,125	18	5,143
	–	5,125	18	5,143
<b>2020</b>				
<b>Executive directors:</b>				
Mr. Lau Chi Yung, Kenneth	–	2,875	18	2,893
Mr. Lau Michael Kei Chi (Chief executive)	–	2,250	–	2,250
	–	5,125	18	5,143
	–	5,125	18	5,143

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2020: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2020: two) directors and chief executive, details of whose remuneration are set out in Note 8 above. Details of the remuneration for the year of the remaining three (2020: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Salaries, wages and benefits in kind	1,939	1,837
Pension scheme contributions	51	54
	<u>1,990</u>	<u>1,891</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2021	2020
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>

### 10. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable in Mainland China have been calculated at the rate of tax prevailing in Mainland China, in which the Group operates. Pursuant to the relevant PRC tax laws and regulations, a non-resident enterprise is generally subject to a 10% enterprise income tax on PRC-sourced income if such non-resident enterprise does not have an establishment or place in the PRC. The Group's subsidiaries incorporated in Hong Kong and engaged in the property investment in the PRC does not have an establishment or place in the PRC. As a result, those subsidiaries is subject to a 10% enterprise income tax on PRC-sourced income.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	4,834	3,245
Over provision in prior years	–	(60)
Current – Elsewhere		
Under provision in prior years	–	30
Current – Mainland China		
Charge for the year	12,048	14,031
Deferred tax ( <i>Note 26</i> )	<u>104,709</u>	<u>4,064</u>
Total tax charge for the year	<u>121,591</u>	<u>21,310</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 10. INCOME TAX (continued)

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

#### 2021

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Malaysia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Profit/(loss) before tax	<u>9,867</u>	<u>605,366</u>	<u>(3,998)</u>	<u>611,235</u>
Tax at the applicable tax rate	1,628	151,341	(960)	152,009
Lower tax rate for specific provinces or enacted by local authority	–	(20,308)	–	(20,308)
Income not subject to tax	(2,033)	(25,389)	(34)	(27,456)
Expenses not deductible for tax	5,630	9,756	994	16,380
Tax losses not recognised	1,879	–	–	1,879
Tax losses utilised from previous periods	(115)	–	–	(115)
Effect of tax rate changed on deferred tax	–	(798)	–	(798)
Tax charge at the Group's effective rate	<u>6,989</u>	<u>114,602</u>	<u>–</u>	<u>121,591</u>

#### 2020

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Malaysia <i>HK\$'000</i>	Total <i>HK\$'000</i>
(Loss)/profit before tax	<u>(84,436)</u>	<u>111,300</u>	<u>1,470</u>	<u>28,334</u>
Tax at the applicable tax rate	(13,932)	27,825	353	14,246
Lower tax rate for specific provinces or enacted by local authority	(60)	(17,405)	–	(17,465)
Adjustments in respect of current tax of previous periods	–	–	30	30
Income not subject to tax	(182,774)	(794)	(402)	(183,970)
Expenses not deductible for tax	199,261	4,405	49	203,715
Tax losses not recognised	6,289	–	–	6,289
Tax losses utilised from previous periods	(1,950)	–	–	(1,950)
Effect of PRC land appreciation tax	–	415	–	415
Tax charge at the Group's effective rate	<u>6,834</u>	<u>14,446</u>	<u>30</u>	<u>21,310</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 11. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interim dividend – HK\$2 cents per ordinary share of par value HK\$0.05 each (2020: HK0.50 cents per ordinary share of par value HK\$0.01 each)	16,721	20,902
Proposed final dividend – HK\$2.5 cents per ordinary share of par value HK\$0.05 each (2020: HK0.50 cents per ordinary share of par value HK\$0.01 each)	<u>20,902</u>	<u>20,902</u>
	<u><u>37,623</u></u>	<u><u>41,804</u></u>

Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 26 May 2022, dividend warrants will be posted on or about 23 June 2022 to shareholders whose names appear on the register of members of the Company on 8 June 2022.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company of approximately HK\$421,295,000 (2020: HK\$37,355,000) and the weighted average number of ordinary shares of 836,074,218 (2020: 836,074,218 shares as adjusted to reflect the effect of the share consolidation of the Company with effect from 31 May 2021) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

### 13. NON-WHOLLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

The following table lists the information related to Rich Returns Limited, the subsidiary of the Group which has material non-controlling interests.

	2021 %	2020 %
Percentage of equity interest held by non-controlling interests	<u>31.00</u>	<u>31.00</u>
	<i>2021 HK\$'000</i>	<i>2020 HK\$'000</i>
Profit/(loss) for the year allocated to non-controlling interests	<u>77,217</u>	<u>(10,034)</u>
Accumulated balances of non-controlling interests at the reporting dates	<u><u>1,155,295</u></u>	<u><u>1,167,237</u></u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 13. NON-WHOLLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	95,512	97,132
Total expenses	(19,426)	(31,439)
Profit for the year	249,086	22,947
Total comprehensive income for the year	<u>334,477</u>	<u>223,187</u>
Current assets	584,512	889,571
Non-current assets	4,796,831	4,459,286
Current liabilities	(868,545)	(462,889)
Non-current liabilities	<u>(786,041)</u>	<u>(1,120,688)</u>
Net cash flows from operating activities	297,629	25,963
Net cash flows (used in)/from financing activities	(521,115)	105,963
Effect of foreign exchange rate changes, net	<u>(5,571)</u>	<u>3,339</u>
Net (decrease)/increase in cash and cash equivalents	<u>(229,057)</u>	<u>135,265</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 14. PROPERTY, PLANT AND EQUIPMENT

	Properties under development <i>HK\$'000</i> <i>(Note)</i>	Land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Vessels <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2021</b>							
At 31 December 2020 and 1 January 2021:							
Cost	235,293	49,844	2,581	20,722	24,735	5,289	338,464
Accumulated depreciation and impairment	(60,477)	(19,158)	(2,581)	(20,602)	(23,061)	(4,848)	(130,727)
Net carrying amount	<u>174,816</u>	<u>30,686</u>	<u>-</u>	<u>120</u>	<u>1,674</u>	<u>441</u>	<u>207,737</u>
At 1 January 2021, net of accumulated depreciation and impairment							
	174,816	30,686	-	120	1,674	441	207,737
Additions	-	-	-	17	91	-	108
Depreciation provided during the year	-	(2,455)	-	(57)	(441)	(441)	(3,394)
Reversal of impairment	60,334	-	-	-	-	-	60,334
Exchange realignment	2,811	-	-	2	(175)	-	2,638
At 31 December 2021, net of accumulated depreciation and impairment	<u>237,961</u>	<u>28,231</u>	<u>-</u>	<u>82</u>	<u>1,149</u>	<u>-</u>	<u>267,423</u>
At 31 December 2021:							
Cost	237,961	49,844	2,581	20,763	16,449	441	328,039
Accumulated depreciation and impairment	-	(21,613)	(2,581)	(20,681)	(15,300)	(441)	(60,616)
Net carrying amount	<u>237,961</u>	<u>28,231</u>	<u>-</u>	<u>82</u>	<u>1,149</u>	<u>-</u>	<u>267,423</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Properties under development HK\$'000 (Note)	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Vessels HK\$'000	Total HK\$'000
31 December 2020							
At 1 January 2020:							
Cost	229,333	49,844	2,581	20,992	24,339	5,289	332,378
Accumulated depreciation and impairment	(60,477)	(16,703)	(2,581)	(20,904)	(21,960)	(3,790)	(126,415)
Net carrying amount	<u>168,856</u>	<u>33,141</u>	<u>-</u>	<u>88</u>	<u>2,379</u>	<u>1,499</u>	<u>205,963</u>
At 1 January 2020, net of accumulated depreciation and impairment	168,856	33,141	-	88	2,379	1,499	205,963
Additions	-	-	-	93	-	-	93
Depreciation provided during the year	-	(2,455)	-	(58)	(791)	(1,058)	(4,362)
Disposals	-	-	-	(5)	-	-	(5)
Exchange realignment	5,960	-	-	2	86	-	6,048
At 31 December 2020, net of accumulated depreciation and impairment	<u>174,816</u>	<u>30,686</u>	<u>-</u>	<u>120</u>	<u>1,674</u>	<u>441</u>	<u>207,737</u>
At 31 December 2020:							
Cost	235,293	49,844	2,581	20,722	24,735	5,289	338,464
Accumulated depreciation and impairment	(60,477)	(19,158)	(2,581)	(20,602)	(23,061)	(4,848)	(130,727)
Net carrying amount	<u>174,816</u>	<u>30,686</u>	<u>-</u>	<u>120</u>	<u>1,674</u>	<u>441</u>	<u>207,737</u>

*Note:*

As at 31 December 2021, the Group holds a parcel of commercial use land located in Qianshan district, Zhuhai, the PRC with a carrying amount of approximately HK\$237,961,000 (2020: HK\$174,816,000), is now under relocation progress. In July 2015, a new relocation policy had changed the responsibility of relocation from the land department to the local district government. The Group is under negotiation with the local district government on the relocation work.

#### Impairment loss

Based on the valuation of the recoverable amounts of the parcel of land classified as properties under development as at 31 December 2021 by the Ravia Global Appraisals Advisory Limited (the "Valuer"), the independent professional qualified valuer, was appointed by management, a reversal of impairment losses of HK\$60,334,000 was recognised as a result. For the year ended 31 December 2021, the recoverable amounts of the parcel of land classified as properties under development were determined based on the assets' fair values less costs of disposal, determined by reference to a valuation performed by the Valuer.

At the end of the reporting period, the Group tests whether the carrying values of properties under development have suffered any impairment in accordance with the accounting policy on impairment of non-financial assets (Note 2.4). The Group assessed the recoverable amounts of parcel of land classified as properties under development and there was no impairment for the years ended 31 December 2021 and 2020. The estimates of recoverable amounts were based on the assets' fair values less costs of disposal, determined by reference to a valuation performed by the Valuer.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 15. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Carrying amount at 1 January	10,652,048	10,192,796
Net gain from fair value adjustments	413,329	53,669
Disposal	(17,000)	–
Exchange realignment	183,868	405,583
	<u>11,232,245</u>	<u>10,652,048</u>
Carrying amount at 31 December	<u><u>11,232,245</u></u>	<u><u>10,652,048</u></u>

The directors of the Company have determined that the investment properties consist of five classes of asset, i.e., car parking spaces, commercial properties, residential properties, industrial properties and investment properties, based on the nature, characteristics and risk of each property.

The fair value of the Group's investment properties situated in Hong Kong, Malaysia and the PRC at 31 December 2021 and 2020 had been arrived at based on a valuation carried out on that date by Ravia Global Appraisal Advisory Limited, the independent professional qualified valuer not connected to the Group.

The fair value of the Group's investment properties were revalued by Ravia Global Appraisal Advisory Limited on 31 December 2021 and 2020. The valuation was determined using the direct comparison method by making reference to comparable market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. There has been no change from the valuation techniques used in the prior year.

The key input was the market price per square feet or car parking space. The valuation takes into account the characteristics which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 15. INVESTMENT PROPERTIES (continued)

Management reviews the valuation performed by the independent valuer for financial reporting purposes on a yearly basis. The review includes verification of all major inputs to the valuation, assessing property valuation movements and discussions with the independent valuer. Management considers that the current use of the investment properties equate the highest and best use.

At 31 December 2021, certain of the Group's investment properties with an aggregate carrying amount of approximately HK\$6,691,080,000 (2020: HK\$5,700,580,000) were pledged to secure general banking facilities granted to the Group (*Note 24 to the consolidated financial statements*).

#### Fair value hierarchy

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

	Fair value measurement as at 31 December using			Total HK'000
	Quoted prices in active markets (Level 1) HK'000	Significant observable inputs (Level 2) HK'000	Significant unobservable inputs (Level 3) HK'000	
Recurring fair value measurement for:				
<b>2021</b>				
Car parking spaces	–	527,030	–	527,030
Commercial properties	–	989,400	–	989,400
Residential properties	–	7,270,570	–	7,270,570
Industrial properties	–	2,320,820	–	2,320,820
Investment properties	–	124,425	–	124,425
	–	<b>11,232,245</b>	–	<b>11,232,245</b>
<b>2020</b>				
Car parking spaces	–	524,710	–	524,710
Commercial properties	–	989,000	–	989,000
Residential properties	–	6,689,430	–	6,689,430
Industrial properties	–	2,320,820	–	2,320,820
Investment properties	–	128,088	–	128,088
	–	<b>10,652,048</b>	–	<b>10,652,048</b>

During the year ended 31 December 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 16. LEASES

#### The Group as a lessee

##### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	<b>Leasehold land HK\$'000</b>
As at 1 January 2020	366
Depreciation charge	(9)
	<hr/>
As at 31 December 2020 and 1 January 2021	357
Depreciation charge	(9)
	<hr/>
As at 31 December 2021	<b>348</b>
	<hr/> <hr/>

Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 39 years (2020: 40 years), and no ongoing payments will be made under the terms of these land leases.

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

	<b>2021 HK\$'000</b>	2020 HK\$'000
Depreciation charge of right-of-use assets	9	9
Expense relating to short-term leases	–	146
	<hr/>	<hr/>
Total amount recognised in profit or loss	<b>9</b>	<b>155</b>
	<hr/> <hr/>	<hr/> <hr/>

The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease terms. There is no renewal options and variable lease payments included in these lease agreements.

For the year ended 31 December 2021, total cash outflow for leases amounts of Nil (2020: HK\$146,000).

#### The Group as a lessor

The Group leases its investment properties (*Note 15*) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK\$200,224,000 (2020: HK\$193,984,000), details of which are included in Note 5 to the consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 16. LEASES (continued)

#### The Group as a lessor (continued)

At 31 December 2021 and 2020, the undiscounted lease payments receivable by the Group in the future periods under non-cancellable operating leases with its tenants are as follows:

	2021 HK\$'000	2020 HK\$'000
Within one year	102,344	95,057
In the second year	23,919	23,244
In the third year	5,009	5,087
	<u>131,272</u>	<u>123,388</u>

### 17. PROPERTIES HELD FOR SALE

The properties held for sale are situated in Hong Kong. The properties held for sale are stated at the lower of cost and net realisable value. At 31 December 2020, the properties held for sale being pledged to secure general banking facilities (Note 24) granted to the Group were all released during the year.

### 18. TRADE RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	9,260	7,014
Less: loss allowance	—	—
	<u>9,260</u>	<u>7,014</u>

Trade receivables mainly consists of receivables from property management services and rental receivables, the tenants are usually required to settle the rental payments on the first day of the rental period, and are required to pay rental deposits with amount ranging from two to three months' rentals in order to secure any default in their rental payments. The Group does not hold any other collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

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

	2021 HK\$'000	2020 HK\$'000
Within 1 month	1,542	1,820
1 to 2 months	947	989
Over 2 to 3 months	253	151
Over 3 months	6,518	4,054
	<u>9,260</u>	<u>7,014</u>

At 31 December 2021 and 2020, the allowance for credit loss represents lifetime ECL recognised for trade receivables under simplified approach. Details of impairment assessment of trade receivables for the years ended 31 December 2021 and 2020 are set out in Note 36 to the consolidated financial statements. No loss allowance on trade receivables is recognised as at 31 December 2021 (2020: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Prepayments	3,105	2,336
Deposits	3,023	2,857
Other receivables ( <i>Note</i> )	<u>248,964</u>	<u>241,482</u>
	<u><u>255,092</u></u>	<u><u>246,675</u></u>

*Note:*

Included in the Group's other receivables at 31 December 2021 was compensation receivable of approximately HK\$244,242,000 (2020: HK\$237,586,000) in respect of the resumption of Doumen Land.

The allowance for credit loss represents a 12-month ECL recognised for deposits and other receivables under general approach. Details of impairment assessment of deposits and other receivables for the years ended 31 December 2021 and 2020 are set out in Note 36 to the consolidated financial statements. No loss allowance on deposits and other receivables is recognised as at 31 December 2021 (2020: Nil).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to other receivables for which there was no recent history of default.

### 20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Listed equity investments, at fair value	816,039	869,520
Wealth management products, at fair value	<u>12,262</u>	<u>–</u>
	<u><u>828,301</u></u>	<u><u>869,520</u></u>

The above listed equity investments at 31 December 2021 and 2020 were classified as financial assets at fair value through profit or loss as they were held for trading.

The financial assets at fair value through profit or loss included wealth management products which were issued by major banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

At 31 December 2020, the Group's certain listed equity investments with an aggregate carrying amount of approximately 2020: HK\$855,911,000 were pledged to secure the Group's short term loans, as further detailed in Note 24 to the consolidated financial statements.

The market value of the Group's listed equity investments at the date of approval of these financial statements was approximately HK\$846,317,000 (2020: HK\$910,522,000).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cash and bank balances	88,216	61,141
Time deposits with original of less than three months	374,173	405,636
	<u>462,389</u>	<u>466,777</u>
Cash and cash equivalents	<u>462,389</u>	<u>466,777</u>

At the end of the reporting period, the cash and bank balances and pledged deposits of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$311,251,000 (2020: HK\$168,637,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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

### 22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	1,659	2,803
	<u>1,659</u>	<u>2,803</u>

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

### 23. OTHER PAYABLES AND ACCRUALS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Accruals	22,924	21,344
Other payable	50,423	48,003
Relocation cost	24,468	23,801
Other tax payable	37,661	35,146
Construction payable	58,704	58,193
	<u>194,180</u>	<u>186,487</u>
Other payables	<u>194,180</u>	<u>186,487</u>

Other payables are non-interest-bearing and repayable on demand.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021			2020		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
<b>Current liabilities</b>						
Secured bank loans denominated in Hong Kong dollars	HIBOR plus a range of 0.95 to 1.30	2023-2026 or on demand	1,487,000	HIBOR plus a range of 0.95 to 1.30	2021-2023 or on demand	1,377,000
Secured short term loans denominated in Hong Kong dollars	-	-	-	0.54	2021	249,653
			<b>1,487,000</b>			<b>1,626,653</b>

The scheduled principal repayment dates of the Group with reference to the loan agreements and ignore the effect of any repayment on-demand clause are as follows:

	2021 HK\$'000	2020 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year	225,400	977,000
In the second year	378,400	40,000
In the third to fifth years, inclusive	883,200	360,000
	<b>1,487,000</b>	1,377,000
Other borrowings repayable within one year	-	249,653
	<b>1,487,000</b>	<b>1,626,653</b>

The Group's bank loans are secured by:

- (i) mortgages over the Group's certain investment properties situated in Hong Kong and Mainland China, which had an aggregate carrying value at the end of the reporting period of approximately HK\$6,691,080,000 (2020: HK\$5,700,580,000);
- (ii) personal guarantees given by a director of the Company and its subsidiaries; and
- (iii) the Company has guarantee certain of the Group's bank loans up to HK\$1,628,000,000 (2020: HK\$1,628,000,000) as at the end of the reporting period.

At 31 December 2020, the Group's short term loans with investment banks are secured by listed equity investments with an aggregate carrying value of approximately HK\$855,911,000.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 25. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and is not repayable within one year.

### 26. DEFERRED TAX LIABILITIES

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

	Depreciation allowance in excess of related depreciation <i>HK\$'000</i>	Revaluation of properties <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021	32,981	1,209,395	34,046	1,276,422
Deferred tax charged to the consolidated statement of profit or loss during the year (Note 10)	3,646	101,063	–	104,709
Exchange realignment	–	34,190	–	34,190
At 31 December 2021	<u>36,627</u>	<u>1,344,648</u>	<u>34,046</u>	<u>1,415,321</u>
At 1 January 2020	29,332	1,133,321	34,046	1,196,699
Deferred tax charged to the consolidated statement of profit or loss during the year (Note 10)	3,649	415	–	4,064
Exchange realignment	–	75,659	–	75,659
At 31 December 2020	<u>32,981</u>	<u>1,209,395</u>	<u>34,046</u>	<u>1,276,422</u>

The Group has tax losses arising in Hong Kong of approximately HK\$302,394,000 (2020: HK\$291,701,000), that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021, there was no significant unrecognised deferred tax liability (2020: Nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**27. SHARE CAPITAL**

Shares

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised:		
10,000,000,000 ordinary shares of par value HK\$0.05 each (2020: 50,000,000,000 ordinary shares of par value HK\$0.01 each)	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
836,074,218 ordinary shares of par value HK\$0.05 each (2020: 4,180,371,092 ordinary shares of par value HK\$0.01 each)	<u>41,804</u>	<u>41,804</u>

A summary of movements in the Company's authorised and issued share capital is as follows:

	Number of shares <i>'000</i>	Share capital <i>HK\$'000</i>
Authorised:		
At 1 January 2020, 31 December 2020 and 1 January 2021	50,000,000	500,000
Share consolidation ( <i>Note</i> )	<u>(40,000,000)</u>	–
At 31 December 2021	<u>10,000,000</u>	<u>500,000</u>
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 1 January 2021	4,180,371	41,804
Share consolidation ( <i>Note</i> )	<u>(3,344,297)</u>	–
At 31 December 2021	<u>836,074</u>	<u>41,804</u>

*Note:* On 31 May 2021, every five (5) issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company were consolidated into one (1) ordinary share of par value HK\$0.05 each pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 27 May 2021.

**Share options**

Details of the Company's share option schemes and the share options issued under the schemes are included in Note 28 to the consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**28. SHARE OPTION SCHEMES**

The Group's share option scheme (the "2013 Scheme") was adopted pursuant to a resolution passed on 30 May 2013 for the primary purpose of providing incentives to eligible participants.

**The 2013 Scheme**

The Company operates the 2013 Scheme for the purpose of, among others, is to recognise and motivate the contribution of eligible participants to the Group and to provide incentives and help the Company in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. Eligible participants of the 2013 Scheme include any (full-time or part-time) employee, including, without limitation, any executive and non-executive director or proposed executive and non-executive director of the Group, and any adviser, consultant, agent, contractor, client, customer or supplier or any member of the Group. The 2013 Scheme, unless otherwise cancelled or amended, will remain in force for 10 years from 30 May 2013.

The total number of securities available for issue under the 2013 Scheme is 418,037,109, which is equivalent to 10% of the issued share capital of the Company at the date of adoption of the 2013 Scheme. The maximum number of shares issuable under share options to each eligible participant in the 2013 Scheme within any 12-month period, is limited to 1% of the shares of the Company for the time being in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 5 business days from the date of the offer upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the directors, which is not later than 10 years from the date of offer of the share options or the expiry date of the 2013 Scheme, if earlier.

The exercise price of the share options is determined by the board of directors, but may not be less than the higher of (i) the nominal of the shares; (ii) the Hong Kong Stock Exchange closing price of the Company's shares on the date of offer of the share option; and (iii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer.

Share options do not confer rights on the holders to dividends or to vote in shareholders' meetings.

No share options under the 2013 Scheme have been granted, exercised, lapsed or cancelled since the establishment of the 2013 Scheme.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 29. RESERVES

- (a) The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.
- (b) The Company entered into the master agreement with Oriental Explorer Holdings Limited (the "Oriental Explorer") on 11 June 2020. The Company disposed of the entire issued share capital in Reach Profit Investments Limited to Oriental Explorer and the Company acquired the entire issued share capital in Linkful Strategic Investment Limited from Oriental Explorer (the "Group Reorganisation").

As a result of the completion of the Group Reorganisation on 31 July 2020, the Group recognised a difference between the carrying amount of non-controlling interest immediately prior to and after the completion of the Group Reorganisation of approximately HK\$62,917,000 directly in the equity attributable to owners of the Company.

### 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing bank and other borrowings HK\$'000	Amount due to a director HK\$'000	Dividend payables HK\$'000	Total HK\$'000
At 1 January 2021	1,626,653	102,813	78	1,729,544
Cash inflow/(outflow):				
New interest-bearing borrowings	1,523,545	–	–	1,523,545
Repayment of interest-bearing borrowings	(1,663,198)	–	–	(1,663,198)
Advance from a director	–	426,305	–	426,305
Repayment to a director	–	(273,234)	–	(273,234)
Interest paid	(16,501)	–	–	(16,501)
Dividend paid to non-controlling interest	–	–	(161,683)	(161,683)
Dividend paid	–	–	(37,623)	(37,623)
Non-cash transactions:				
Dividends	–	–	199,306	199,306
Interest expenses	16,955	–	–	16,955
Accrued interest	(454)	–	–	(454)
Exchange realignment	–	117	–	117
At 31 December 2021	<u>1,487,000</u>	<u>256,001</u>	<u>78</u>	<u>1,743,079</u>
At 1 January 2020	1,832,083	57,092	55	1,889,230
Cash inflow/(outflow):				
New interest-bearing borrowings	300,000	–	–	300,000
Repayment of interest-bearing borrowings	(505,430)	–	–	(505,430)
Advance from a director	–	143,265	–	143,265
Repayment to a director	–	(97,970)	–	(97,970)
Interest paid	(31,296)	–	–	(31,296)
Dividend paid	–	–	(52,232)	(52,232)
Non-cash transactions:				
Dividends	–	–	52,255	52,255
Interest expenses	30,999	–	–	30,999
Accrued interest	297	–	–	297
Exchange realignment	–	426	–	426
At 31 December 2020	<u>1,626,653</u>	<u>102,813</u>	<u>78</u>	<u>1,729,544</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2021

**31. CORPORATE GUARANTEES**

At 31 December 2021, the Company has given corporate guarantees in favour of banks for banking facilities granted to its subsidiaries to the extent of approximately HK\$1,628,000,000 (2020: HK\$1,628,000,000), of which approximately HK\$1,337,000,000 (2020: HK\$1,377,000,000) was utilised.

In the opinion of the directors, no material liabilities will arise from the above corporate guarantees which arose in the ordinary course of business of the Group and the fair values of the corporate guarantees granted by the Company are immaterial.

**32. COMMITMENTS**

## (a) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Contracted, but not provided for investment properties	<u>5,600</u>	<u>10,100</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 33. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

The directors' and chief executive's emoluments are included in Note 8 to the consolidated financial statements.

### 34. FINANCIAL INSTRUMENTS BY CATEGORY

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

2021

#### Financial assets

	Financial assets at fair value through profit or loss <i>HK\$'000</i>	Financial assets at amortised cost <i>HK\$'000</i>	Total <i>HK\$'000</i>
Trade receivables	–	9,260	9,260
Financial assets included in deposits and other receivables	–	251,987	251,987
Financial assets at fair value through profit or loss	828,301	–	828,301
Cash and cash equivalents	–	462,389	462,389
	<u>828,301</u>	<u>723,636</u>	<u>1,551,937</u>

#### Financial liabilities

	Financial liabilities at amortised cost <i>HK\$'000</i>
Trade payables	1,659
Financial liabilities included in other payables and accruals	194,180
Deposits received	74,004
Interest-bearing bank and other borrowings	1,487,000
Amount due to a director	256,001
	<u>2,012,844</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows: (continued)

2020

#### Financial assets

	Financial assets at fair value through profit or loss HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Trade receivables	–	7,014	7,014
Financial assets included in deposits and other receivables	–	244,339	244,339
Financial assets at fair value through profit or loss	869,520	–	869,520
Cash and cash equivalents	–	466,777	466,777
	869,520	718,130	1,587,650
	869,520	718,130	1,587,650

#### Financial liabilities

	Financial liabilities at amortised cost HK\$'000
Trade payables	2,803
Financial liabilities included in other payables and accruals	186,487
Deposits received	63,970
Interest-bearing bank and other borrowings	1,626,653
Amount due to a director	102,813
	1,982,726
	1,982,726

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value of cash and cash equivalents, trade receivables, trade payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals deposits received, interest-bearing bank and other borrowings and amount due to a director are not materially different from their carrying amounts because of the immediate or the short term maturities of these instruments.

As detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values:

	Fair value as at		Fair value hierarchy	Valuations Technique(s) and key inputs
	2021 HK'000	2020 HK'000		
<b>Assets</b>				
Equity investments at fair value through profit or loss	816,039	869,520	Level 1	Quoted last traded prices in an active market
Wealth management products at fair value through profit or loss	12,262	–	Level 2	Income approach The key input is spot yield curve

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

*Assets measured at fair value:*

	Fair value measurement using			Total HK\$'000
	Quoted price in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<b>As at 31 December 2021</b>				
Financial assets at fair value through profit or loss	<u>816,039</u>	<u>12,262</u>	–	<u>828,301</u>
<b>As at 31 December 2020</b>				
Financial assets at fair value through profit or loss	<u>869,520</u>	–	–	<u>869,520</u>

The Group did not have any financial liabilities measured at fair value at 31 December 2021 and 2020.

During the year ended 31 December 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings with floating interest rates.

The Group's policy to manage its interest rate risk is to reduce or maintain its current level of interest-bearing borrowings. As the Group does not expect to significantly increase its level of interest-bearing borrowings, it has not used any interest rate swaps to hedge its exposure to interest rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit before tax <i>HK\$'000</i>	(Decrease)/ increase in equity* <i>HK\$'000</i>
<b>2021</b>			
Hong Kong dollar	50	(7,435)	–
Hong Kong dollar	(50)	7,435	–
<b>2020</b>			
Hong Kong dollar	50	(8,133)	–
Hong Kong dollar	(50)	8,133	–

\* Excluding retained profits

#### Foreign currency risk

The Group's exposure to market risk for change in foreign currency exchange rates relates primarily to certain investments and certain cash and cash equivalents in currencies other than the functional currency of Hong Kong dollar.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity. As Hong Kong dollar is pegged to United States dollar within a narrow range, it is considered that the amount had no significant exposure to foreign exchange risk relating to this currency.

	(Decrease)/ increase in RMB/USD rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
<b>2021</b>			
If Hong Kong dollar weakens against RMB	(5)	14,152	–
If Hong Kong dollar strengthens against RMB	5	(14,152)	–
<b>2020</b>			
If Hong Kong dollar weakens against RMB	(5)	8,432	–
If Hong Kong dollar strengthens against RMB	5	(8,432)	–

\* Excluding retained profits

#### Credit risk

As at 31 December 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the Group holds rental deposits from tenants for leasing of properties. The Group has no significant concentration of credit risk as credits are granted to a large population of clients.

#### *Trade receivables from property management services and rental receivables*

In order to minimise the credit risk, the management of the Group will internally assess the credit quality of the potential tenants before accepting any new tenants. Other 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 ECLs model on trade balances from property management services and rental receivables based on provision matrix.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit risk (continued)

##### *Other receivables*

No allowance for impairment was made for other receivables since the directors of the Company consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

##### *Short-term bank deposits/fixed bank deposits/bank balances*

The credit risk on short-term bank deposit, fixed bank deposits and bank balances are limited because the majority of the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no other significant concentration of credit risk.

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

Category	Group definition of category	Basis for recognition of ECLs
Performing	The counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
Default	There is evidence indicating the asset is 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

The Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which permits the use of the lifetime ECL for trade receivables from property management services and rental receivables. To measure the expected credit losses, these trade receivables have been based on past due status, historical credit loss experience based on the past default experience of the Group and are adjusted with forward-looking information. On that basis, the Group assessed that there is no loss allowance recognised in accordance with HKFRS 9 at 31 December 2021 and 2020.

For the purpose of impairment assessment for other receivables, the management considered that the credit risk of these financial assets have not significantly increased since initial recognition. The Group has assessed and concluded that the expected credit loss rate for these receivables is immaterial under 12-month ECL method after taken into account the historical default experience, historical settlement records, collateral values as well as the loss upon default in each case and are adjusted with forward-looking information.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Liquidity risk

In the management of its liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of interest-bearing bank and other borrowings and ensures compliance with relevant covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate %	2021				Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2021 HK\$'000
		On demand and less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000		
Interest-bearing bank and other borrowings	HIBOR+0.95% - HIBOR+1.30%	1,503,953	-	-	-	1,503,953	1,487,000
Trade payables	-	1,659	-	-	-	1,659	1,659
Other payables and accruals	-	194,180	-	-	-	194,180	194,180
Deposits received	-	74,004	-	-	-	74,004	74,004
Amount due to a director	-	-	-	256,001	-	256,001	256,001
		<u>1,773,796</u>	<u>-</u>	<u>256,001</u>	<u>-</u>	<u>2,029,797</u>	<u>2,012,844</u>
		2020					
		On demand and less than 3 months HK\$'000	3 to less than 12 months HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2020 HK\$'000
Interest-bearing bank and other borrowings	0.54% - HIBOR+1.30%	1,642,269	-	-	-	1,642,269	1,626,653
Trade payables	-	2,803	-	-	-	2,803	2,803
Other payables and accruals	-	186,487	-	-	-	186,487	186,487
Deposits received	-	63,970	-	-	-	63,970	63,970
Amount due to a director	-	-	-	102,813	-	102,813	102,813
		<u>1,895,529</u>	<u>-</u>	<u>102,813</u>	<u>-</u>	<u>1,998,342</u>	<u>1,982,726</u>

Each of the loan agreements contain a repayment on-demand clause giving the bank the unconditional right to call the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "on demand".

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from listed equity securities classified as equity investments at fair value through profit or loss at 31 December 2021. The Group's listed equity investments are mainly listed on the Hong Kong Stock Exchange and are valued at quoted market prices at the end of the reporting period.

The market equity indices for the following stock exchange, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2021	High/low 2021	31 December 2020	High/low 2020
Hong Kong – Hang Seng Index	23,398	31,183/ 22,665	27,231	29,174/ 21,139

The following table demonstrates the sensitivity to every 10% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments <i>HK\$'000</i>	Increase/ (decrease) in profit before tax <i>HK\$'000</i>	Increase/ (decrease) in equity* <i>HK\$'000</i>
<b>2021</b>			
Investments listed in Hong Kong and overseas – Held for trading	816,039	81,604/ (81,604)	– –
<b>2020</b>			
Investments listed in Hong Kong and overseas – Held for trading	869,520	86,952/ (86,952)	– –

\* Excluding retained profits

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

#### Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The Group monitors capital using a debt-to-equity ratio, which is debt (including interest-bearing bank and other borrowings) divided by the shareholders' equity. The debt-to-equity ratios at the end of the reporting periods were as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Debt	<u><u>1,487,000</u></u>	<u><u>1,626,653</u></u>
Equity attributable to owners of the Company	<u><u>8,075,608</u></u>	<u><u>7,581,007</u></u>
Debt-to-equity ratio	<u><u>18.41%</u></u>	<u><u>21.46%</u></u>

### 37. EVENTS AFTER THE REPORTING PERIOD

As at 31 December 2021, the Group has no material events after reporting period which are required to be disclosed.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	<u>1,578,886</u>	<u>1,578,886</u>
<b>CURRENT ASSETS</b>		
Amounts due from subsidiaries	945,615	1,139,994
Prepayments, deposits and other receivables	394	647
Cash and cash equivalents	<u>151</u>	<u>187</u>
Total current assets	<u>946,160</u>	<u>1,140,828</u>
<b>CURRENT LIABILITIES</b>		
Amounts due to subsidiaries	1,573,304	1,684,579
Other payables and accruals	<u>60</u>	<u>85</u>
Total current liabilities	<u>1,573,364</u>	<u>1,684,664</u>
<b>NET CURRENT LIABILITIES</b>	<u>(627,204)</u>	<u>(543,836)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u><u>951,682</u></u>	<u><u>1,035,050</u></u>
<b>EQUITY</b>		
Issued capital	41,804	41,804
Reserves ( <i>Note</i> )	<u>909,878</u>	<u>993,246</u>
<b>TOTAL EQUITY</b>	<u><u>951,682</u></u>	<u><u>1,035,050</u></u>

**Lau Chi Yung, Kenneth**  
*Chairman*

**Lau Michael Kei Chi**  
*Vice-Chairman*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

### 38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

*Note:*

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

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2020	39,116	802,254	181,981	1,023,351
Total comprehensive income for the year	–	–	22,150	22,150
Final 2019 dividend declared <i>(Note 11)</i>	–	–	(31,353)	(31,353)
Interim 2020 dividend <i>(Note 11)</i>	–	–	(20,902)	(20,902)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2020 and 1 January 2021	<b>39,116</b>	<b>802,254</b>	<b>151,876</b>	<b>993,246</b>
<b>Total comprehensive income for the year</b>	–	–	<b>(45,745)</b>	<b>(45,745)</b>
<b>Final 2020 dividend declared <i>(Note 11)</i></b>	–	–	<b>(20,902)</b>	<b>(20,902)</b>
<b>Interim 2021 dividend <i>(Note 11)</i></b>	–	–	<b>(16,721)</b>	<b>(16,721)</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2021</b>	<b>39,116</b>	<b>802,254</b>	<b>68,508</b>	<b>909,878</b>

The contributed surplus of the Company originally arose as a result of the Group reorganisation in preparation for the public listing of the Company's shares and warrants on the Hong Kong Stock Exchange in 1998 and represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the shares of the Company issued in exchange therefor. Under the Companies Act of Bermuda, the contributed surplus may be distributed to the Company's shareholders under certain circumstances.

### 39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2022.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. ABOUT THIS REPORT

Multifield International Holdings Limited (the “Company”) is pleased to present its annual Environmental, Social and Governance (“ESG”) Report (“ESG Report”) to demonstrate its commitment to sustainable development. This ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). With reference to the definition stated in the ESG Reporting Guide, this ESG Report presents those aspects and key performance indicators (“KPIs”) which are relevant to the businesses and operations of the Company and its subsidiaries (collectively the “Group”, “we/our” or “us”).

Unless otherwise specified, this ESG Report covers the ESG management and performance of the Group from 1 January 2021 to 31 December 2021 (the “Reporting Period”).

#### • BOARD STATEMENT ON ESG GOVERNANCE

The board of directors of the Company (the “Board”) is committed to incorporating the ESG mindset into business operations. The Board accepts full responsibility for the sustainability of the Group, including formulating strategies, overseeing the Group’s ESG related risks and opportunities, and approving this ESG Report. The Board is required to keep abreast of and comply with the latest regulatory requirements before the approval of this ESG Report.

The Board believes that the management of ESG-related risks and opportunities is essential to the Group’s efficient and effective operation. The risk management and internal control systems on ESG assure accuracy, reliability and the timeliness of the data presented in ESG Reports and sustainable development measures. The Board regularly reviews the implementation effectiveness of such systems to determine whether they cover major control measures on material ESG issues.

#### • SCOPE OF REPORTING

The scope of this ESG Report covers majority of the key revenue generating activities of the Group, including the operations of the Group’s headquarter office in Hong Kong and the following investment properties.

Property Name	Property Type	Location
M Place	Industrial	Hong Kong
Multifield Plaza	Commercial	Hong Kong
Multifield Centre	Commercial	Hong Kong
Units 22-28, 25/F., Tower A, Southmark	Commercial	Hong Kong
Multi-storey Lorry Park, Southmark	Car park	Hong Kong
Windsor Place	Hotel-serviced villas	Shanghai
Windsor Park	Hotel-serviced villas	Shanghai
Windsor Court	Hotel-serviced apartments	Shanghai
Office in Zhuhai	Commercial	Zhuhai

This ESG Report highlights the Group’s sustainability efforts in environmental and social aspects. For details of our corporate governance practices during the Reporting Period, please refer to the Corporate Governance Report included in the Company’s 2021 Annual Report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **REPORTING PRINCIPLES**

The Group has prepared this ESG Report in accordance with the following reporting principles stated in the ESG Reporting Guide:

- **Materiality:** The Group communicates with its major stakeholder groups on a regular basis to identify and assess ESG-related issues that matter most from stakeholders’ perspectives. Key ESG issues are identified through stakeholder engagement and materiality assessment.
- **Quantitative:** Quantitative information/KPIs presented in this ESG Report are accompanied by narrative, explanation and comparison wherever applicable.
- **Consistency:** Unless otherwise stated, the Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group’s internal record system. The scope of reporting and KPIs are consistent with those of the previous report to allow meaningful comparison over time.

- **STAKEHOLDERS’ FEEDBACK**

We sincerely welcome your feedback on this ESG Report and our ESG performance. Please contact us by any of the following means to share your comments with us:

Address: Units 22-28, 25/F, Tower A, Southmark, 11 Yip Hing Street, Wong Chuk Hang, Hong Kong.  
 Phone: (852) 2802 2668  
 Fax: (852) 2802 2178

## 2. STAKEHOLDERS ENGAGEMENT

As stakeholders play a crucial role in sustaining the success of our business, we make use of various communication channels to understand and engage our stakeholders. The probable points of concern of our stakeholders identified and the way of our communication and responses are as follows:

Stakeholders	Expectations	Communication and Responses
<b>Government</b>	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Interaction and visits</li> <li>• Inspections</li> <li>• Statutory filings</li> </ul>
<b>Regulators</b>	<ul style="list-style-type: none"> <li>• Compliance with Listing Rules</li> <li>• Timely and accurate disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Training and workshops</li> <li>• Company website updates</li> <li>• Announcements</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Work hours, benefits and compensation</li> <li>• Working environment</li> <li>• Career development</li> </ul>	<ul style="list-style-type: none"> <li>• Training programmes</li> <li>• Interviews</li> <li>• Internal memos</li> <li>• Employee suggestion boxes.</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Service quality and value</li> <li>• Personal data protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Routine business communications</li> <li>• Property maintenance</li> </ul>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Expectations	Communication and Responses
<b>Investors</b>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Business strategies</li> <li>• Investment returns</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders' meetings</li> <li>• Financial reports</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Stable demand</li> </ul>	<ul style="list-style-type: none"> <li>• Site visits</li> <li>• Adherence to payment terms</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>• Community environment</li> <li>• Employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Environment protection measures</li> <li>• Selection of investment projects</li> <li>• Provision of employment opportunities</li> </ul>

### 3. MATERIALITY ASSESSMENT

During the Reporting Period, we conducted a materiality assessment to identify ESG issues and assess their importance to the Group and its stakeholders.

With reference to the ESG Reporting Guide and taking into consideration of the Group's business characteristics, the ESG issues determined to be material to the Group and/or our stakeholders include:

- Employee welfare
- Workplace health and safety
- Education, training and career development
- Equal opportunities
- Energy consumption
- Anti-corruption
- Protection of intellectual property rights
- Community investments

### 4. ENVIRONMENTAL PROTECTION

#### 4.1. EMISSION CONTROL AND WASTE MANAGEMENT

We are dedicated to protecting the environment and integrating environmental considerations into our daily operations. During the Reporting Period, we implemented the following emission control measures:

- Promotion and implementation of environmental management plans related to air and greenhouse gas emissions, water and land discharges, and generation of hazardous and non-hazardous waste;
- Compliance with all relevant environmental legislations and requirements, such as the Motor Vehicle Idling Ordinance (Cap 611 of the Laws of Hong Kong); and
- Provision of sufficient resources to implement measures in relation to pollution abatement, waste management and natural environmental mitigation.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### AIR AND GREENHOUSE GAS EMISSIONS

During the Reporting Period, air and greenhouse gas emissions were mainly generated from consumption of purchased electricity and use of vehicles. In order to reduce air emissions from vehicles, the Group has adopted a business travelling policy to reduce the use of company vehicles in favour of public transportation. Moreover, conference calls instead of face-to-face meetings were arranged where possible to minimise the need for traveling.

The Group has set a target of 20% reduction in absolute emissions by 2030 from the base year of 2020. In order to reach this goal, we strive to reduce electricity consumption through various measures as described in the section headed “Effective Use of Resources” below.

Types of emissions and the respective emissions data of the Group for the Reporting Period are as follows:

#### Total air pollutants emissions

	2021	Intensity (tonnes per facility)
Nitrogen Oxides (NOx) Emissions (kg)	145.45	16.16
Sulphur Oxides (SOx) Emissions (kg)	0.36	0.04
Particulate Matter Emissions (kg)	9.39	1.04

#### Total greenhouse gas emissions

	Scope 1		Scope 2		Scope 3		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Carbon dioxide equivalent (tonnes)	85.67	49.15	1,755.07	2,101.36	24.32	20.41	1,865.06	2,170.92

*Note:* Scope 1 includes mobile combustion emissions; scope 2 includes energy indirect emissions; scope 3 includes greenhouse gas emissions due to paper waste disposed at landfill, electricity used for fresh water and sewage processing. Insignificant emission amounts are neglected in calculations.

	2021	Scope 1 2020
Intensity (tonnes per vehicle)	2.954	1.404
	2021	Scope 2 2020
Intensity (tonnes per facility)	195.01	233.48

### WASTE MANAGEMENT

We follow the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and related regulations to identify and classify hazardous waste<sup>(Note)</sup>. Due to our business nature, we do not generate significant hazardous waste during our course of business. Moreover, the non-hazardous generated by our operations was mostly waste paper resulting from administrative work, which we consider to be insignificant as we have implemented policies to encourage our employees to go paperless and recycle used paper where possible. Therefore, no data regarding hazardous and non-hazardous waste were recorded during the Reporting Period.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In spite of this, we strive to minimise the environmental impacts by minimising waste generation. We have implemented a variety of waste reduction measures such as using reusable glass cups in conference rooms and reception rooms to reduce paper cups consumption and encouraging our employees to reuse envelopes and plastic bags. We have also placed various resource recycling bins in our hotel-serviced villas and apartments in mainland China to facilitate tenants to recycle recyclable waste.

*Note:* hazardous waste is classified into chemical waste (Cap. 354C. of the Laws of Hong Kong), clinical waste (Cap. 354, Cap. 354O of the Laws of Hong Kong, and various pieces of additional legislation) and hazardous chemicals (Cap. 595 of the Laws of Hong Kong)

During the Reporting Period, no cases of violation of any laws and regulations related to air, greenhouse gas emissions, water and land discharges, and generation of hazardous and non-hazardous waste including the “Environmental Protection Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Prevention and Control of Atmosphere Pollution”, the “Water Pollution Prevention and Control Law of the People’s Republic of China”, and the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes” were noted.

### 4.2. EFFECTIVE USE OF RESOURCES

The Group’s resources usage strategy focuses on reducing paper usage, recycling of materials, and reducing electricity consumption. We strive to reduce paper usage by using computer systems for filing where possible. We also promote sustainable use of resources by encouraging our employees to separate recyclable waste such as paper, plastic or glass bottles, and rechargeable batteries. In making purchase decision, recyclable goods are always preferred.

The Group is committed to continual improvement in energy performance and comply with all applicable legal requirements. Our energy saving strategies include reminding our employees to switch off lights, air-conditioners, printers, and computers at workstations when they are not in use; maintaining room temperature at 25 degrees Celsius; and choosing energy efficient office equipment in making purchase decisions. These measures help us to reach the goal of reducing energy consumption from fossil fuels to 20% below the 2020 level by 2030.

#### Total energy consumption

	2021	2020
Electricity (kWh in '000)	3,356.69	2,806.58
Intensity (kWh in'000 per facility)	372.96	311.84

#### WATER USAGE

We do not have any issue in sourcing water, and the existing supply of water meets our daily operational needs. Water consumption mainly arises from the daily operations of properties managed by us and our employees’ daily use during working hours. Domestic sewage is directly discharged into municipal sewage pipelines.

The Group has set a target to reduce water consumption intensity to 20% below the 2020 level by 2030. To achieve this target, we have implemented various measures to promote water conservation, such as installing flow controllers on water taps and putting notices and reminders near sinks to promote awareness on water conservation.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Total water consumption

	2021	2020
Water consumed (m <sup>3</sup> )	32,309	31,588
Intensity (m <sup>3</sup> per facility)	3,590	3,510

### PACKAGING MATERIALS

Due to the Group's business nature, we do not consume any packaging materials during our ordinary course of business and thus this disclosure is not applicable to the Group.

### 4.3. THE ENVIRONMENT AND NATURAL RESOURCES

We aim at aligning our business operations with environmental best practices. Although our daily operations' impacts on environment and natural resources are limited, we will continue to minimise any such impacts by implementing green practices.

We consider our impacts on environment and natural resources are the emissions from paper usage and electricity consumption. In addition to the measures which we have already implemented, we will continue to explore other ways to further reduce our impacts on environment and natural resources.

### 4.4. CLIMATE RELATED ISSUES

We are concerned about the possible impacts of climate-related issues on the Group's operations.

We regularly assess the adverse impacts brought about by climate change on our business operations and are prepared to react accordingly when relevant risks are discovered.

According to the Task Force on Climate-related Financial Disclosure, climate-related risks are divided into two major categories: transition risks and physical risks.

In-line with the mega-trend, there is a global transition to a lower-carbon economy which refers to transition risks. Policy, technology and market changes in mitigating and adapting a low-carbon economy may lead to changes to our operations. We are not aware of any transition risk that will have significant adverse impact on our operations at present stage.

Physical risks can be further divided into acute physical risk (event-driven) and chronic physical risk (the long-term impact of climate change). Due to the nature of our core business, we are not highly dependent on the environment. We are not aware of any significant physical risk that will have significant adverse impact on our operations at present stage.

## 5. EMPLOYMENT AND LABOUR PRACTICES

### 5.1. EMPLOYMENT

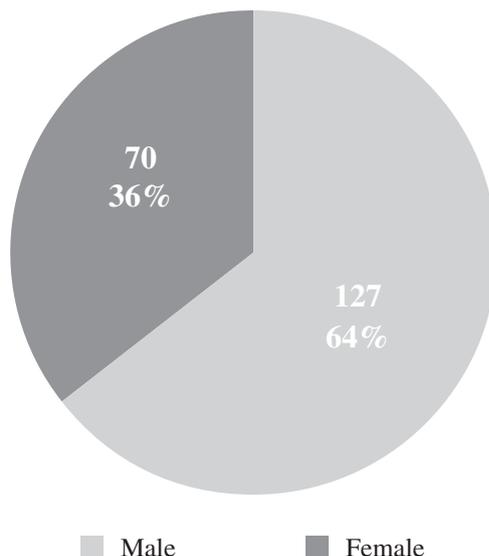
The Group strives to maintain a harmonious workplace where employees are free from any form of discrimination. All persons are given equal opportunities to be considered regardless of race, social class, age, nationality, religion, disability, gender, or sexual orientation in our recruitment and promotion process.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

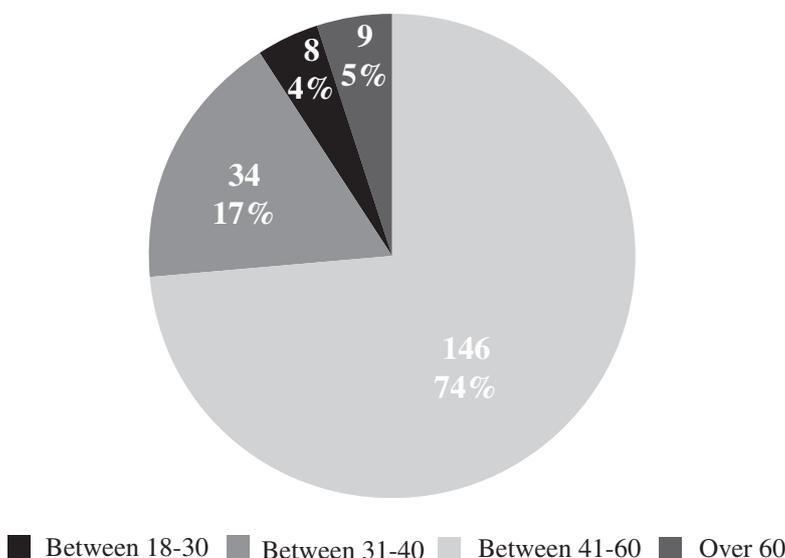
All matters related to compensation, dismissal, recruitment, promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare are structured to comply with all applicable laws and regulations such as the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Employees’ Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong), and Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) in Hong Kong, or the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, and the “Regulations on Work-related Injury Insurances” in Mainland China.

At the end of the Reporting Period, the Group had 197 employees. The composition of the Group’s workforce by gender, age group, employment type, and geographical region are shown below:

**Table 1: Total workforce by gender**

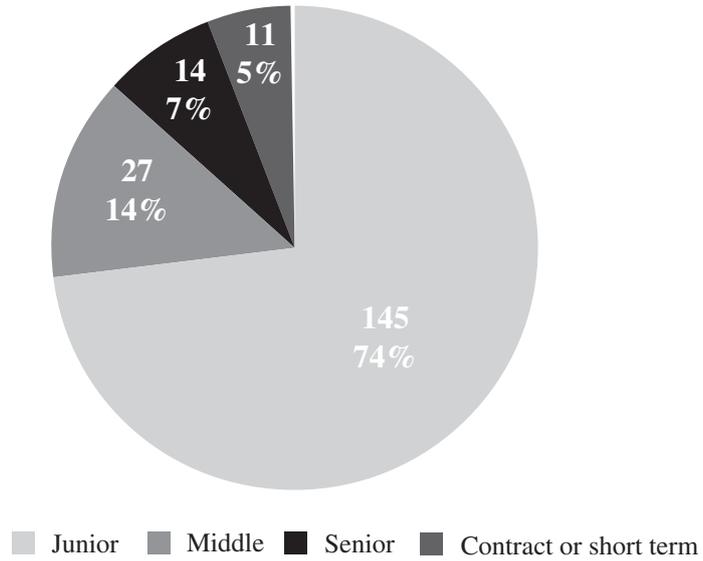


**Table 2: Total workforce by age group**

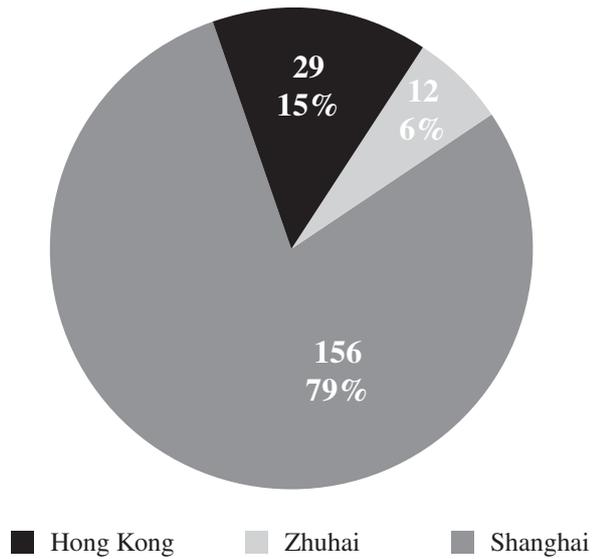


## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Table 3: Total workforce by employment type**



**Table 4: Total workforce by geographical region**



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, there were 14 employees left the Group, contributing to a turnover rate of 7%. The following table sets out the turnover rates of the Group's employees for the Reporting Period.

		Number of employees resigned in 2021	Turnover rates
<b>By gender</b>	Male	7	5%
	Female	7	10%
<b>By age</b>	Aged below 30	2	24%
	Aged between 31 and 40	10	27%
	Aged between 41 and 60	2	1%
	Aged above 60	0	0%
<b>By geographical region</b>	Hong Kong	3	11%
	Zhuhai	1	8%
	Shanghai	10	6%

### 5.2. WORKPLACE HEALTH AND SAFETY

The Group is committed to maintaining a high standard of workplace health and safety and acting in compliance with all applicable occupational safety and health legislation such as the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and the “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”. We strive to maintain a safe working environment for employees which is free from recognisable occupational hazards. Sufficient first aid kits and fire extinguishers are made available at workplaces for emergency preparedness.

We value the health and well-being of our employees. We provide medical benefits to full-time employees after their completion of probation. Such medical benefits cover part of their medical expenses for diagnosis, hospitalisation, and outpatient follow-up care.

In response to the outbreak of COVID-19 pandemic, we implemented measures to safeguard the health of our employees. Complimentary surgical face masks and other disinfectant products are always available to our employees for use at workplace.

During the Reporting Period, there were 122 lost days due to work injury (2020: 107 days) and no work-related fatalities or non-compliances (2020: 0 case, 2019: 0 case) against employment safety related laws and regulations such as the Employees’ Compensation Ordinance and Occupational Safety and Health Ordinance in Hong Kong and the “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases” were noted.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 5.3. EDUCATION, TRAINING, AND CAREER DEVELOPMENT

Training and competence of staff are crucial to the continuous growth of the business of the Group. Through comprehensive staff development, we broaden the professional knowledge, skills and qualifications of our staff, with the aim of creating a solid foundation for the Group's sustainable development in business.

We are committed to providing opportunities to our employees to acquire job-related training and development, mainly through on-the-job training, seminars, workshops, site visits and formal training programmes. We have implemented policies to encourage our employees to participate in job related continuing education and professional development programmes, such as making available to them paid examination leave and reimbursement of tuition, seminar or workshop fees.

During the Reporting Period, a total of approximately 3,200 hours (2020: 3,725 hours) of training were provided to employees. The following table shows the percentage of employees trained and average training hours by employee category and gender.

<b>Percentage of employees trained</b>	<b>2021</b>	<b>2020</b>
<b>By employee category</b>		
Junior	<b>93.10%</b>	90.30%
Middle	<b>77.78%</b>	72.22%
Senior	<b>50.00%</b>	62.50%
Contract or short term	<b>100%</b>	N/A
<b>By gender</b>		
Male	<b>86.61%</b>	87.97%
Female	<b>91.43%</b>	74.65%
<b>Average training hours</b>		
<b>By employee category</b>		
Junior	<b>21.21</b>	25.33
Middle	<b>11.86</b>	4.29
Senior	<b>6.00</b>	6.19
Contract or short term	<b>8.18</b>	N/A
<b>By gender</b>		
Male	<b>21.53</b>	20.18
Female	<b>13.68</b>	14.65

### 5.4. RESPECT FOR LABOUR RIGHTS

The Group does not condone child and forced labour. To prevent the risk of using child labour, forced labour and illegal workers in any of our workplaces, a comprehensive identity checking and screening process is always conducted during recruitment process. We consider our risk of using child or forced labour is minimal. Nevertheless, upon discovery of any use of child or forced labour, the employment will be terminated immediately. The issue will be reviewed by the Board and will be further reported to relevant authorities where appropriate.

During the Reporting Period, no cases of non-compliance with child or forced labour related laws and regulations such as the Employment of Children Regulation under the Employment Ordinance (Cap. 57B of the Laws of Hong Kong), the "Labour Law of the People's Republic of China", the "Underage Workers Special Protection Provisions" and the "Provisions on the Prohibition of Using Child Labour of the People's Republic of China" were noted.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 6. OPERATING PRACTICES

#### 6.1. SUPPLY CHAIN MANAGEMENT

We consider active engagement with contractors and suppliers is important not only to the effectiveness of our operations, but also to the management of environmental and social risks of the supply chain.

We take into consideration a number of environmental and social risk factors in selection of contractors and suppliers. For substantial procurement or projects, contractors and suppliers are asked to provide information on their environmental and labour practices upon submission of quotations, those who are questionable with regards to ESG practices will not be selected.

We require contractors and suppliers to follow our ESG related policies. For example, no noisy work is allowed on public holidays at our residential properties, and waste must be handled in accordance with our guidelines. For protection of the environment and customers' health and safety, we prohibit the use of hazardous materials. Regular reviews are conducted to ensure materials used by contractors and suppliers meet all relevant environmental and safety standards.

Our suppliers are mainly providers of property management related services and supplies and office supplies in Hong Kong and mainland China. As our ordinary course of business neither involve production of finished goods nor rely substantially on any of our suppliers, we consider statistics in respect of suppliers are immaterial to our reporting boundary. Nevertheless, we will strengthen the management of suppliers and will report on relevant statistics when appropriate.

#### 6.2. QUALITY AND COMPLIANCE MANAGEMENT

We are committed to providing rental properties and property management services of top quality to our clients and ensuring the safety of our properties' users are well protected.

We have put in place a comprehensive complaints handling procedure to complaints in a timely and effective manner. Complaints can be lodged with our Real Estate Department by phone, email, and instant messaging services. Over the past years, complaints we received were usually related to repair and maintenance of properties and resolved by our in-house technicians. There were no material products and services related complaints received during the Reporting Period.

We committed to ensuring we do not infringe any intellectual property rights of others in the course of our operations. Appropriate licenses are obtained for all software installed on our computer systems. To prevent any risk of unintentional infringement of intellectual property rights, any installation of software on our computer systems can only be done by authorised persons.

We recognise of the importance of privacy protection. Personal data collected during our operations are handled in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and all applicable laws and regulations of similar nature. Visitors of buildings managed by us may be requested to provide certain of their personal data for record purposes and prevention of crime. Such personal data can only be accessed by authorised persons and are retained for a maximum of one month to ensure data protection. On-site property managers with relevant delegated authority are responsible for the implementation and monitoring of these data and privacy protection measures.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Due to our business nature, we do not sell or ship any product subject to recalls for safety and health reasons and therefore have no relevant quality assurance process and recall procedure.

We are not aware of any cases of non-compliance with laws and regulations relating to health and safety, advertising, labelling and, privacy matters relating to works and services provided during the Reporting Period.

### 6.3. MORAL INTEGRITY AND ANTI-CORRUPTION

We uphold high standards on promoting anti-corruption. We require all employees and directors to maintain a high level of business ethics. The Audit Committee of the Company has the overall responsibility for matters related to the internal controls of anti-corruption of the Group.

Whistle-blowing procedures apply to all parties including internal as well as external informers. Any complaint of suspected misconduct, malpractice or impropriety can be made either verbally or by confidentially writing to the Audit Committee; all issues will be treated promptly and fairly. In cases of suspected corruption or other criminal offences, a report may be made to the appropriate authority. We encourage our employees to study publicly available materials on anti-corruption prevention such as those available on the website of The Hong Kong Business Ethics Development Centre.

During the Reporting Period, the Group was in compliance with all laws and regulations related to bribery, extortion, fraud and money laundering, such as the Prevention of Bribery Ordinance (Cap 201 of the Laws of Hong Kong), the “Company Law of the People’s Republic of China”, the “Bidding Law of the People’s Republic of China”, the “Interim Provisions on Prohibiting Commercial Bribery”, and the “Regulations of the People’s Republic of China for Suppression of Corruption”. There were no concluded legal cases regarding corrupt practices brought against the Group or our employees during the Reporting Period.

## 7. COMMUNITY INVESTMENTS

We are aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this regard, the Company would explore the possibility to identify suitable partners and support community and environmental programmes that align with our missions and values.

During the Reporting Period, we made a green deposit amounted to HK\$5 million with a bank in Hong Kong. Such green deposit was set to be utilised to finance qualified green projects which include, but not limited to, projects targeting on energy efficiency, pollution prevention and control, sustainable water management and waste management, clean transportation, efficient buildings and sustainable land use.

We believe the best way to serve the community is to drive positive impact through our investment portfolio. To create shared values with the community and stakeholders. We will continue to consider ESG factors in selecting future investment projects.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### APPENDIX 1 HKEX ESG REPORTING GUIDE CONTENT INDEX TABLE

#### Subject Areas, Aspects, General Disclosures and KPIs

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#### A. Environmental

##### Aspect A1: Emissions

General Disclosure	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note:</i> Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>
KPI A1.1	The types of emissions and respective emissions data.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Subject Areas, Aspects, General Disclosures and KPIs

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**Aspect A2:**

**Use of Resources**

General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note:</i> Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.

**Aspect A3:**

**The Environment and Natural Resources**

General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.

**Aspect A4:**

**Climate Change**

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Subject Areas, Aspects, General Disclosures and KPIs

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#### B. Social

##### Employment and Labour Practices

###### Aspect B1: Employment

General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.
KPI B1.2	Employee turnover rate by gender, age group and geographical region.

###### Aspect B2: Health and Safety

General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> relating to providing a safe working environment and protecting employees from occupational hazards.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.
KPI B2.2	Lost days due to work injury.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Subject Areas, Aspects, General Disclosures and KPIs

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#### Aspect B3:

#### Development and Training

General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.

*Note:* Training refers to vocational training. It may include internal and external courses paid by the employer.

KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).

KPI B3.2 The average training hours completed per employee by gender and employee category.

#### Aspect B4:

#### Labour Standards

General Disclosure Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer

relating to preventing child and forced labour.

KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.

KPI B4.2 Description of steps taken to eliminate such practices when discovered.

#### Operating Practices

#### Aspect B5: Supply Chain Management

General Disclosure Policies on managing environmental and social risks of the supply chain.

KPI B5.1 Number of suppliers by geographical region.

KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.

KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.

KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Subject Areas, Aspects, General Disclosures and KPIs

#### Aspect B6: Product Responsibility

General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.
KPI B6.4	Description of quality assurance process and recall procedures.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.

#### Aspect B7: Anti-corruption

General Disclosure	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</li> </ul> <p>relating to bribery, extortion, fraud and money laundering.</p>
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.
KPI B7.3	Description of anti-corruption training provided to directors and staff.

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT****Subject Areas, Aspects, General Disclosures and KPIs**

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**Community****Aspect B8:  
Community Investment**

General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.

## PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
<b>Hong Kong</b>						
1	Ground Floor of Block 1B, Pine Villas, Nos.118 & 118A Castle Peak Road, Castle Peak Bay, Tuen Mun, New Territories, Hong Kong	Residential	75%	1,833	1,375	Up to 30 June 2047
2	Flat B on 7th Floor, Rose Mansion, No. 1 Prat Avenue, Kowloon, Hong Kong	Residential	100%	890	890	150 years from 25 December 1898
3	Multifield Centre, No. 426 Shanghai Street, Kowloon, Hong Kong	Commercial	75%	46,351	34,763	150 years from 25 December 1887
4	Ground Floor, 1st to 3rd Floor, 5th Floor, Air-conditioning Plant Room on 6th Floor, Office Unit 01 on 7th Floor (including exclusive lavatory), Office Units 01 to 03 and 05 to 10 on 20th and 21st Floor and the roof, Multifield Plaza, No. 3 Prat Avenue, Kowloon, Hong Kong	Commercial	100%	61,269	61,269	150 years from 25 December 1898 and 24 June 1889 respectively
5	M Place, No. 54 Wong Chuk Hang Road, Hong Kong	Industrial	100%	142,134	142,134	75 years from 10 May 1965 renewable for a further term of 75 years
6	Shop No. 2 on Ground Floor, Goldfield Building, Nos.42, 43 and 44 Connaught Road West and Nos.200 and 202 Wing Lok Street, Hong Kong	Commercial	69%	1,300	897	999 years from 25 June 1871 and 9 April 1901 respectively

**PROPERTY PORTFOLIO OF THE GROUP**

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
7	Flat B on the 30th Floor of Tower 6 and Private Cars Car Park No. 58 on Car Park Level 2, Bel-Air on the Peak of Island South, No. 68 Bel-Air Peak Avenue, Hong Kong	Residential/ Car Park	75%	913	685	50 years from 22 May 2000
8	Flat E, 18th Floor, Block H-9, Fu Yip Yuen, Chi Fu Fa Yuen, No. 9 Chi Fu Road, Hong Kong	Residential	75%	518	389	75 years from 19 October 1976 renewable for a further term of 75 years
9	Flat H, 18th Floor, Block H-14, Fu Chun Yuen, Chi Fu Fa Yuen, No. 14 Chi Fu Road, Hong Kong	Residential	75%	518	389	75 years from 19 October 1976 renewable for a further term of 75 years
10	Flat H, 21st Floor, Block H-12, Fu Yar Yuen, Chi Fu Fa Yuen, No. 12 Chi Fu Road, Hong Kong	Residential	75%	518	389	75 years from 19 October 1976 renewable for a further term of 75 years
11	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 19th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	75%	11,439	8,579	A term from 17 December 1991 to 30 June 2047
12	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 20th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	75%	11,438	8,579	A term from 17 December 1991 to 30 June 2047
13	Units 1 to 3, 5, 6, 21 to 23 and 25 to 28 on 25th Floor, Pacific Link Tower, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Commercial	69%	11,438	7,892	A term from 17 December 1991 to 30 June 2047

## PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
14	Car Parking Space (Private Carpark) No. P101 on 1st Floor and Nos. P201 and P202 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	75%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
15	Car Parking Space (Private Carpark) Nos. P229 and P230 on 2nd Floor, Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	75%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
16	Multi-storey Lorry Park of Ground Floor to Lower Ground 5 (G/F to LG1-5/F (Inclusive)), Southmark, No. 11 Yip Hing Street, Wong Chuk Hang, Hong Kong	Car Park	69%	N/A	N/A	A term from 17 December 1991 to 30 June 2047
17	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 12th Floor, Tower 2, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	75%	2,423	1,817	A term from 25 January 1995 to 30 June 2047
18	Flat A (Including the Balcony thereof) on the 12th Floor, Tower 8, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	75%	1,317	988	A term from 25 January 1995 to 30 June 2047
19	Flat A (Including the Balcony thereof) on the 21st Floor, Tower 8, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	100%	1,317	1,317	A term from 25 January 1995 to 30 June 2047
20	Flat B (Including the Balcony thereof) on the 21st Floor, Tower 8, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential	69%	1,315	907	A term from 25 January 1995 to 30 June 2047

**PROPERTY PORTFOLIO OF THE GROUP**

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
21	Flat A (Including the Bay Window, the Balcony, the Utility Platform thereof and the Air-Conditioning Plant Room Appertaining thereto) on the 30th Floor, Tower 1 and Car Parking Space No. 16 on the Ground Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Residential/ Car park	75%	2,545	1,909	A term from 25 January 1995 to 30 June 2047
22	Car Parking Space No. 1071 on 1st Floor, Larvotto, No. 8 Ap Lei Chau Praya Road, Hong Kong	Car Park	75%	N/A	N/A	A term from 25 January 1995 to 30 June 2047
23	Whole of 4th, 5th, 8th and 9th Floor, Units B1 and B2 on 2nd and 14th Floor and Car Parking Space Nos. 1-4 and 10-21, Blue Box Factory Building, No. 25 (Formerly No. 15) Hing Wo Street, Hong Kong	Industrial/ Car Park	75%	90,800	68,100	75 years from 23 March 1970 renewable for a further term of 75 years
<b>The PRC</b>						
24	Levels 1 and 2, Block B, Versailles de Shanghai, No. 1, Lane 123 Fahuazhen Road, Changning District, Shanghai, The PRC	Commercial	65%	6,276	4,079	A term from 26 February 1997 to 7 October 2062
25	Windsor Park, No. 2279 Hongqiao Road, Changning District, Shanghai, The PRC	Hotel Serviced Villa	82.02%	178,956	146,780	A term from 21 November 2000 to 7 November 2062
26	Windsor Court, No. 2290 Hongqiao Road, Changning District, Shanghai, The PRC	Hotel Serviced Apartment	100%	199,907	199,907	A term from 5 April 1997 to 7 November 2062

## PROPERTY PORTFOLIO OF THE GROUP

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
27	Windsor Place, Lane 2222 Jianhe Road, Changning District, Shanghai, The PRC	Hotel Serviced Villa	69%	448,758	309,643	A term from 23 June 1997 to 22 June 2067
28	The land located at North of Gangqian Road/ West of Santaishi Road, Qianshan, Zhuhai, Guangdong Province, The PRC	Commercial	100%	*396,210	*396,210	Up to 1 January 2044
29	Unit 1604, Block 2, Dong Fang Ao Jin Feng, No. 39 Qingluzhong Road, Jida, Zhuhai, Guangdong Province, The PRC	Residential	100%	2,080	2,080	A term from 30 November 1997 to 30 November 2067
30	Unit 2701, Block 3, Dong Fang Ao Jin Feng, No. 39 Qingluzhong Road, Jida, Zhuhai, Guangdong Province, The PRC	Residential	100%	2,847	2,847	A term from 30 November 1997 to 30 November 2067
31	Car Parking Space Nos. Y201, Y211 and Y212, Dong Fang Ao Jin Feng, No. 39 Qingluzhong Road, Jida, Zhuhai, Guangdong Province, The PRC	Car Park	100%	N/A	N/A	A term from 30 November 1997 to 30 November 2067
32	House No. 98, (Hua Fa Shi Ji Cheng) No. 376 Changsheng Road, Xiangzhou District, Zhuhai, Guangdong Province, The PRC	Residential	100%	4,183	4,183	A term from 7 January 2005 to 7 January 2075
33	House No. 100, (Hua Fa Shi Ji Cheng) No. 376 Changsheng Road, Xiangzhou District, Zhuhai, Guangdong Province, The PRC	Residential	100%	4,211	4,211	A term from 7 January 2005 to 7 January 2075

**PROPERTY PORTFOLIO OF THE GROUP**

No.	Property	Use	Group's effective holding	Gross Floor Area (Approx. sq.ft.)	Gross Floor Area attributable to the Group (Approx. sq.ft.)	Lease Term
34	No. 17, Lane 1, No. 1218 Zhu Feng Main Road, Jingan Town, Doumen District, Zhuhai, Guangdong Province, The PRC	Residential	100%	3,410	3,410	A term from 18 April 2004 to 18 April 2074
35	Unit 402, Block 20, No. 8 Shan Hu Hai Road, Xihucheng District, Jinwan District, Zhuhai, Guangdong Province, The PRC	Residential	100%	2,144	2,144	A term from 10 October 2007 to 9 October 2077
36	Unit 302, Block 20, No. 8 Shan Hu Hai Road, Xihucheng District, Jinwan District, Zhuhai, Guangdong Province, The PRC	Residential	100%	2,144	2,144	A term from 10 October 2007 to 9 October 2077
37	Units A to F on Level 16, Tower II, Innotect Tower, No. 239 Nanjing Road, Heping District, Tianjin, The PRC	Residential	75%	8,620	6,465	A term from 25 May 1992 to 24 May 2062
38	Unit No. 7-10-I on Level 10 of Block No. 7, No. 68 Xinzhong Street, Dongcheng District, Beijing, The PRC	Residential	75%	1,132	849	Up to 1 November 2063
<b>Malaysia</b>						
39	A freehold land held under individual title Geran (Grant) No.333413, Lot No.119239, Mukim Dengkil (Dengkil Sub-district), Daerah Sepang (Sepang District), Negeri Selangor (Selangor State), Malaysia	Commercial Building	100%	*977,578	*977,578	Freehold

Notes:

N/A – Not Applicable

\* – Site Area