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Corporate Information

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Cheung Kee Wee, *BBA, Chairman*

Aged 70. Joined the Group and appointed a director in 1976. Elected Chairman in 2000. Elected as Chairman of the Nomination Committee in 2012. A director in each of the subsidiaries. Has over 40 years' experience in the property and building construction industry in Hong Kong. Mainly responsible for the management and supervision of the Group's property portfolio. Brother of Messrs Cheung Lin Wee and Cheung Ying Wai, Eric.

Mr. Cheung Lin Wee, *BFin*

Aged 64. Joined the Group and appointed a director in 1985. Appointed a member of the Nomination Committee in 2012. A director in each of the subsidiaries. Has over 30 years' experience in property management. Mainly responsible for the property management activities of the Group. Brother of Messrs Cheung Kee Wee and Cheung Ying Wai, Eric.

Mr. Cheung Ying Wai, Eric, *BSc*

Aged 60. Joined the Group and appointed a director in 1999. A director in each of the subsidiaries. Has over 20 years' experience in business management. Mainly responsible for the general management of the Group. Brother of Messrs Cheung Kee Wee and Cheung Lin Wee.

Non-executive Director

Mr. Ng Kwok Tung, *LIA (Dip), Chinese Law (Dip), BCom, CPA (Practising), CPACA, FCPA, ATIHK, MSCA, R.F.P.*

Aged 71. Appointed an independent non-executive director in 2001 and re-designated as a non-executive director in 2004. Also appointed a member of each of the Audit Committee and the Remuneration Committee in 2001 and 2005 respectively. A practising accountant in Hong Kong. A partner of Messrs Tony Kwok Tung Ng & Co.. An independent non-executive director of Fountain Set (Holdings) Limited.

Independent Non-executive Directors

Mr. Chan Woon Kong

Aged 88. Appointed a director in 2004. Appointed a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2004, 2005 and 2012 respectively. Also appointed the chairman of the Remuneration Committee in 2015. Has over 45 years' extensive experience in the banking industry in Hong Kong. Before his retirement in 2012, served in senior management of various banks including Far East Bank Limited, First Pacific Bank Limited, The Bank of East Asia, Limited, United Commercial Bank and East West Bank in Hong Kong.

Mr. Au-Yang Cheong Yan, Peter *BSc (Business Studies), MSc (Accounting and Finance)*

Aged 62, Appointed a director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2014. Also appointed chairman of the Audit Committee in 2021. Has more than 20 years of experience in the financial services sector in the Asia-Pacific region. Joined the Hongkong and Shanghai Banking Corporation Limited ("HSBC") group in 1985 and became a co-head of Investment Banking, the Asia-Pacific region of the HSBC group in 2001. During the period with the HSBC group, worked on various equity capital fund-raising exercises and mergers and acquisitions projects in the Asia-Pacific region (1985-2003). An executive director and the chief operating officer of the Securities and Futures Commission (2003-2006). Before his retirement in 2016, was the Head of the Hong Kong office of the RGE Group.

Mr. Chan Wing Tat, BA *(Geography and Geology)*

Aged 77. Appointed a director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2021. Has over 40 years of experience in marketing, advertising and management. The founder and executive director of his own full service advertising agency, Compu-AD Centre Limited which used to be a member of The Association of Accredited Advertising Agencies of Hong Kong (HK4As). In his 40-50's, was a member of the Rotary Club Northeast, serving the underprivileged of the community. Was elected Chairman (2017-2019) of the Min Chiu Society, an exclusive club for accomplished collectors dedicated to the appreciation and promotion of Chinese art and culture. Was nominated member of the HK Palace Museum Acquisition Committee in 2022.

Mr. Kok Lap Seng, LLB, PCLL

Aged 60. Appointed a director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee in 2021. A practicing solicitor in Hong Kong since 1987 and a China Appointed Attesting Officer since 1995. A partner of Messrs. Kok & Ha, Solicitors. Active in community and social involvements, being the Chairman of Infinite Compassion Foundation Limited, a charitable body in Hong Kong and a benefactor of various social and religious bodies.

Corporate Information *(CONTINUED)*

AUDIT COMMITTEE

Mr. Au-Yang Cheong Yan, Peter *(Chairman)*
Mr. Ng Kwok Tung
Mr. Chan Woon Kong
Mr. Chan Wing Tat
Mr. Kok Lap Seng

REMUNERATION COMMITTEE

Mr. Chan Woon Kong *(Chairman)*
Mr. Ng Kwok Tung
Mr. Au-Yang Cheong Yan, Peter
Mr. Chan Wing Tat
Mr. Kok Lap Seng

NOMINATION COMMITTEE

Mr. Cheung Kee Wee *(Chairman)*
Mr. Cheung Lin Wee
Mr. Chan Woon Kong
Mr. Au-Yang Cheong Yan, Peter
Mr. Chan Wing Tat
Mr. Kok Lap Seng

COMPANY SECRETARY

Mr. Chu Wing Man, Raymond

AUTHORISED REPRESENTATIVES

Mr. Cheung Kee Wee
Mr. Chu Wing Man, Raymond

BANKER

The Bank of East Asia, Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

SHARE REGISTRAR

Hongkong Managers and Secretaries Limited
Units 1607-8, 16th Floor, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong
Telephone: (852) 3528 0290
Fax: (852) 2887 2054

REGISTERED OFFICE

Room 2500, Dominion Centre
43-59 Queen's Road East
Wanchai
Hong Kong
Telephone: (852) 2527 1821
Fax: (852) 2861 3771

STOCK CODE

The Stock Exchange of Hong Kong Limited
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WEBSITE

<http://www.wahha.com>

Group Structure

As at 31 March 2022

	Effective percentage of equity held by the Group	Principal activities
Holding Company		
Wah Ha Realty Company Limited	–	Investment holding
Subsidiaries		
Galy Property Management Limited	100	Property management
Khanman Property Limited	100	Property investment
Tai Kong Shan Realty Limited	100	Property investment
Wah Ha Construction Company Limited	100	Building contractor
WH Properties Limited	100	Property investment
Associated Companies		
Daily Eagle Development Limited	25	Property development
Fu Kung San Realty Limited	50	Investment holding
Fupoly Properties Limited	25	Property investment
Hinquand Enterprise Limited	50	Property investment
Keneva Company Limited	25	Property development
Kin Yuen Hing Investment Company Limited	50	Property development
Remadour Estate Limited	25	Property investment
Sing Mei Properties Limited	25	Property investment
Star Fortune Investments Limited	50	Property development
Sun Prince Godown Limited	50	Property investment
Sun Tai Tsuen Godown Company Limited	50	Property investment
Wah Ha Property Development Limited	50	Property investment

All companies are incorporated in Hong Kong.

Chairman's Statement

RESULTS

The profit attributable to equity holders of Wah Ha Realty Company Limited (the "Company") for the year ended 31 March 2022 amounted to HK\$38,980,362 (2021: HK\$3,065,225). Earnings per share for the year was HK\$0.32 (2021: HK\$0.03).

DIVIDENDS

The board of directors of the Company (the "Directors") (the "Board") has resolved to recommend a final dividend of HK11 cents (2021: HK11 cents) per share and a special dividend of HK12 cents (2021: HK12 cents) per share for the year ended 31 March 2022 to the shareholders of the Company (the "Shareholders") whose names appear on the Register of Members of the Company on Friday, 16 September 2022. Together with the interim dividend of HK11 cents (2021: HK11 cents) per share, total dividends for the year amount to HK34 cents (2021: HK34 cents) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Group's revenues for the year ended 31 March 2022 amounted to HK\$7.8 million, a decrease of about 14.9% from that of the previous year. This decrease was mainly attributable to the interest income and rental income recorded in the year under review being lower than those in 2021 by HK\$0.6 million and HK\$0.7 million respectively.

For the year under review, the Group's profit attributable to equity holders was HK\$39.0 million whereas a corresponding profit of HK\$3.1 million was recorded in 2021. The major contribution towards this significant improvement came from the Group's share of the results of its associated companies for HK\$38.6 million (2021: loss of HK\$3.9 million). Earnings per share was HK\$0.32 as compared with HK\$0.03 of the last year. Last year's fair value losses of HK\$29.0 million recorded from the revaluations of the Group's and its associated companies' investment properties was replaced by a fair value gains of HK\$3.0 million. Further, the Group's share of realised profits from the sales of properties of the Group's associated companies was HK\$14.0 million whereas no corresponding profits was recorded in the last year. On the other hand, the favourable exchange difference in respect of RMB bank deposits reduced by HK\$3.0 million. Interest income and the results of our investment portfolio were HK\$0.6 million and HK\$0.9 million lower than those of the last year. Suffering from the persistently weak economy, rental concession is still common. The contribution from our rental business was lower than that of last year by HK\$4.2 million.

Chairman's Statement *(CONTINUED)*

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

BUSINESS REVIEW

Property Development, Investment and Management

During the year under review, weakness of the local economy persisted. Last year's downside pressure on the Group's and its associated companies' rental business was not relieved. Rental concession and lower rental rates upon tenancy renewals especially in retail sector were common. The overall contributions to the Group's net profit further decreased by HK\$4.2 million.

During the year under review, an associated company disposed of its interests in 26 industrial units in Fanling and the Group's share of the realised profits was HK\$14.0 million whereas no corresponding sales of properties was recorded in the last year. Another associated company acquired 2 residential units in Yau Ma Tei.

Subsequent to the financial year end, the first mentioned associated company further disposed of its interest in 3 industrial units in Fanling and also entered into an agreement to dispose of its interest in another industrial unit of the same building. Furthermore, a subsidiary disposed of its interest in an industrial unit and 2 carparking spaces in Kwai Chung.

Apart from the aforesaid, the Group did not acquire or dispose of any property during the year under review and up to the date of this report.

Investments

During the year under review, the results of the Group's investment portfolio weakened by HK\$0.9 million. RMB continued to rebound but to a lesser extent. The exchange gains reported was HK\$3.0 million lower than that of the last year. The low interest rate environment led to a decrease of interest income for HK\$0.6 million.

PROSPECTS

In Hong Kong, the Fifth Wave of COVID-19, which emerged in early 2022, reversed the previous recovery of the economy. In view of the surging inflation, the Federal Reserve in the United States stopped their quantitative easing measures and raised the interest rate for 1.5% in three consecutive meetings. Volatility in financial markets was resulted and common consensus of stringent liquidity was formed. The United States President Biden propagated expansionary fiscal policy to restore economic activities. Further hikes of interest rates in the coming FOMC meetings are forecasted. On the other hand, China has taken expansionary measures to boost the Chinese economy so as to mitigate the negative impacts caused by the COVID-19.

For the year under review, the local economy was wandering at the bottom. The trend of recovery was however curbed by the Fifth Wave of COVID-19. A year-on-year negative growths in GDP and private consumption expenditure reported in the 1st Quarter of 2022 were 4.0% and 5.5% respectively. The seasonally adjusted unemployment rate for March to May 2022 moved up to 5.1% from the period low of 3.9%. Slight inflation of 1.2% was reflected by the Composite Consumer Price Index for May 2022. Negative growths in imports and exports were observed while volume of retail sales began to grow up after the difficult months of February and March this year. Our rental business was inevitably adversely affected.

The recovery of the local economy is clouded with uncertainties under the on-going COVID-19 condition. We should be prudent in employing our precious resources effectively and efficiently in order to bring about sustainable returns to the Shareholders.

Chairman's Statement *(CONTINUED)*

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2022, the Group had less than twenty employees and their remuneration are maintained at competitive levels. Total staff costs (including Directors' remuneration) amounted to HK\$8.6 million (2021: HK\$7.4 million). Remuneration policies are reviewed regularly by the Board and by the Remuneration Committee of the Company regarding Directors and senior management. Employees' salaries are determined on performance basis with reference to the market trend. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education and training subsidies, medical and retirement benefits and paid leaves.

LIQUIDITY AND FINANCIAL RESOURCES

The Group is virtually debt-free and generally finances its operations with internally generated cash flows. The gearing ratio of the Group was zero (2021: zero). The gearing ratio, if any, is calculated as the ratio of net bank borrowings to shareholders' funds. The Group's cash and cash equivalents amounted to HK\$277.6 million at 31 March 2022 (2021: HK\$281.2 million). The Board believes that the Group has sufficient financial resources for its operations. The Group has no material exposure to foreign exchange rate fluctuation, other than its bank deposits in RMB, and material contingent liabilities.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to the Shareholders, business partners and customers for their continued support and our management team and entire staff for their hard work and dedication. I would also like to express my heartfelt gratitude to my fellow Directors for their guidance and invaluable contribution.

Cheung Kee Wee

Chairman

Hong Kong, 28 June 2022

Report of the Directors

The Directors have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Group are investment holding and property development, investment and management in Hong Kong.

SEGMENT INFORMATION

An analysis of the Group’s turnover and results by principal activities for the year is shown in Note 27 to the consolidated financial statements.

RESULTS

Results of the Group for the year ended 31 March 2022 are shown on page 64.

DIVIDENDS

The Board has resolved to recommend at the forthcoming annual general meeting of the Company (“AGM”) to be held on Friday, 2 September 2022 a final dividend of HK11 cents (2021: HK11 cents) per share and a special dividend of HK12 cents (2021: HK12 cents) per share for the year ended 31 March 2022 to be paid on Wednesday, 28 September 2022 to the Shareholders whose names appear on the Register of Members of the Company on Friday, 16 September 2022.

Together with the interim dividend of HK11 cents (2021: HK11 cents) per share paid on Friday, 21 January 2022, total dividends for the year will amount to HK34 cents (2021: HK34 cents) per share.

DIVIDEND POLICY

The Company has adopted the dividend policy which sets out the guidelines for the Board to determine (i) whether dividends are to be declared and paid, and (ii) the level of dividend to be paid to the Shareholders. The Directors consider stable and sustainable returns to the Shareholders to be one of our objectives.

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Company’s Articles of Association (the “Company’s Articles”) and all applicable laws, rules and regulations of Hong Kong. The Company normally pays dividends twice a year, comprising the interim dividend and final dividend. The Board may declare special dividends in addition to such dividends as it considers appropriate.

Report of the Directors *(CONTINUED)*

DIVIDEND POLICY *(Continued)*

In considering the frequency, amount and form of any dividend to the Shareholders, the Board shall take into account, inter alia, the following factors:

1. the liquidity position of the Group, retained earnings and distributable reserves of the Company;
2. the actual and expected financial results of the Group;
3. the business conditions and strategies of the Company;
4. the capital requirements and expenditure plans of the Group;
5. the interests of the Shareholders;
6. the general economic conditions and other internal or external factors that may have an impact on the business and financial position of the Company; and
7. any other factors that the Board may consider relevant.

Pursuant to the Company's Articles and the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"), the Company may distribute dividends by way of cash or scrip or by other means as the Board considers appropriate.

PARTICULARS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Particulars of subsidiaries and associated companies of the Company are shown in Notes 15 and 16 to the consolidated financial statements respectively.

FIVE YEAR FINANCIAL SUMMARY

A summary of the Group's results and of its assets and liabilities for the past five financial years is shown on page 119.

RESERVES

Details of the movements in reserves of the Group and of the Company during the year are shown in Notes 22 and 28(b) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company considers the cumulative gains on revaluation of investment properties of HK\$70,635,540 (2021: HK\$67,635,540) included in retained profits are non-distributable as they do not constitute realised profits. As at 31 March 2022, the Company's reserves available for distribution to Shareholders as calculated in accordance with the provisions of Sections 297 and 298 of the Companies Ordinance amounted to HK\$279,110,918 (2021: HK\$303,848,415).

PROPERTIES

Details of the movements in investment properties are shown in Note 14 to the consolidated financial statements. Details of the principal properties held by the Group for investment, sale and development purposes are shown on pages 121 to 124.

SHARES ISSUED

Details of the shares issued by the Company during the year are set out in Note 21 to the consolidated financial statements.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

Non-executive Director

Mr. Ng Kwok Tung

Report of the Directors *(CONTINUED)*

DIRECTORS *(Continued)*

Independent Non-executive Directors

Mr. Chan Woon Kong
Mr. Au-Yang Cheong Yan, Peter
Mr. Chan Wing Tat
Mr. Kok Lap Seng

In accordance with Article 99(A) of the Company's Articles, Mr. Ng Kwok Tung, Mr. Chan Woon Kong and Mr. Cheung Lin Wee will retire from office by rotation at the forthcoming AGM and they, being eligible, offer themselves for re-election.

The Company has received from each Independent Non-executive Director of the Company ("INED") an annual confirmation of his independence pursuant to the independence guidelines under Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), and considers that all the INEDs are independent.

During the year and up to the date of this report, all the Executive Directors of the Company ("EDs") have served on the boards of all the subsidiaries of the Company.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information on Directors required to be disclosed are shown as follows:

Mr. Ng Kwok Tung, a Non-executive Director of the Company ("NED"), resigned as an independent non-executive director of Palace Banquet Holdings Limited with effect from 27 January 2022.

DIRECTORS' SERVICE CONTRACTS

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

The term of office of each Director is the period up to his retirement by rotation in accordance with the Company's Articles.

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.

EQUITY-LINKED AGREEMENTS

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

LOANS TO OFFICERS

No loans to the Company's officers (within the meaning of the Companies Ordinance) were made and outstanding at any time during the year or at the end of the year.

BIOGRAPHY OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 2 and 3.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and the five highest paid individuals in the Group are shown in Note 9 to the consolidated financial statements. No contribution to pension scheme for Directors and past Directors was paid for the year.

There was no compensation paid during the year or receivable by the Directors for the loss of office as a Director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

Report of the Directors *(CONTINUED)*

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save for those "Significant Related Party Transactions" described in Note 26 to the consolidated financial statements, no transactions, arrangement and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company and the Directors' connected parties had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangement to enable the Directors of the Company or any of their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interests or short positions of the Directors and Chief Executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Ordinary Shares of the Company

Name of Director	Personal interests	Corporate interests	Family interests	Total	% of issued share capital
Cheung Kee Wee	–	15,150,160 <i>(Note 1)</i>	–	15,150,160	12.52
Cheung Lin Wee	14,394,800	–	480,000 <i>(Note 2)</i>	14,874,800	12.30
Cheung Ying Wai, Eric	14,232,800	–	–	14,232,800	11.77

Notes:

- (1) These shares were held by Biochoice Limited (“Biochoice”) (in which Mr. Cheung Kee Wee (“CKW”) and his spouse in aggregate owned 50% interest) through its wholly owned subsidiary, Humphrey Group Limited (“Humphrey”). Therefore, CKW was deemed to be interested in these shares under the SFO.
- (2) The 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, the spouse of Mr. Cheung Lin Wee (“CLW”).

Save as disclosed above, as at 31 March 2022, none of the Directors or Chief Executives of the Company or any of their associates had or were deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

So far as is known to the Directors or Chief Executives of the Company, as at 31 March 2022, the following Shareholders (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company were as follows:

Long Positions in Ordinary Shares of the Company

	Number of shares	% of issued share capital
Substantial Shareholders:		
Chin Lan Hong, deceased	32,162,800 (Note 1)	26.59
Kung So Ha, Anne	15,150,160 (Note 2)	12.52
Biochoice Limited	15,150,160 (Note 3)	12.52
Humphrey Group Limited	15,150,160 (Note 3)	12.52
Wu Suet Yi, Rita	14,874,800 (Note 4)	12.30
Hoh Kwok Hing, Corinne	14,232,800 (Note 5)	11.77
Persons other than Substantial Shareholders:		
Megabest Securities Limited	11,295,600 (Note 6)	9.34
Profit-taking Company Inc.	11,295,600 (Note 6)	9.34
Pullfield Company Limited	11,295,600 (Note 6)	9.34

Notes:

- (1) Out of the 32,162,800 shares, 11,295,600 shares were held by Megabest Securities Limited (“Megabest”) of which Madam Chin Lan Hong, deceased (“CLH”) was interested in the entire issued share capital, through the chain of ownership being described in Note (6) below; and 20,867,200 shares were held under her personal interests. CLH is the late mother of CKW, CLW and Mr. Cheung Ying Wai, Eric (“CYW”), all are the EDs.
- (2) Ms. Kung So Ha, Anne is the wife of CKW and was taken to be interested in these shares in which her spouse was interested under the SFO. These 15,150,160 shares related to the same block of shares as described in Note (3) below.
- (3) These 15,150,160 shares held by Biochoice and Humphrey respectively related to the same block of shares as described in “Corporate Interests” of CKW under the heading of “Directors’ Interests and Short Positions in Shares, Underlying Shares and Debentures”. These shares were held by Biochoice through Humphrey, the registered owner of the said 15,150,160 shares. CKW and his spouse are directors of Biochoice and Humphrey.
- (4) Out of the 14,874,800 shares, 480,000 shares were beneficially held by Ms. Wu Suet Yi, Rita, and Ms. Wu was taken to be interested in the remaining 14,394,800 shares in which her spouse CLW was interested under the SFO.
- (5) Ms. Hoh Kwok Hing, Corinne is the wife of CYW and was taken to be interested in these shares in which her spouse was interested under the SFO.
- (6) These 11,295,600 shares held by Megabest, Profit-taking Company Inc. (“Profit-taking”) and Pullfield Company Limited (“Pullfield”) respectively related to the same block of shares as described in Note (1) above. These shares were held by Megabest through its wholly owned subsidiary, Profit-taking, which in turn held the entire issued share capital of Pullfield, the registered owner of the said 11,295,600 shares of the Company. CKW, CLW and CYW are directors of Megabest, Profit-taking and Pullfield.

Report of the Directors *(CONTINUED)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

(Continued)

Long Positions in Ordinary Shares of the Company *(Continued)*

Save as disclosed above, as at 31 March 2022, the Company has not been notified by any person (other than Directors or Chief Executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as being directly or indirectly interested in 5% or more of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's issued shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenues during the year attributable to the Group's five largest customers was 41.7% of the Group's total revenues, of which 20.0% was made to the largest customer.

The aggregate purchase of revenue items during the year attributable to the Group's five largest suppliers were less than 30% of the Group's total revenue purchases.

None of the Directors, their associates or any Shareholder who to the knowledge of the Directors owns more than 5% of the Company's issued share capital has an interest in the major customers or suppliers disclosed above.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 33 to 56.

BUSINESS REVIEW

A fair review of the business of the Group as required pursuant to Schedule 5 to the Companies Ordinance, comprising an analysis of the Group's performance during the year, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year 2021 as well as an indication of likely future development in the business of the Group are set out in the sections headed "MANAGEMENT DISCUSSION AND ANALYSIS" in "Chairman's Statement" on pages 7 to 9, "RISK MANAGEMENT AND INTERNAL CONTROL" in "Corporate Governance Report" on page 51 to 53 and "FINANCIAL RISK MANAGEMENT" under Note 3 to the consolidated financial statements on pages 86 to 91 in this annual report (the "AR").

The Board holds ultimate responsibility over the Group's environmental, social and governance ("ESG") strategy and reporting. The Board oversees the direction of the Group's ESG practices and ESG performance is measured, reviewed and reported to the Board by management regularly for continuous improvement.

We maintain open and transparent dialogue channels with our stakeholders to gather their views on which ESG issues matter most. We deal with various types of stakeholders, including employees, tenants, suppliers, Shareholders, investors, the media and local communities. We engage our key stakeholders on a regular basis across various platforms, such as meetings, interviews and surveys, to gauge their expectations and feedback on how we could address ESG issues in the best manner. This ESG report (the "ESG Report") serves as an important tool to address the key concerns and interests of our stakeholders. Based on the inputs of our key stakeholders and periodic reports to the Board by the management, we identify and evaluate ESG-related risk every year. Period reports to the Board also include annual update on the progress of ESG goals and targets. To align with the Group's ESG goals and targets, we prioritise aspects relating to emissions, use of resources, employment and labour practices, operating practices and community investment. Key initiatives and activities are summarised in the rest of this report.

Report of the Directors (CONTINUED)

BUSINESS REVIEW (Continued)

About the Report

The ESG Report covers the Group's sustainability strategies and ESG performance during the period from 1 April 2021 to 31 March 2022 (the "Reporting Period" or "the Year").

The disclosures in the ESG Report are in compliance with the ESG Reporting Guide under Appendix 27 of the Main Board Listing Rules issued by the Stock Exchange.

Stakeholder Engagement Process

To identify the ESG issues relevant to the Group, we established communication channels and engaged our management and staff to review our operations and obtain feedbacks internally and externally from various stakeholders including Shareholders, customers, employees, suppliers, creditors, regulators, and the general public. Subsequently, the identified ESG issues were evaluated taking into account their importance for our stakeholders and for the Group.

The ESG issues considered to be material are listed below:

ESG aspects as set forth in ESG Reporting Guide	Material ESG issues for the Group
A. Environmental	
A1 Emissions	Emission and waste management
A2 Use of resources	Use of electricity, water and packaging materials
A3 The environment and natural resources	Measures to minimise the impact on the environment and natural resources
A4 Climate change	Climate risk and opportunity
B. Social	
B1 Employment	Working conditions and employee care
B2 Health and safety	Health and safety workplace
B3 Development and training	Staff development and training
B4 Labour standards	Anti-child and forced labour
B5 Supply chain management	Supply chain management
B6 Product responsibility	Quality assurance and product responsibility
B7 Anti-corruption	Anti-corruption measures
B8 Community investment	Community services and care

Environmental Aspects

The principal activities of the Group are investment holding, property development, investment and management in Hong Kong. With respect to the business nature of the Group, no substantial air emissions and hazardous waste are produced from its operation. The Group advocates environmental protection by executing various measures to minimize environmental adverse impacts arising from its business activities.

1. *Emissions*

The greenhouse gas emission generated from the daily electricity power consumption is the main source of the Group's carbon footprint. To minimize the impact of carbon footprints on the environment, the Group implements energy-saving and energy efficiency measures such as encouraging use of natural lighting, installing high-performance electric equipment, deploying LED lighting in office and most of the buildings under its property management, switching off unnecessary lighting and electrical appliances when they are not in use as well as setting the photocopiers in energy saving mode when not in use. During the year, the Group maintained energy efficiency.

Our operational activities do not generate any hazardous waste. The Group strives to reduce the amount of non-hazardous waste generated and strengthen the environmental awareness of employees by various waste reduction measures such as encouraging the use of paper in an effective and efficient manner by printing or photocopying on both sides of paper. In addition, the Group promotes electronic communications where possible.

2. *Use of Resources*

Regarding the business nature of the Group, we are not aware of any significant impact of our business activities on the environment and natural resources. Despite this, we endeavour to improve our environmental performance by implementing the aforesaid waste reduction measures and resource saving initiatives. To better manage the use of resources, the Group strives to reduce water consumption in daily operations by encouraging employees to turn taps off tightly to prevent water dripping and giving priority to effective water-saving products, reusing packaging boxes and stationeries like file folders and envelopes as well as setting duplex printing as the default mode for most network printers. Most of our used cartridges are returned to the supplier for recycling.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Environmental Aspects *(Continued)*

3. *The Environment and Natural Resources*

Given the nature of the Group's principle business activities, its operations are not expected to create much impact on the environment and therefore will not consume significant natural resources.

The Group continues to seek better environmental practices and promotes the right environmental attitudes within the organization. During the year under review, the Group was not aware of any non-compliance of laws and regulations with significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

4. *Climate Change*

Climate change has become an emerging risk factor for the Group. Extreme weather events, such as typhoons, seasonal storms and heavy rains, are likely to become more frequent in the future, which may have certain impact on the Group's operation and condition of property portfolio. To manage and mitigate climate risks resulting from extreme weather events and protect the Group against possible financial loss, the Group has formulated emergency plans to deal with extreme weathers, which aims to reduce disruption and loss due to suspension of operations. The Group regularly review the impact of climate change on its operation and will formulate measures in response to different climate-related risks to reduce potential disruption to the Group and achieve sustainable operations in future.

The Board will keep monitoring all relevant risks and opportunities and update its strategy in responding to climate change.

5. Environmental Targets

The Group aims for long-term sustainable development of our business and ongoingly reviews progress against our goals. We have set the following long-term targets, focusing on emissions reduction, efficient consumption of energy and water, waste reduction and responsible office practice aiming for continuous improvement. Actions and measures taken to achieve the targets are disclosed in detail in the following paragraphs of this report.

- Reducing GHG emissions through active management of our buildings
- Increasing energy and water consumption efficiency through application of innovative technologies
- Reducing waste generation through usage optimization, waste management and promoting circular solutions
- Promoting responsible office practice through awareness and capability building initiatives among employees.

Environmental Performance Data Table

The following environmental data are prepared in accordance with Appendix 27 of the Listing Rules issued by the Stock Exchange.

Environmental KPIs	Unit	2021/22	2020/21
Total greenhouse gas (GHG) emissions	Tonne CO ₂ e	1,562	1,925
Scope 1 – Direct emissions and removals	Tonne CO ₂ e	35	69
Scope 2 – Energy indirect emissions	Tonne CO ₂ e	1,527	1,857
Total non-hazardous waste produced	Tonne	475	504
Total energy consumption	kWh	2,540,858	2,718,313
Total indirect energy consumption	kWh	2,540,858	2,718,313
Purchased electricity	kWh	2,540,858	2,718,313
Total indirect energy consumption intensity	kWh/Revenue		
By revenue	HK\$'000	325	296
Water consumption	m ³	13,795	18,783
Water consumption intensity	m ³ /Revenue		
By revenue	HK\$'000	2	2

Note: The scope of environmental data covered in this report includes in total 4 properties which the Group is the property management service provider and 2 properties which the Group has interests through its investments in associated companies. There is no change in this reporting scope from last year.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Social Aspects

1. *Employment and Labour Practices*

The Group recognizes that human resources are a valuable asset of an organization and regards such resources as its corporate wealth. The Group also endeavours to make sure that all employees are subject to legislative protection and have equal opportunity in their employment.

(i) Employment

The remuneration of the Group's employees is maintained at competitive levels. The employees' remuneration is reviewed and adjusted annually with reference to their qualifications, experience and working performance as well as the market benchmarks. In addition, discretionary bonuses are granted to eligible employees with reference to the Group's results and individual performance. Other benefits include education and training subsidies, medical and retirement benefits and paid leaves. Working hours, leaves, rest periods, duties and other employment terms are clearly mentioned in the employment contracts. Employment practices of the Group are also reviewed regularly to ensure compliance with latest labour laws and regulations. Within the Group, opportunities for employment, training, promotion and career development are equally open to all staff members.

During the year, no employee turnover was noted (2021: Nil). Observing the outbreak of Omicron variant and the resulted extending of COVID-19 pandemic in Hong Kong, we are committed to facilitating flexible working arrangements accommodating employees' work, personal and family commitments. The health of our staff and their families are always our first priority. In our working environment, we have prepared and distributed face masks and hand sanitizers to our staff.

During the year under review, the Group was not aware of any non-compliance with the employment laws and regulations with significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

(ii) *Health and Safety*

The Group is committed to providing and maintaining a safe and healthy working environment for the employees. It maintains a safe, hygienic and productive workplace by minimizing the potential risks of accidents and injuries and exposure to health risks. Rules and regulations are strictly complied with to identify and manage any occupational hazards and substances so as to ensure the safe treatment, transportation, storage, use, recycle or reuse and disposal of them. All materials, electronic and electrical devices used by the Group meet the safety requirements and are absent from hazardous substances. The Group also provides a comfortable and pleasant working environment for its employees with a well-equipped pantry and a spacious penthouse for rest and meals. All the workplaces of the Group are operated and maintained in safe and reliable conditions and free from toxic and harmful materials. During the year, no work-related fatalities and lost days due to work injury were noted (2021: Nil).

The Group has taken prompt actions against the COVID-19 pandemic. Hand sanitizers are provided to tenants and visitors in the lobby of properties. Cleaning and disinfection are maintained in a timely manner on each floor of the properties.

During the year under review, the Group was not aware of any non-compliance with health and safety laws and regulations that have a significant impact on the Group relating to the provision of a safe working environment and the protection of the employees from occupational hazards.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Social Aspects *(Continued)*

1. *Employment and Labour Practices (Continued)*

(iii) Development and Training

The Group recognises the importance of the continuing development of knowledge and skills and provision of training to employees not just for the benefit of the staff development, but also for the sustainable growth of the organization. The Group sponsors education and training programmes and encourages employees at all levels to attend job-related seminars and/or workshops organized by professional organizations or to take appropriate courses to keep abreast of the latest developments of both the market and its industry. Where appropriate, in-house seminars conducted by qualified professionals will be arranged for the Directors and key personnel in order to enhance their continuing professional developments and refresh their knowledge and skills.

(iv) Labour Standards

All employments within the Group are voluntary and any child and forced labour is specifically forbidden. The Group also prohibits discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation or marital status in recruitment and employment practices such as promotions, rewards, access to training and demotion. A comprehensive screening process is in place for recruitment of suitable employees in order to fulfil the aforesaid employment objectives.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to child and forced labour.

Social Performance Data Table

The following social data are prepared in accordance with Appendix 27 of the Listing Rules issued by the Stock Exchange.

Social KPIs	2021/22 Number of person	2020/21 Number of person
Total workforce by gender, employment type, age group and geographical region		
By Geographical Region		
Hong Kong	17	17
By Employment type		
Full time	17	17
By Gender		
Female	9	9
Male	8	8
By Age Group		
30 – 39	2	2
40 – 49	3	4
50 – 59	7	8
60 or above	5	3
Total	17	17
Percentage of employees trained by gender and employee category		
By Gender		
Female	22%	22%
Male	50%	50%
By Employment Category		
Top management	100%	100%
Management	67%	67%
Total	35%	35%
Average Training hours completed per employee by gender and employee category		
By Gender		
Female (average hours per person)	20	20
Male (average hours per person)	9	12
By Employment Category		
Top management (average hours per person)	9	12
Management (average hours per person)	20	20

Note: The scope of social data covered in this report include all employees within the Group.

Report of the Directors *(CONTINUED)*

BUSINESS REVIEW *(Continued)*

Social Aspects *(Continued)*

2. *Operating Practices*

(i) Supply Chain Management

Sound relationships with key suppliers, contractors and service providers (the “Suppliers”) are important in supply chain management, property maintenance and development of the Group. The Group is committed to ensure fair operating practices of its procurement and supply process. During our selection process for Suppliers, the Group not only considers economical and commercial factors in the tendering processes but also makes a serious assessment of their compliance with all the applicable laws and regulations, and to what extent they safeguard workers’ health and safety and mitigate environmental impacts arising from their business operations. The department in charge maintains good communication with the Suppliers and conducts review on them from time to time. During the year, the Group has engaged 34 Suppliers (2021: 28) from Hong Kong.

(ii) Product Responsibility

The Group recognizes its responsibility in offering reliable products and services in its business to meet its stakeholders’ expectations on quality and sustainability. To attain a higher standard of product responsibility, the Group manages to ensure all its product advertisements and announced information are correct, accurate and reliable. The Group also safeguards the confidentiality of all customers and warrants that customer information is properly protected during its business operation. During the year, no tenancies were subject to withdrawal for safety and health reasons and no complaints were received from tenants.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters in respect of products and services provided and methods of redress.

(iii) *Anti-corruption*

In order to maintain a fair, impartial and efficient operating and working environment, the Group upholds a high standard of operation integrity in the course of operation and does not allow any form of bribery, fraud, extortion, corruption and money laundering. All employees perform their duties with utmost level of good faith, determination and professionalism so as to ensure that the reputation of the Group will not be tarnished by any misconduct and corruption. "Toolkit on Directors' Ethic" issued by The Independent Commission Against Corruption have been given to each Director for information.

The Group's whistle-blowing procedure encourages and enables whistleblowers to raise concerns about any suspected cases of misconduct and malpractice through a confidential platform. All cases are referred to the Chairman of the Board and handled by the Group with care so that the concerns are investigated in a fair and proper manner.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. No concluded or pending legal cases regarding corrupt practices were identified.

3. *Community Investment*

The Group is committed to fostering harmonious relationships with the communities where it operates, and has consistently kept its responsibility to return to society and endeavours to provide long-lasting benefits to its stakeholders. The Group recognizes that for the Group's long-term development, community participation is important. Therefore, the Group always encourages its employees to make contribution to the community through participating in charitable activities.

The Group is committed to ensuring its businesses are operated in compliance with local and international laws, rules and regulations. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly. The Board oversees the Group's management and internal controls on an ongoing basis. Training are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

During the reporting year, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to emissions, use of resources, environment and natural resources, employment and labour practices, operating practices and community investment.

Report of the Directors *(CONTINUED)*

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the announcement of the Company dated 10 June 2022 relating to the notification by the Stock Exchange to the Company of its decision that the Company (i) has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24 of the Listing Rules; and (ii) is not suitable for continued listing, and that trading in the Company's shares shall be suspended under Rules 6.01(3) and 6.01(4) of the Listing Rules (the "Decision"), another announcement of the Company dated 20 June 2022 relating to the Company's submission of a written request to the Stock Exchange on 20 June 2022 for the Decision to be referred to the Listing Committee for review pursuant to Rules 2B.06(1) and 2B.08(1) of the Listing Rules and the continuous trading in the Company's shares was published.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the year ended 31 March 2022 and up to the date of this report pursuant to the Listing Rules.

PERMITTED INDEMNITY

According to the Company's Articles and subject to the provisions of the Companies Ordinance, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance cover for the Directors and officers of the Company and its subsidiaries.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Cheung Kee Wee

Chairman

Hong Kong, 28 June 2022

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Board and the management believe that good and high standard of corporate governance practices are very important for maintaining and promoting investor confidence and for the continued growth of the Group. The Company has made continued efforts to maintain and improve the quality of corporate governance so as to ensure an effective board, sound internal control, and transparency and accountability to the Shareholders.

CORPORATE GOVERNANCE CODE

With effect from 1 January 2022, Appendix 14 to the Listing Rules has been updated and renamed as the Corporate Governance Code (the “CG Code”) and most of the amendments under the CG Code are applicable to financial years commencing on or after 1 January 2022. The Company will fully apply and comply with the CG Code in its 2023 Annual Report. The Company has already complied with some of the new requirements under the CG Code in this Corporate Governance Report.

Throughout the financial year ended 31 March 2022, the Company has applied and complied with the CG Code, except for the code provision in respect of the roles of the Chairman and Chief Executive of the Company (“CE”) (i.e. C.2.1). The considered reasons for the aforesaid deviation will be discussed in the later part of this report.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors’ securities transactions in the Company. All Directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2022.

Corporate Governance Report *(CONTINUED)*

CORPORATE GOVERNANCE FUNCTIONS

Corporate governance is the collective responsibility of the members of the Board. The duties of the Board in performing its corporate governance functions under the CG Code include:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct applicable to employees and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Certain responsibilities were delegated to the various Board committees of the Company (the "Board Committees"). The Board is supported by three Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, details of which and their respective terms of reference were described in the later part of this report.

THE BOARD

Board Diversity Policy

The Board adopted a Board diversity policy with the aim of achieving diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance its overall performance. In designing the Board's composition, a number of aspects for Board diversity have been considered, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time towards achieving a diversified Board.

Selection and recommendation of candidates will be based on the selection criteria, the nomination procedures and the process of the Company's nomination policy adopted by the Board as well as a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge and length of service.

All Board appointments will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board.

The Board recognizes the importance of the board gender diversity not just for improving corporate governance system and strategic decisions in boardroom but also for imparting positive values to the Company. The Board currently has no female Director. We would continue to take initiatives to identify suitable candidates so as to appoint at least one female Director on the Board no later than 31 December 2024.

Board Composition

The Board currently comprises the following eight members:

Executive Directors

Mr. Cheung Kee Wee (*Chairman*)

Mr. Cheung Lin Wee

Mr. Cheung Ying Wai, Eric

Non-executive Director

Mr. Ng Kwok Tung

Independent Non-executive Director

Mr. Chan Woon Kong

Mr. Au-Yang Cheong Yan, Peter

Mr. Chan Wing Tat

Mr. Kok Lap Seng

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Directors' Responsibilities, Delegation and Board Proceedings

The Board, led by the Chairman, is responsible for leadership and control of the Company and is collectively responsible for establishing the strategic direction of the Group, setting objectives and business development plans, monitoring the performance of the senior management, assuming responsibility for corporate governance and achieving agreed corporate goals of the Company by scrutinizing the Company's performance and monitoring performance reporting.

The Chairman of the Board ensures that the Board works effectively and discharges its responsibilities and all key and appropriate issues are discussed by the Board in a timely matter. He takes responsibility for ensuring that good corporate governance practices and procedures are established and encourages all Directors to make a full and active contribution to the Board's affairs. Directors with different views are encouraged to voice their concerns. They are allowed sufficient time for discussion of issues so as to ensure that Board decisions fairly reflect Board consensus. A culture of openness is promoted to facilitate the effective contribution of NEDs and ensure constructive relations between EDs and NEDs.

EDs and the Board Committees of the Company are delegated with the authority to manage the business of the Group in all aspects effectively. With the assistance of the Company Secretary, the Chairman approves Board meeting agendas and takes into account, where appropriate, any matters proposed by the other Directors for inclusion in the agendas. Also, with the support of the EDs and the Company Secretary, the Chairman ensures that all Directors are properly briefed and timely receive adequate, clear, complete and reliable information on all Board matters.

EDs are responsible for different business and functional divisions of the Group in accordance with their respective areas of expertise. Daily operations and administration are delegated to the management under supervision which is given clear directions as to their powers in particular with respect to the circumstances under which they should report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board reviews the existing arrangements periodically to ensure that they remain appropriate to the Company's needs.

The NEDs, including the INEDs, participate in Board meetings to bring expertise and independent views on important issues relating to the Company's strategy, policy, performance, accountability, resources, key appointments, standards of conduct, take the lead on matters where potential conflicts of interests arise, scrutinize the Company's performance in achieving agreed corporate goals and objectives, and monitor performance reporting. They also serve on Board Committees of the Company, including the Audit Committee, the Remuneration Committee and the Nomination Committee. The NED and INEDs give the Board and Board committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation at the relevant meetings. They also attend AGMs to understand the view of the Shareholders. They make a positive contribution to the development of the Company's strategy and policy through independent, constructive and informed comments.

The Board has more than one third of the Directors as INEDs, each of them comes from different business and professional background and at least one of them has accounting or related financial management expertise. The Board has received from each INED an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that each INED meets the requirements of independence as set out in Rule 3.13 of the Listing Rules and continues to consider each of them to be independent up to the date of the AR.

The Board includes a balanced composition of EDs, NED and INEDs so that there is a strong independent element on the Board to exercise independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointment and standards of conduct.

The composition of the Board, by category and position of Directors including the names of the Chairman, EDs, NED and INEDs, is disclosed in all the corporate communications. An updated list of Directors identifying their roles and functions and indicating whether they are INEDs is available on the respective websites of the Company and the Stock Exchange. The names of the Directors, their roles and functions and the relationship among them are set out on pages 2 and 3 of the AR.

Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. They are kept informed of the updated legal and other regulatory requirements and the business and governance policies of the Company to ensure that their contribution to the Board remains informed and relevant. The Company Secretary provides written training materials to the Directors for reference, and arranges seminars on the latest development of the Listing Rules, applicable laws, rules and regulations relating to Directors' duties and responsibilities, if any.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Directors' Training *(Continued)*

The Directors have provided the Company with their records of continuous professional development during the financial year 2021/2022. Records of the Directors' training during the year are as follows:

Directors	Attending Seminar(s) on regulatory development and/or directors' duties	Reading regulatory updates or information relevant to the Company or its business
<i>Executive Directors</i>		
Mr. Cheung Kee Wee (<i>Chairman</i>)	✓	✓
Mr. Cheung Lin Wee	✓	✓
Mr. Cheung Ying Wai, Eric	✓	✓
<i>Non-executive Director</i>		
Mr. Ng Kwok Tung	✓	✓
<i>Independent Non-executive Directors</i>		
Mr. Chan Woon Kong	✓	✓
Mr. Au-Yang Cheong Yan, Peter	✓	✓
Mr. Chan Wing Tat	✓	✓
Mr. Kok Lap Seng	✓	✓

Conduct of Board Proceedings and supply of and access to information

The Board meets regularly and holds at least four regular meetings at approximately quarterly intervals in a year and additional meetings are held as and when significant events or important issues are required to be discussed and resolved. For the financial year 2021/2022 and up to the date of the AR, four physical meetings were respectively held in June, September and November of 2021 as well as in March of 2022. Details of individual attendance of each Director at the meetings are as follows:

Directors	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	4/4
Mr. Cheung Lin Wee	4/4
Mr. Cheung Ying Wai, Eric	4/4
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	4/4
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong	4/4
Mr. Au-Yang Cheong Yan, Peter	4/4
Mr. Chan Wing Tat	4/4
Mr. Kok Lap Seng	1/4

During the year ended 31 March 2022, the Chairman held a meeting with the INEDs without the presence of other Directors.

To ensure that Directors can participate in Board proceedings in a meaningful and effective manners, all Directors are given adequate time to plan their schedules to attend the meeting, at least fourteen days' formal notice of each regular meeting is given to all Directors, and all Directors are given the opportunity to include matters for discussion in the agenda. To enable Directors to make informed decisions on matters to be considered at the Board and Board Committee meetings, agenda accompanied with board papers and related materials are given to the Directors not less than three days before the intended date of a Board or Board Committee meeting.

Directors need to declare their interests in the matters to be passed in the resolution, if applicable. If a substantial Shareholder or a Director has a material conflict of interests in a matter to be considered by the Board, the matter will be dealt with pursuant to applicable rules and regulations and, if appropriate, an independent Board committee will be set up to deal with the matter.

Corporate Governance Report *(CONTINUED)*

THE BOARD *(Continued)*

Conduct of Board Proceedings and supply of and access to information *(Continued)*

In addition to the Board meetings, certain issues are dealt with by way of circular written resolutions.

Directors are kept informed in a timely manner of any major changes that may affect the Group's business as well as changes in relevant rules and regulations. Queries raised by Directors receive a prompt and full response, if possible. All Directors have full access to the Company Secretary and key officers of the Company Secretarial Department for relevant information in respect of the Group. They are also able to obtain independent professional advice by written procedure adopted by the Company at the expense of the Company in appropriate circumstances.

Directors and Officers Liabilities

The Company has arranged appropriate Directors and Officers liability insurance coverage for its Directors and officers since 2004.

CHAIRMAN AND CE

Under the code provision C.2.1 of the CG Code, the roles of the Chairman and CE should be separate and should not be performed by the same individual. Mr. Cheung Kee Wee is the Chairman of the Board and there is not a post of CE in the Company. The roles of the CE are performed by all the EDs with clear division of responsibilities under the leadership of the Chairman. The Board considers that this arrangement allows contributions from all EDs with different expertise and can ensure the balance of power and authority between the Board and the management of the Group. The Board therefore believes that this structure can enable the Group to make and implement decisions promptly and efficiently and is beneficial to the business prospect of the Group.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The selection process of Directors is performed by the Board in accordance with the Company's Articles, the recommendations on nominations of Directors made by the Nomination Committee as well as the written procedures for Shareholders to propose a person for election as a Director. The said procedures are posted on the Company's website.

When considering a potential Director who is recommended by the EDs, the Nomination Committee or the Shareholder(s), the Board will take into consideration certain criteria such as the candidate's professional knowledge and experience, integrity and personal skills, possible conflicts of interests and time commitment to the Company. If the potential Director cannot give sufficient time and attention to the Company's affairs, he/she will be advised not to accept the appointment.

A newly appointed Director will receive reference material of the Company such as interim and annual reports and circulars with a view to familiarizing him/her with the business operation of the Company and the corporate structure of the Group. Updates are provided to Directors to ensure that Directors are aware of the latest changes in the commercial and regulatory environment in which the Group conducts its business. "A Guide on Directors' Duties" issued by the Companies Registry, "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" both issued by The Hong Kong Institute of Directors, "Toolkit on Directors' Ethic" issued by Independent Commission Against Corruption, "Guidance for Boards and Directors" and "Leadership Role and Accountability in ESG" both issued by the Stock Exchange have been given to each Director for information and easy reference.

Each Director disclosed to the Company at the time of his appointment and in a timely manner for any change, the number and nature of offices held in public companies or organizations.

Under the code provision C.3.3 of the CG Code, the Company should have formal letters of appointments for Directors setting out the key terms and conditions of their appointment. All Directors have been issued with the said formal letters of appointment from the Company.

In accordance with Article 90 of the Company's Articles, a newly appointed Director is subject to re-election by the Shareholders at the next following AGM after his/her appointment, but shall not be taken into account in determining the Directors who are to retire by rotation and re-election at the AGM in accordance with Article 99(A) of the Company's Articles.

There are eight Directors including five NEDs in the Company for the time being. As one-third of the eight Directors shall retire from office by rotation at each AGM, each of them shall retire at least once every three years. The Board is of the view that the current practice of appointing Directors which includes NEDs without specific terms but otherwise subject to retirement by rotation and re-election by the Shareholders at the AGM is reasonable and appropriate to the needs of the Company.

The Company may by an ordinary resolution remove a Director before the expiration of his/her period of office notwithstanding anything in the Company's Articles or in any agreement between the Company and such Director. Special notice is required of a resolution to remove a Director or to appoint somebody in place of a Director so removed at the general meeting of the Company ("GM") at which he/she is removed in accordance with the Companies Ordinance.

Corporate Governance Report *(CONTINUED)*

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS *(Continued)*

Each Director (including INED) who was subject to retirement by rotation was appointed by a separate resolution in the AGM. In respect of an INED who has served more than nine years, the Company will express its view in the Company's circular that each INED who is eligible for re-election has met the independence guidelines set out in Rule 3.13 of the Listing Rules and is independent.

The names and details of the retiring Directors who will offer themselves for re-election at the forthcoming AGM are set out in the Appendix to the Company's circular dated 28 July 2022.

BOARD COMMITTEES

The Company currently has three Board committees, namely the Nomination Committee, the Remuneration Committee and the Audit Committee. All committees have specific terms of reference clearly defining their authorities and responsibilities. The terms of reference of the Board Committees require them to report back to the Board on their decisions or recommendations. The terms of reference are reviewed and updated regularly to ensure that they remain appropriate and reflect changes in good practice and governance. The determination of the policy for the corporate governance of the Company and the corporate governance duties as set out in the code provision A.2.1 of the CG Code are performed by the Board.

Nomination Committee

The Nomination Committee of the Company (the "Nomination Committee") was established in 2012, a majority of which is INEDs. The Nomination Committee is currently chaired by the Chairman of the Board, Mr. Cheung Kee Wee and comprises another ED, Mr. Cheung Lin Wee, and the four INEDs, namely Chan Woon Kong, Au-Yang Cheong Yan, Peter, Chan Wing Tat and Kok Lap Seng. The Company Secretary of the Company is the secretary of the Nomination Committee.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy. Its duties include making recommendation to the Board on the selection of individuals nominated for directorships and the appointment or re-appointment of Directors and succession planning for Directors. The Committee is also responsible for assessing the independence of INEDs and reviewing the Board diversity policy (the "Board Diversity Policy") and the nomination policy (the "Nomination Policy") of the Company.

The adopted terms of reference of the Nomination Committee which set out clearly its role, authority and duties made pursuant to the CG Code are posted on the respective websites of the Stock Exchange and the Company.

The Nomination Committee is provided with sufficient resources enabling it to perform its duties and it can seek independent professional advice at the Company's expense, if necessary.

The Nomination Committee met once during the financial year ended 31 March 2022. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

Committee Members	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	1/1
Mr. Cheung Lin Wee	1/1
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1
Mr. Chan Wing Tat	1/1
Mr. Kok Lap Seng	0/1

Board Diversity Policy

The Board has the Board Diversity Policy with the aim of achieving diversity of Board members. The Company recognizes the benefits of having a diverse Board, and sees diversity of perspectives at the Board level as essential in achieving a sustainable and balanced development. Selection of Board members is based on a number of factors, including but not limited to gender, age, cultural and educational background, professional experience, ethnicity, skills, knowledge, length of service and other factors that the Board may consider relevant and applicable from time to time. The ultimate decision is based on merit and contribution that the selected Board members can bring to the Board.

Nomination Policy

The Board adopted the Nomination Policy which sets out the approach, principles and procedures for the nomination and selection of Directors, including the appointment of additional Directors and replacement of Directors, re-election of Directors and nomination of Directors from the Shareholders.

The Board recognizes the importance of having a competent and qualified Board to achieve the Company's objectives as well as to protect the interest of all its stakeholders. The Board is committed to ensure that proper nomination and election processes are in place for the selection and nomination of Directors.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Selection Criteria

In assessing the suitability of a proposed candidate, the Nomination Committee and the Board shall consider the following criteria:

- (i) personal ethics, reputation, character and integrity;
- (ii) qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate development and strategy;
- (iii) diversity perspectives as set out in the Board Diversity Policy;
- (iv) willingness to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company such as devoting time to attend the Board meetings and the relevant Board committee meetings as well as participating in induction, training and other Board associated activities;
- (v) compliance with the independence criteria set out in the Listing Rules for the appointment of an INED; and
- (vi) any other factors that the Nomination Committee and/or the Board may consider appropriate.

Nomination Procedures

- (i) *For appointment of additional Directors and Replacement of Directors*
 - If the Board determines that an additional or replacement of Director is required, it will deploy multiple channels for identifying suitable candidates, including but not limited to referral from the Directors and the Nomination Committee.
 - Upon receipt of a proposal for a candidate to the Board, the secretary of the Nomination Committee shall convene a Committee's meeting for the purposes of considering and evaluating the candidate based on his/her biographical information and other relevant details as well as the aforesaid selection criteria to determine whether such candidate is suitable for recommending to the Board.

- If the candidate is considered appropriate, the Nomination Committee shall recommend to the Board for consideration and approval.
- A Board meeting will then be held for the purpose of considering and, if thought fit, approving the appointment of the candidate as a Director.
- The Director so appointed by the Board to fill a casual vacancy or as an additional Director to the Board will be subject to re-election by the Shareholders at the next AGM following such appointment in accordance with the Company's Articles.

(ii) *For re-election of Directors*

- The Nomination Committee shall review the overall contribution and service made by the retiring Director and determine whether he/she can continue to meet the selection criteria as mentioned above.
- Where a retiring Director, being eligible, offers himself/herself for re-election, the Board shall, under the advice of the Nomination Committee, consider and recommend such retiring Director to stand for re-election at the forthcoming AGM. A circular containing the requisite information on such retiring Director will be sent to the Shareholders prior to the AGM in accordance with the Listing Rules and the relevant laws and regulations.
- The Shareholders shall consider and, if thought fit, approve the re-election of Director at the AGM.

(iii) *For nomination of Directors from the Shareholders*

- Any Shareholder who wishes to nominate a person to stand for election as a Director at a GM must follow the procedures and lodge with the Company Secretary of the Company the requested documents within the lodgment period as specified in "Procedures for shareholders to propose a person for election as a Director" which is available on the Company's website.
- Particulars of the candidate so proposed will be sent to all the Shareholders for information in a supplementary circular of the Company.
- The Shareholders shall consider and, if thought fit, approve the election of Director proposed by such Shareholder at the GM.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Nomination Committee *(Continued)*

Review and Monitoring

The Nomination Committee will from time to time review the Nomination Policy and monitor its implementation to ensure its continued effectiveness and compliance with the regulatory requirements.

Remuneration Committee

Remuneration Committee of the Company (the “Remuneration Committee”) was established in 2005. It currently consists of four INEDs, namely Messrs Chan Woon Kong (Chairman), Au-Yang Cheong Yan, Peter, Chan Wing Tat and Kok Lap Seng and one NED, Mr. Ng Kwok Tung. The Company Secretary of the Company is the secretary of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee, under its terms of reference which were prepared on terms no less exacting than those set out in the CG Code, include making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management’s remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy as well as making recommendations to the Board on the remuneration packages of EDs and senior management with reference to the Board’s corporate goals and objectives. The terms of reference of the Remuneration Committee are posted on the respective websites of the Stock Exchange and the Company.

The Remuneration Committee shall consult the Chairman of the Board about their remuneration proposals for EDs, if necessary. The Committee is provided with sufficient resources to discharge duties.

The Remuneration Committee met once during the financial year ended 31 March 2022. Details of individual attendance of each of the members of the Committee at the meeting are as follows:

Committee Members	Meeting Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong (<i>Chairman</i>)	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1
Mr. Chan Wing Tat	1/1
Mr. Kok Lap Seng	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1

During such meeting, the remuneration packages of the Directors were reviewed with reference to the Group's performance and profitability as well as the remuneration level of directors in certain listed corporations in the industry. No Director was involved in deciding his own remuneration. Details of the remuneration of Directors and senior management by band for the year ended 31 March 2022 are set out in Note 9 to the consolidated financial statements on pages 95 to 97 of the AR.

Audit Committee

The Audit Committee of the Company (the "Audit Committee") was established in 1998 and currently consists of four INEDs, namely Messrs Au-Yang Cheong Yan, Peter (Chairman), Chan Woon Kong, Chan Wing Tat and Kok Lap Seng and one NED, Mr. Ng Kwok Tung. No member of the Committee is a former partner of the existing audit firm of the Company during a period of two years from the date of his ceasing to be a partner of the audit firm. The Committee members possess sufficient financial and accounting experience and expertise to discharge their duties. The Company Secretary of the Company acts as the secretary of the Audit Committee.

The Audit Committee is provided with sufficient resources to perform its duties. The operation of the Audit Committee is guided by its terms of reference which were prepared on terms no less exacting than those set out in the CG Code. The terms of reference of the Committee are posted on the respective websites of the Stock Exchange and the Company.

Corporate Governance Report *(CONTINUED)*

BOARD COMMITTEES *(Continued)*

Audit Committee *(Continued)*

The major duties of the Audit Committee set out in its terms of reference include:–

1. recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and approval of their terms of engagement;
2. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;
3. monitoring the integrity of the Company's financial statements and ARs and accounts, interim reports and quarterly reports (if applicable), and reviewing significant financial reporting judgements contained in them;
4. oversight of the Company's financial reporting system, risk management and internal control systems;
5. reviewing the financial information of the Company;
6. reviewing arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in the financial reporting, internal controls or other matters; and
7. overseeing the Company's relations with the external auditor.

During the financial year ended 31 March 2022, two meetings of the Audit Committee were held in June and November of 2021 respectively with the external auditor of the Company for discussion and review of the reporting of financial and other information to the Shareholders (including the 2020/2021 final results and 2021/2022 interim results of the Company before they were submitted to the Board for approval), the accounting principles and practices adopted by the Group and the issues on risk management and internal control of the Company. The Committee also keeps under review the independence of the external auditor of the Company.

Details of individual attendance of each of the members of the Committee at the meetings are as follows:

Committee Members	Meeting Attended/Held
<i>Independent Non-executive Directors</i>	
Mr. Au-Yang Cheong Yan, Peter (<i>Chairman</i>)	2/2
Mr. Chan Woon Kong	2/2
Mr. Chan Wing Tat	2/2
Mr. Kok Lap Seng	1/2
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	2/2

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

The financial statements of the Company for the year ended 31 March 2022 were reviewed and discussed by the Audit Committee together with the external auditor of the Company at a meeting held in late June 2022.

THE COMPANY SECRETARY

The appointment and dismissal of the Company Secretary is subject to the Board approval in accordance with the Company's Articles. Mr. Raymond W. M. Chu is the Company Secretary of the Company.

The Company Secretary is responsible to the Board for ensuring that the procedures and all applicable rules and regulations are strictly and fully complied with and that activities of the Board are running efficiently and effectively by assisting the Chairman of the Board and the respective Chairmen of the Board Committees to prepare agendas for meetings and by preparing and disseminating Board papers and relevant material to the Directors and Board Committee members in a timely and comprehensive manner.

Corporate Governance Report *(CONTINUED)*

THE COMPANY SECRETARY *(Continued)*

The Company Secretary reports to the Board Chairman, attends all Board meetings and advises on corporate governance and statutory compliance, if appropriate. Draft and final versions of minutes of meetings of the Board and of the Board Committees as well as the written Board resolutions are circulated to all Directors concerned for comments and records respectively within a reasonable time after the meeting is held. All the minutes and Board resolutions recording in sufficient details of the matters considered and decisions reached by the Board and the Board Committees of the Company, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary, which are open for inspection at any reasonable time on reasonable notice by any Director.

The Company Secretary also advises the Directors on their obligations for disclosure of interests in securities, connected transactions and price-sensitive information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the Report of the Directors. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed.

During the year under review, the Company Secretary undertook over 15 hours of professional training to update his skill and knowledge.

AUDITOR'S REMUNERATION

For the year ended 31 March 2022, the remuneration paid and payable to PricewaterhouseCoopers, the Company's external auditor, for audit services to the Group amounted to HK\$560,100 and for non-audit services mainly consisting of interim review amounted to HK\$189,000. Advisory services fee in respect of ESG advisory service amounted to HK\$200,000 is also payable to its ESG servicing team which is separate from the team responsible for the Group's audit.

AUDIT

The Board was provided with sufficient explanation and information by the management of the Company, so that Directors have an informed assessment of financial and other information of the Company put before the Board for approval.

Monthly management updates have also been provided by the Management to all Directors for the purpose of providing a balanced and understandable assessment of the Company's performance, financial position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties.

All the Directors have acknowledged their responsibilities for preparing and reviewing the Company's financial statements and ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2022 and of the profit and cash flows of the Group for the year then ended. In preparing the Company's financial statements for the year ended 31 March 2022, with the assistance of the Company's Accounts Department, the Board has selected suitable accounting policies and principles generally accepted in Hong Kong and applied them consistently, has made prudent and reasonable judgements and estimates, and has prepared the financial statements on a going concern basis. Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern as referred to in the code provision D.1.3 of the CG Code.

The statement by the auditor of the Company regarding their reporting responsibilities on the financial statements of the Company and the Group is set out in the "Independent Auditor's Report" on pages 57 to 63 of the AR.

The Board has included in the separate statement containing a discussion and analysis of the Group's performance in the "Management Discussion and Analysis" of the AR.

The Board's endeavors to ensure a balanced, clear and understandable assessment of the Group's position and prospects extend to annual and interim reports, price-sensitive announcements and other financial disclosures of the Company required under the Listing Rules and other applicable rules, and to report to regulators as well as to information required to be disclosed pursuant to statutory requirements. Accordingly, due authorization will be made on the publication of relevant announcements and reports as and when the occasion arises.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Board has the overall responsibility for establishing, maintaining and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group on an ongoing basis. Such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Corporate Governance Report *(CONTINUED)*

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

Risk Management *(Continued)*

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation, monitoring and maintenance of internal controls. The associated policies and procedures for risk management and internal controls, which are properly documented and communicated to staff, are designed to help ensure that the Group's assets are safeguarded against unauthorised use or disposition; relevant rules and regulations are adhered to and complied with; complete, accurate and reliable financial and accounting records are maintained; and key risk factors including business strategic, operational, financial and regulatory compliance risks which may impact the Group's performance are appropriately identified and managed.

To ensure the risk management process is consistent with the best practice, the Group has incorporated the suggestions from the external consultant into the Group's risk management framework.

The Group's risk management framework comprises the following key features:

- A distinct organisational structure for different responsible parties with defined authority, responsibilities and risk management roles is in place.
- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly.
- The Risk Management Coordinator facilitates the risk assessment process and timely communication to the Audit Committee and the Board. Also, they ensure key business and operational risks being properly identified and managed.
- A Risk Management Policy has been established to provide a framework for the identification, analysis, evaluation, treatment, monitoring and reporting of key risks at all levels across the Group to support the achievement of the organisation's overall strategic objectives.

Identified potential risks are evaluated using appropriate qualitative and quantitative techniques and risk responses (i.e. accept, reduce, transfer and avoid) are formulated, which are consistent with the Group's risk appetite. Risks are assessed based on a risk assessment matrix that helps to rank the risks into 4 risk levels (e.g. Extremely High, High, Medium and Low) and to prioritise risk management effort to determine the appropriate risk mitigation plans.

Internal Control

The Group has an internal audit (“IA”) function, which plays a major role in monitoring the internal governance of the Group, to conduct independent reviews of the adequacy and effectiveness of its risk management and internal control system and report the review results regularly to the Board through the Audit Committee.

The Group is fully aware of its obligation of handling and dissemination of inside information under the Listing Rules and the SFO. The Group has a set of procedures and controls in place to preserve the confidentiality of inside information relating to the Group. All Board members and senior management, who are likely to possess the Group’s inside information because of their offices or employments in the Group, are bound by the Model Code. In addition, every employee is required to follow the guidelines of the code of conduct and the staff handbook to keep unpublished inside information strictly confidential.

Review of Risk Management and Internal Control Systems

During the year ended 31 March 2022, the Board has conducted a review on the effectiveness of risk management and internal control systems of the Group through discussion with the Audit Committee, which covers the major control procedures in areas of financial, operational, compliance and risk management, and was satisfied with the effectiveness of the Group’s risk management and internal control systems.

The changes in the nature and extent of significant risks faced by the Group and response plans to changes in its business and the external environment have been evaluated. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified. The Board considered that the risk management and internal control systems are functioning effectively and adequately.

In addition, confirmation from management on the effectiveness of the risk management and internal control systems of the Group was received during the year.

The Board has reviewed and is satisfied with the adequacy of resources, staff qualifications and experiences, training requirements and budgets of the Group’s accounting, financial reporting and IA functions.

Corporate Governance Report (CONTINUED)

SHAREHOLDERS' ENGAGEMENT

Investors and Communication with the Shareholders

The Company has formulated a shareholders' communication policy to promote transparency in corporate and investor relation. It endeavours to disclose all material information about the Group to all interest parties as widely and timely as possible. The Company reviews the communication policy annually.

The AGM is one of the principal communication channels between the Company and the Shareholders as it provides a forum for the Shareholders to raise questions and comments and exchange views with the Board.

At the 2021 AGM, respective Chairmen of the Board, the Remuneration Committee, the Nomination Committee and the Audit Committee, members of the three Board Committee as well as the representatives of the external auditor of the Company were present and available to answer questions raised by the Shareholders at the meeting.

Details of individual attendance of each Director at the 2021 AGM are as follows:

Directors	Meeting Attended/Held
<i>Executive Directors</i>	
Mr. Cheung Kee Wee (<i>Chairman</i>)	1/1
Mr. Cheung Lin Wee	1/1
Mr. Cheung Ying Wai, Eric	1/1
<i>Non-executive Director</i>	
Mr. Ng Kwok Tung	1/1
<i>Independent Non-executive Directors</i>	
Mr. Chan Woon Kong	1/1
Mr. Au-Yang Cheong Yan, Peter	1/1
Mr. Chan Wing Tat	1/1
Mr. Kok Lap Seng	0/1

The Company has other means of communication with the Shareholders, including the publication of annual and interim reports, circulars, announcements and availability of updated and key information about the Group on the Company's website. The Shareholders or any interested parties can also contact the Company by sending e-mail to enquiry@wahha.com.

Shareholders' Meetings

In order to give sufficient notices of shareholders' meetings, the Company arranges for the notices to the Shareholders to be sent out in the case of AGMs at least 20 clear business days before the meetings and to be sent out at least 10 clear business days in the case of all other GMs. It is proposed that the 2022 AGM will be held on Friday, 2 September 2022 at 11:00 a.m. Notice of the AGM will be published and dispatched to the Shareholders in late July 2022.

The Company timely informs the Shareholders of the procedures for voting by poll and ensures that it complies with the requirements about voting by poll as contained in the Listing Rules and the Company's Articles. A separate resolution was proposed at the AGM on each substantially separate issue, such as the re-election of individual Directors.

The Shareholders are given an explanation of the rights and procedures for demanding and conducting a poll in accordance with Article 70 of the Company's Articles at the commencement of each AGM.

Pursuant to the Listing Rules, any vote of the shareholders at a general meeting must be taken by poll. The Chairman of the 2022 AGM will therefore put each of the resolutions to be proposed at the meeting to be voted by way of a poll pursuant to the Listing Rules and Article 70 of the Company's Articles.

Shareholders' Right

Under Section 566 of the Companies Ordinance, Shareholders representing at least 5% of the total voting rights of all the Shareholders having a right to vote at the GMs are entitled to send a request to the Company to convene a GM. Such requisition must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. The request may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form and must be authenticated by the Shareholder(s) making it.

Moreover, in relation to an AGM which the Company is required to hold, Sections 615 and 616 of the Companies Ordinance provide that Shareholders representing at least 2.5% of the total voting rights of all Shareholders having a right to vote on the resolution at the AGM or at least 50 Shareholders having a right to vote on the resolution at the AGM may request the Company to circulate a notice of the resolution for consideration at the AGM. Such request, which must be authenticated by the Shareholders making it, may be sent to the registered office of the Company in hard copy form or to the email address of the Company in electronic form.

Corporate Governance Report *(CONTINUED)*

SHAREHOLDERS' ENGAGEMENT *(Continued)*

Shareholders' Right *(Continued)*

The Shareholders can make enquiries or proposals to the Company through the following means:

Telephone: (852) 2527 1821

Fax: (852) 2861 3771

Post: Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong

Email: enquiry@wahha.com

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2022, there were no changes to the Company's Articles. The latest version of the same is posted on the respective websites of the Stock Exchange and the Company.

Save as disclosed above, the Company has complied with all the code provisions as set out in the CG Code throughout the financial year ended 31 March 2022.

Independent Auditor's Report



羅兵咸永道

To the Members of Wah Ha Realty Company Limited

(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Wah Ha Realty Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 64 to 118, comprise:

- the consolidated balance sheet as at 31 March 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Independent Auditor's Report *(CONTINUED)*

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is relating to valuation of investment properties held by the Group and its associated companies.

Key Audit Matter

How our audit addressed the Key Audit Matter

Valuation of investment properties held by the Group and its associated companies

Refer to notes 2(e), 4(a), 8, 14 and 16 to the consolidated financial statements.

The Group's investment properties were carried at HK\$220.3 million as at 31 March 2022 which were stated at fair values. Included in investments in associated companies were the Group's share of carrying value of investment properties held by associated companies of HK\$653.6 million. Fair value gains of investment properties of HK\$0.1 million were accounted for in the Group's consolidated statement of comprehensive income for the year ended 31 March 2022, while share of associated companies' results also included the Group's share of fair value gains of investment properties held by the associated companies of HK\$2.9 million.

Fair values of investment properties held by the Group and its associated companies are supported by valuations performed by an independent external valuer.

We understood and evaluated the management's internal control and assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud.

We assessed the competency, capability and objectivity of the independent external valuer by considering their qualifications, experiences in the locations and segment of the investment properties valued and their relationship with the Group.

We discussed with the external valuer and management to understand the rationale of the chosen valuation method and the assumptions applied.

Independent Auditor's Report *(CONTINUED)*

KEY AUDIT MATTERS *(Continued)*

Key Audit Matter

In valuing investment properties, the valuer used direct comparison method. Due to the uniqueness of each property, the valuer used judgement in applying unobservable inputs into the valuation model.

We focused on this area because of the magnitude of investment properties and that the fair values are dependent on the methodology used and are sensitive to the changes of input used in the valuation.

How our audit addressed the Key Audit Matter

We evaluated the relevant methodology and key assumptions used in the valuation with management to identify any significant differences in prior year assessment of the valuation to assess the effectiveness of management's estimation process.

We assessed the appropriateness of the methodology used and the reasonableness of assumptions applied by comparing to industry practice. We further compared the data inputs adopted in the valuations, such as recent transactions price of comparable properties, on a sample basis, to market and industry data.

Based on the audit evidence obtained, we consider the methodology used and key assumptions applied in the valuation of investment properties held by the Group and its associated companies to be appropriate.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment 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 *(CONTINUED)*

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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mak Tze Leung, William.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 June 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	<i>Note</i>	2022 HK\$	2021 HK\$
Revenues	5	7,812,695	9,183,665
Changes in fair value of investment properties	14	100,000	(100,000)
Net fair value (losses)/gains on financial assets at fair value through profit or loss		(205,407)	663,330
Other gains	6	3,491,274	6,622,364
Direct outgoings in relation to properties that generate income	7	(1,505,363)	(1,183,235)
Staff costs	7	(8,559,287)	(7,425,716)
Other operating expenses	7	(1,817,959)	(1,658,010)
Operating (loss)/profit		(684,047)	6,102,398
Share of results of associated companies	8	38,599,505	(3,870,904)
Profit before income tax		37,915,458	2,231,494
Income tax credit	11	1,064,904	833,731
Profit and total comprehensive income attributable to equity holders of the Company		38,980,362	3,065,225
Dividends	12	41,126,400	41,126,400
Earnings per share (Basic and diluted)	13	0.32	0.03

The notes on pages 69 to 118 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2022

	<i>Note</i>	2022 HK\$	2021 HK\$
ASSETS			
Non-current assets			
Investment properties	14	220,300,000	220,200,000
Investments in associated companies	16	816,816,908	788,926,669
Deferred income tax assets	23	6,146,263	5,140,368
		1,043,263,171	1,014,267,037
Current assets			
Completed properties held for sale	17	1,456,911	1,456,911
Amounts due from associated companies	16	38,231,825	33,073,825
Trade and other receivables	18	1,171,858	907,607
Tax recoverable		3,029	7,610
Financial assets at fair value through profit or loss	19	1,465,790	1,671,197
Cash and bank balances	20	277,613,090	281,215,187
		319,942,503	318,332,337
Total assets		1,363,205,674	1,332,599,374
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	21	78,624,000	78,624,000
Retained profits	22		
– Proposed dividends	12	27,820,800	27,820,800
– Others		1,150,987,123	1,153,133,161
		1,178,807,923	1,180,953,961
Total equity		1,257,431,923	1,259,577,961

Consolidated Balance Sheet (CONTINUED)

As at 31 March 2022

	<i>Note</i>	2022 HK\$	2021 HK\$
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	<i>23</i>	896,422	955,431
Current liabilities			
Amounts due to associated companies	<i>16</i>	98,066,033	68,069,604
Trade and other payables	<i>24</i>	6,811,296	3,996,378
		104,877,329	72,065,982
Total liabilities		105,773,751	73,021,413
Total equity and liabilities		1,363,205,674	1,332,599,374
Net current assets		215,065,174	246,266,355

The consolidated financial statements on pages 64 to 118 were approved by the Board of Directors on 28 June 2022 and were signed on its behalf.

Cheung Kee Wee
Director

Cheung Lin Wee
Director

The notes on pages 69 to 118 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 March 2022

<i>Note</i>	2022	2021
	HK\$	HK\$
Cash flows from operating activities		
Profit before income tax	37,915,458	2,231,494
Changes in fair value of investment properties	(100,000)	100,000
Share of results of associated companies	(38,599,505)	3,870,904
Exchange gains	(3,303,232)	(6,306,189)
Operating loss before working capital changes	(4,087,279)	(103,791)
(Increase)/decrease in trade and other receivables	(264,251)	489,637
Decrease/(increase) in financial assets at fair value through profit or loss	205,407	(663,330)
Increase/(decrease) in trade and other payables	2,814,918	(1,002,550)
Net cash used in operations	(1,331,205)	(1,280,034)
Hong Kong profits tax refunded	4,581	5,705
Net cash used in operating activities	(1,326,624)	(1,274,329)
Cash flows from investing activities		
Fund transfer to associated companies	(5,217,500)	(6,232,100)
Fund transfer and dividends received from associated companies	40,765,195	24,739,162
Net cash generated from investing activities	35,547,695	18,507,062
Cash flows from financing activity		
Dividends paid to the Company's equity holders	(41,126,400)	(36,288,000)
Net decrease in cash and cash equivalents	(6,905,329)	(19,055,267)
Cash and cash equivalents at beginning of the year	281,215,187	293,964,265
Exchange gains	3,303,232	6,306,189
Cash and cash equivalents at end of the year	277,613,090	281,215,187
<i>20</i>		

The notes on pages 69 to 118 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	<i>Note</i>	2022 HK\$	2021 HK\$
Total equity at beginning of the year		1,259,577,961	1,292,800,736
Profit and total comprehensive income for the year	22	38,980,362	3,065,225
Transactions with equity holders			
Dividends	22	(41,126,400)	(36,288,000)
Total equity at end of the year		1,257,431,923	1,259,577,961

The notes on pages 69 to 118 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 2500, Dominion Centre, 43-59 Queen's Road East, Wanchai, Hong Kong.

The principal activities of the Company are investment holding and property investment. The activities of the subsidiaries and associated companies are shown in Notes 15 and 16 to the consolidated financial statements respectively.

These consolidated financial statements are presented in Hong Kong dollar (HK\$), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 28 June 2022.

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across Hong Kong. The Company and its subsidiaries (together, the "Group") pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group.

As at 31 March 2022, the Group's investment properties were stated at their fair values of approximately HK\$220.3 million. Included in investments in associated companies were the Group's share of fair value of investment properties held by associated companies of approximately HK\$653.6 million. Fair value gains of investment properties of HK\$0.1 million were accounted for in the Group's consolidated statement of comprehensive income for the year ended 31 March 2022, while share of associated companies' results also included the Group's share of fair value gains of investment properties held by the associated companies of HK\$2.9 million. The fair value of investment properties has taken into account the impact of COVID-19 outbreak based on information available as at 31 March 2022. Given the uncertainty over the length and severity of the COVID-19 outbreak in Hong Kong and ongoing development measures to address the outbreak, valuation may change significantly and unexpectedly over a short period of time. Management has been closely monitoring the development of COVID-19 outbreak and considered that, save as discussed above, there is no other matters that would result in a significant adverse impact on the Group's results and financial position as at the reporting date as a result of the COVID-19 outbreak.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

(b) Changes in accounting policies and disclosures

New and amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the annual reporting period commencing 1 April 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform - Phase 2
Amendments to HKFRS 16	Covid-19 - related rent concessions
Amendments to HKFRS 16	Covid-19 - related rent concessions beyond 2021

The adoption of the above amended standards did not have any significant impact on the results and financial position of the Group and no retrospective adjustments are required.

New standards, amendments to existing standards and interpretation which have been issued but are not effective for the financial year beginning on 1 April 2021 and have not been early adopted

		Effective for accounting periods beginning on or after
Annual improvements projects	Annual improvements to HKFRSs 2018-2020	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Accounting Guideline 5 (revised)	Revised accounting guideline 5 merger accounting for common control combinations	1 January 2022 ¹
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Hong Kong interpretations 5 (2020)	Presentation of financial statements-classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023 ²
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

¹ Common control combinations that occur on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

² HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 and should only be applied when an entity applies the Amendments to HKAS 1. The Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023, and early application is permitted.

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application, and has concluded on a preliminary basis that the adoption of these new and amended standards is not expected to have any significant impact on the Group's results of operations and financial position.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March 2022.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations by the Group.

Inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of comprehensive income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent lenders under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Consolidation *(Continued)*

(ii) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include goodwill identified on acquisition, net of any accumulated impairment losses.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The carrying amount of the investment is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar, which is the Company's functional and the Group's presentation currency. The functional currency of all subsidiaries and associated companies of the Group is Hong Kong dollar.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in profit or loss on a net basis.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(e) **Investment properties**

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group are classified as investment properties.

All leases that meet the definition of investment properties are classified as investment properties and measured at fair value.

Investment properties are initially measured at cost including related transaction costs and where applicable borrowing costs.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Investment properties *(Continued)*

After initial recognition, investment properties are carried at fair value. Investment properties that are being redeveloped for continuing use as investment properties, or for which the market has become less active, continue to be measured at fair value. Investment properties under construction is measured at fair value if the fair value is considered to be reliably determinable. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Company expects the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as at the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements.

The fair value of investment properties reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the properties under current market conditions.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount of the property, and the fair value is reassessed.

Changes in fair values are recognised in the profit or loss. Investment properties are derecognised when they have been disposed of.

Where the Group disposes of a properties at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustments is recorded in the profit or loss within net gain from fair value adjustment on investment property.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the consolidated statement of comprehensive income to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increased directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to the consolidated statement of comprehensive income.

(f) Impairment of investments in subsidiaries, associated companies and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries and associated companies is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial asset carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories to classify the debt instruments:

(1) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the consolidated statement of comprehensive income.

(2) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value.

Dividends from such investments continue to be recognised in the profit or loss when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as applicable.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Financial assets *(Continued)*

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 18 for further details.

(h) Trade and other receivables

Trade receivables are amounts due from customers in the ordinary course of business. If collection of trade and other receivable is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 2(g)(iii) for further information about the Group's accounting for trade receivables and note 2(g)(iv) for a description of the Group's impairment policies.

(i) Completed properties held for sale

Completed properties held for sale is classified under current assets and carried at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses.

(j) Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(k) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the places where the Company and its subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Current and deferred income tax *(Continued)*

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(m) Employee benefits

The Group participates in two defined contribution retirement benefits schemes. The Group's contributions under the schemes are charged to profit or loss as incurred. The amount of the Group's contributions is based on specified percentages of the salaries of employees.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(n) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements *(CONTINUED)*

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Leases

The Group enters into lease agreements as a lessor.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The respective leased assets are included in the consolidated balance sheet in accordance with their nature.

The Group did not make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(p) Revenue recognition

(i) *Rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its tenants which constitutes lease modification under HKFRS 16 'Leases', the cost of the incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

(ii) *Sales of properties*

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the legal assignment is completed or the property is accepted by the customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet and regarded as contract liabilities.

A contract liability is recognised when the Group has obligation to transfer the properties to a customer for which the Group has received consideration (or the amount is due) from the customer.

(iii) Management fee income and construction supervision fee

Revenue from providing management services and construction supervision services is recognised over time in the accounting period in which the services are rendered as the customers receives and uses the benefits simultaneously.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

(r) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's Directors/equity holder, as appropriate.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to various types of financial risks which include market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects it may have on the Group's financial performance.

(i) *Market risk – Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the functional currencies of the respective entities of the Group.

The majority of the Group's monetary assets and monetary liabilities are denominated in Hong Kong dollar, except for certain financial assets at fair value through profit or loss and bank deposits which are denominated in the United States dollar and Renminbi ("RMB"), respectively.

The Group's exposure to foreign exchange risk arising from financial assets denominated in United States dollar is insignificant as Hong Kong dollar is pegged to the United States dollar.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31 March 2022, if Hong Kong dollar had strengthened or weakened by 1% (2021: 1%) against RMB, with all other variables held constant, profit before income tax for the year would have been lower/higher by approximately HK\$850,000 (2021: HK\$799,000) as a result of foreign exchange differences arising from bank deposits.

(ii) *Market risk – Price risk*

Financial assets at fair value through profit or loss

The Group is exposed to price risk arising from investments classified as financial assets at fair value through profit or loss. The Group's price risk is mainly concentrated on listed securities. To manage its price risk arising from financial assets at fair value through profit or loss, the Group closely monitors the market price of the investments.

The sensitivity analyses below have been determined based on the exposure to price risk at the balance sheet date.

If market prices of investments had been 10% higher/lower, the Group's profit before tax for the year ended 31 March 2022 would increase/decrease by approximately HK\$147,000 (2021: HK\$167,000).

(iii) *Market risk – Interest rate risk*

The Group is exposed to changes in market interest rates through bank deposits.

The following analyses the impact on the Group's profit before tax assuming a reasonable possible change in interest rates for bank deposits, with all other variables held constant.

As at 31 March 2022, if market interest rates had been 50 basis points higher/lower, the Group's profit before tax would increase/decrease by approximately HK\$1,370,000 (2021: HK\$1,395,000).

The Group has no interest bearing liabilities.

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk

(a) Risk management

The carrying amounts of financial assets at fair value through profit or loss, trade and other receivables, amounts due from associated companies, and bank deposits and balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Bank deposits and balances, and financial assets at fair value through profit or loss were placed with banks and a financial institution with sound credit ratings to mitigate the risk.

The Group has policies in place to ensure that rental deposits are required from tenants prior to commencement of leases and sale proceeds are received before the assignments of properties are executed. Amounts due from associated companies are generally supported by the underlying assets and the Group monitors the credibility of associated companies continuously. At each balance sheet date, the Group reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts.

(b) Impairment of financial assets

Trade receivables

Given the track record of regular repayment of trade receivables, the directors are of the opinion that the risk of default by these customers is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rate of trade receivables is assessed to be insignificant. There is no loss allowance as at 31 March 2022 (2021: Same).

Other financial assets at amortised cost

Other financial assets at amortised cost include amounts due from associated companies, other receivables and cash and bank balances. The financial positions and performances of the counterparties are regularly monitored and reviewed by management of the Group and the credit risk are considered to be low. There is no loss allowance as at 31 March 2022 (2021: Same).

(v) *Liquidity risk*

To achieve the prudent liquidity risk management the Group holds sufficient cash for operation.

The Group's policy is to regularly monitor its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The table below analyses the Group's financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Repayable on demand HK\$	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Total HK\$
At 31 March 2022					
Amounts due to associated companies	98,066,033	-	-	-	98,066,033
Trade and other payables	-	4,137,739	-	-	4,137,739
At 31 March 2021					
Amounts due to associated companies	68,069,604	-	-	-	68,069,604
Trade and other payables	-	3,818,415	-	-	3,818,415

Notes to the Consolidated Financial Statements *(CONTINUED)*

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and to support future development of the business. The Group's strategy remains unchanged from the year ended 31 March 2021 and is to maintain net cash position.

The Group considers the total equity of the Group as its capital.

The Group reviews the capital structure periodically and manages its overall capital structure through payment of dividends.

(c) Fair value estimation

The fair value of financial assets at fair value through profit or loss is determined on the basis set out in Note 2(g).

The carrying amounts of trade and other receivables, cash and bank balances, trade and other payables and amounts due from/to associated companies approximate their fair values.

The Group's financial instruments are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 March 2022 and 2021. See Note 14 for disclosures of the investment properties that are measured at fair value.

As at 31 March 2022

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss	1,465,790	–	–	1,465,790

As at 31 March 2021

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Assets				
Financial assets at fair value through profit or loss	1,671,197	–	–	1,671,197

There were no transfers between levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise listed equity securities classified as financial assets at fair value through profit or loss.

Notes to the Consolidated Financial Statements *(CONTINUED)*

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of investment properties

The fair values of investment properties of the Group and associated companies are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

(b) Income taxes

The Group is subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income 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 utilised. The outcome of their actual utilisation may be different.

5 REVENUES

	2022 HK\$	2021 HK\$
Rental income		
Investment properties	1,683,786	2,519,376
Other properties	1,640,891	1,523,046
Bank interest income	2,951,155	3,549,751
Dividend income	3,570	3,554
<i>Recognised over time</i>		
Management fee income	1,533,293	1,500,538
Construction supervision fee income (<i>Note</i>)	–	87,400
	7,812,695	9,183,665

Note: The amount was charged to associated companies based on services rendered and at fees mutually agreed between the relevant parties.

Notes to the Consolidated Financial Statements (CONTINUED)

6 OTHER GAINS

	2022 HK\$	2021 HK\$
Net exchange gains	3,303,232	6,306,189
Sundries	188,042	316,175
	3,491,274	6,622,364

7 EXPENSES BY NATURE

	2022 HK\$	2021 HK\$
Direct outgoings in relation to properties that generate income		
Investment properties	972,871	931,641
Other properties	532,492	251,594
	1,505,363	1,183,235
Staff costs (including Directors' remuneration)		
Salaries and other emoluments	7,970,091	6,892,546
Contributions to retirement schemes	589,196	533,170
	8,559,287	7,425,716
Other operating expenses		
Auditor's remuneration		
Audit fees	560,100	579,200
Non-audit fees	189,000	179,000
Others	1,068,859	899,810
	1,817,959	1,658,010

8 SHARE OF RESULTS OF ASSOCIATED COMPANIES

The Group's share of results of associated companies included the Group's share of fair value gains on investment properties held by associated companies amounting to HK\$2,900,000 (2021: losses of HK\$28,850,000), which arise from investment properties held by associated companies with the Group's share of the carrying value amounting to HK\$653,600,000 (2021: HK\$650,700,000).

9 REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

The remuneration of each of the Directors and the chief executive is set out below:

Year ended 31 March 2022

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees HK\$	Salaries HK\$	Total HK\$
Executive Directors			
Mr. Cheung Kee Wee (<i>Chairman</i>) (<i>Note (a)</i>)	150,000	300,000	450,000
Mr. Cheung Lin Wee (<i>Note (a)</i>)	150,000	300,000	450,000
Mr. Cheung Ying Wai, Eric (<i>Note (a)</i>)	150,000	300,000	450,000
Non-executive Director			
Mr. Ng Kwok Tung	150,000	–	150,000
Independent Non-executive Directors			
Mr. Chan Woon Kong	150,000	–	150,000
Mr. Au-Yang Cheong Yan, Peter	150,000	–	150,000
Mr. Chan Wing Tat	150,000	–	150,000
Mr. Kok Lap Seng	150,000	–	150,000
	1,200,000	900,000	2,100,000

Notes to the Consolidated Financial Statements (CONTINUED)

9 REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

Year ended 31 March 2021

Emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

	Fees HK\$	Salaries HK\$	Total HK\$
Executive Directors			
Mr. Cheung Kee Wee (<i>Chairman</i>) (<i>Note (a)</i>)	120,000	300,000	420,000
Mr. Cheung Lin Wee (<i>Note (a)</i>)	120,000	300,000	420,000
Mr. Cheung Ying Wai, Eric (<i>Note (a)</i>)	120,000	300,000	420,000
Non-executive Director			
Mr. Ng Kwok Tung	120,000	–	120,000
Independent Non-executive Directors			
Mr. Lam Hon Keung, Keith (<i>Note (c)</i>)	120,000	–	120,000
Mr. Chan Woon Kong	120,000	–	120,000
Mr. Au-Yang Cheong Yan, Peter	120,000	–	120,000
Mr. Chan Wing Tat (<i>Note (d)</i>)	30,000	–	30,000
Mr. Kok Lap Seng (<i>Note (d)</i>)	30,000	–	30,000
	900,000	900,000	1,800,000

During the year, apart from the emoluments disclosure in above, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the Directors; nor are any payable (2021: Nil). No consideration was provided to or receivable by third parties for making available directors' services (2021: Nil). There are no loans, quasi-loans or other dealings in favour of the Directors, their controlled bodies corporate and connected entities (2021: None).

No director of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2021: None).

Note:

- (a) The Directors took the role of chief executive of the Company.
- (b) No other emoluments were paid and none of the Directors have waived the right to receive their emoluments for the years ended 31 March 2022 and 2021.
- (c) The Director resigned on 4 January 2021.
- (d) The Directors were appointed on 4 January 2021.

Of the five individuals with the highest emoluments in the Group, three of them were not directors of the Company (2021: five). Three directors of the Company had the same emoluments for the year in which any two of them are regarded as the five individuals with the highest emoluments in the Group for the year (2021: none). The emoluments paid to the five highest paid individuals of the Group during the year were as follow:

	2022 HK\$	2021 HK\$
Salaries and other emoluments	3,372,254	3,215,057
Contributions to retirement schemes	207,864	264,830
	3,580,118	3,479,887

The emoluments of four highest paid individuals (2021: five) are below HK\$1,000,000 for the year ended 31 March 2022 and the emoluments of the remaining individual is within HK\$1,000,001 to HK\$1,500,000.

10 RETIREMENT SCHEMES

The Group operates two defined contribution retirement schemes in Hong Kong which comply with the respective requirements of the Occupational Retirement Schemes Ordinance ("ORSO") and Mandatory Provident Fund ("MPF") Schemes Ordinance. The schemes cover all the employees of the Group. All the assets under the schemes are held separately from the Group under independently administered funds. Contributions to the MPF Scheme follow the MPF Schemes Ordinance while contributions to the ORSO Scheme are based on a percentage of employee salary depending upon the length of employment.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the Consolidated Financial Statements (CONTINUED)

10 RETIREMENT SCHEMES (Continued)

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

11 INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year.

	2022 HK\$	2021 HK\$
Hong Kong profits tax		
Provision for the year	–	–
Deferred income tax (Note 23)	1,064,904	833,731
	1,064,904	833,731

The income tax expense on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong, the place in which the Group operates, as follows:

	2022 HK\$	2021 HK\$
Profit before income tax	37,915,458	2,231,494
Share of results of associated companies	(38,599,505)	3,870,904
	(684,047)	6,102,398
Calculated at a tax rate of 16.5% (2021: 16.5%)	112,868	(1,006,896)
Income not subject to tax	1,558,654	1,906,779
Expenses not deductible for tax purposes	(539,031)	(16,519)
Tax losses not recognised	(76,517)	(62,719)
Effect of change in tax rate (Note)	4,465	6,543
Statutory tax reduction	4,465	6,543
Income tax credit	1,064,904	833,731

Note: For the year ended 31 March 2022, the applicable statutory Corporate Income Tax rate in Hong Kong is 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of the assessable profits over HK\$2 million (2021: Same). The change to the two-tiered profits tax rates was enacted on 29 March 2018 by the Inland Revenue department of Hong Kong, effective from the year of assessment 2018/19. However, for two or more connected entities in the Group, only one of them may elect the two-tiered profits tax rates.

12 DIVIDENDS

	2022 HK\$	2021 HK\$
Interim dividend paid of HK11 cents (2021: HK11 cents) per share	13,305,600	13,305,600
Proposed final dividend of HK11 cents (2021: HK11 cents) per share	13,305,600	13,305,600
Proposed special dividend of HK12 cents (2021: HK12 cents) per share	14,515,200	14,515,200
	41,126,400	41,126,400

Note: At the Board meeting held on 28 June 2022, the Board of Directors proposed a final dividend of HK11 cents per share and a special dividend of HK12 cents per share. These proposed dividends will be accounted for as an appropriation of retained profits for the year ending 31 March 2023.

13 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022 HK\$	2021 HK\$
Profit attributable to equity holders of the Company	38,980,362	3,065,225
Weighted average number of ordinary shares in issue	120,960,000	120,960,000
Earnings per share (Basic and diluted)	0.32	0.03

The Company has no dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements (CONTINUED)

14 INVESTMENT PROPERTIES

	2022 HK\$	2021 HK\$
At valuation		
At beginning of the year	220,200,000	220,300,000
Fair value gains/(losses)	100,000	(100,000)
At end of the year	220,300,000	220,200,000

The investment properties are held on leases of over 50 years in Hong Kong.

The Group leases out its investment properties under operating leases. Leases typically run for an initial period of one to two years, with some having the option to renew, at which time all terms are renegotiated.

(i) Amount recognised in profit or loss for investment properties

	2022 HK\$	2021 HK\$
Rental income from operating leases	1,683,786	2,519,376
Direct operating expenses from properties that generated rental income	(972,871)	(931,641)
Fair value gains/(losses) recognised in profit or loss	100,000	(100,000)

(ii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rental payable monthly.

For minimum lease payments receivable on leases of investment properties, refer to Note 25.

(iii) Fair value hierarchy for recurring fair value measurements

The revaluation gains or losses is included in "Changes in fair value of investment properties" in the consolidated statement of comprehensive income. The following table analyses the investment properties carried at fair value, by valuation method.

Description	Fair value measurements		
	Quoted prices	Significant	Significant
	in active	other	unobservable
	markets for	observable	inputs
identical	inputs	(Level 3)	
assets	(Level 2)	(Level 3)	
(Level 1)	(Level 2)	(Level 3)	
HK\$	HK\$	HK\$	
31 March 2022			
Investment properties:			
– Commercial building	–	–	7,300,000
– Duplex apartment	–	–	75,000,000
– Luxury house	–	–	138,000,000
			220,300,000
31 March 2021			
Investment properties:			
– Commercial building	–	–	8,200,000
– Duplex apartment	–	–	72,000,000
– Luxury house	–	–	140,000,000
			220,200,000

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

Notes to the Consolidated Financial Statements (CONTINUED)

14 INVESTMENT PROPERTIES (Continued)

(iii) Fair value hierarchy for recurring fair value measurements (Continued)

The following table presents the changes in level 3 assets for the year ended 31 March 2022 and 2021.

	Investment properties	
	2022 HK\$	2021 HK\$
Opening balance	220,200,000	220,300,000
Unrealised net fair value gains/(losses) for the year included in the profit or loss for assets held at the end of the year	100,000	(100,000)
Closing balance	220,300,000	220,200,000

Valuation processes of the Group

The Group's investment properties were valued at 31 March 2022 and 2021 by an independent professionally qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

Discussions of valuation processes and results are held between the chief financial officer, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting dates. As at 31 March 2022 and 2021, the fair values of the properties have been determined by C S Surveyors Limited.

Valuation techniques

Fair value measurements using significant unobservable inputs

Fair values of investment properties of the Group are generally derived using the direct comparison method. However, given the unique nature and lack of recent transaction of certain properties, significant adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The ranges of unobservable input are similar between the commercial building, the apartment and the house. These significant unobservable inputs include as at 31 March 2022 and 31 March 2021 were below:

Description	Valuation technique	Unobservable inputs	Range of unobservable input HK\$	Relationship of unobservable inputs to fair value
Commercial building, apartment and house	Direct comparison method	Storey	0.5% to 1% price adjustment per each storey	The higher the storey, the higher the fair value
		Landscape view	5% to 20% of property value	The better the landscape view, the higher the fair value
		Age of property	0.5% to 1% price adjustment per year	The older the property, the lower the price

There were no changes to the valuation techniques during the year.

Notes to the Consolidated Financial Statements (CONTINUED)

15 SUBSIDIARIES

Particulars of the subsidiaries, all of which are wholly-owned by the Company, are as follows:

Name	Principal activities	Particulars of issued share capital
Galy Property Management Limited	Property management	2 ordinary shares
Khanman Property Limited	Property investment	2 ordinary shares
Tai Kong Shan Realty Limited	Property investment	100,000 ordinary shares
Wah Ha Construction Company Limited	Building contractor	2 ordinary shares
WH Properties Limited	Property investment	100 ordinary shares

Note:

All subsidiaries are incorporated and operate in Hong Kong and are held directly by the Company.

16 ASSOCIATED COMPANIES

	2022 HK\$	2021 HK\$
Share of net assets	816,816,908	788,926,669
Amounts due from associated companies (<i>Note</i>)	38,231,825	33,073,825
Amounts due to associated companies (<i>Note</i>)	(98,066,033)	(68,069,604)

Note:

Amounts due from/to associated companies are unsecured, interest free and have no specific repayment terms.

The Group has not provided any guarantees in respect of any borrowings or facilities of the associated companies and has not entered into any agreements to make further advances to the associated companies.

Summarised financial information for associated companies

Set out below are the associated companies of the Group as at 31 March 2022, which, in the opinion of the Directors, are material to the Group. The results of the associated companies and the Group's share of assets and liabilities of the associated companies are summarised as follows:

	Daily Eagle Development Limited		Remadour Estate Limited		Hinquand Enterprise Limited		Wah Ha Property Development Limited	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	40,757	46,264	5,351	5,910	6,391	6,715	1,318	1,316
Profit/(loss) for the year	32,231	(62,796)	11,591	(1,216)	4,785	69	1,404	795
Dividends received from associated companies	9,000	9,800	1,600	–	–	–	–	1,400
Current								
Assets	21,403	24,264	2,331	6,900	34,546	29,595	1,979	1,354
Liabilities	(10,353)	(9,906)	(1,417)	(1,291)	(1,674)	(1,607)	(235)	(230)
Total current net assets	11,050	14,358	914	5,609	32,872	27,988	1,744	1,124
Non-current								
Assets	1,550,000	1,550,000	460,000	450,000	230,000	230,000	72,200	71,400
Liabilities	(12,301)	(11,840)	(3,455)	(3,341)	(2,353)	(2,255)	(356)	(340)
Total non-current net assets	1,537,699	1,538,160	456,545	446,659	227,647	227,745	71,844	71,060
Net assets	1,548,749	1,552,518	457,459	452,268	260,519	255,733	73,588	72,184
Interest in associated companies (25%; 25%; 50%; 50%)	387,187	388,129	114,365	113,067	130,259	127,867	36,794	36,092
Carrying value	387,187	388,129	114,365	113,067	130,259	127,867	36,794	36,092

The information above reflects the amounts presented in the financial statements of the associated companies in which the accounting policies are consistent with the Group.

Note:

There are no contingent liabilities relating to the Group's interest in the associated companies as at 31 March 2022 and 2021.

Notes to the Consolidated Financial Statements (CONTINUED)

16 ASSOCIATED COMPANIES (Continued)

Aggregate information of associated companies that are not individually material:

	2022 HK\$'000	2021 HK\$'000
The Group's share of results from operations and total comprehensive income	24,550	11,700
Group's share of net assets	148,212	123,772

Particulars of the associated companies are as follows:

Name	Principal activities	Particulars of issued shares	Effective percentage of equity held by the Group	
			2022	2021
Daily Eagle Development Limited	Property development	4 ordinary shares	25	25
Fu Kung San Realty Limited	Investment holding	100 ordinary shares	50	50
Fupoly Properties Limited	Property investment	10,000 ordinary shares	25	25
Hinquand Enterprise Limited	Property investment	1,000 ordinary shares	50	50
Keneva Company Limited	Property development	20 ordinary shares	25	25
Kin Yuen Hing Investment Company Limited	Property development	200,000 ordinary shares	50	50

Name	Principal activities	Particulars of issued shares	Effective percentage of equity held by the Group	
			2022	2021
Remadour Estate Limited	Property investment	10,000 ordinary shares	25	25
Sing Mei Properties Limited	Property investment	69,513 ordinary shares	25	25
Star Fortune Investments Limited	Property development	2 ordinary shares	50	50
Sun Prince Godown Limited	Property investment	100,000 ordinary shares	50	50
Sun Tai Tsuen Godown Company Limited	Property investment	100,000 ordinary shares	50	50
Wah Ha Property Development Limited	Property investment	10 ordinary shares	50	50

All associated companies are incorporated and operate in Hong Kong and are held directly by the Company except for Sing Mei Properties Limited which is 50% owned by a 50% owned associated company, Fu Kung San Realty Limited.

Note: During the year ended 31 March 2022, Mass Collection Company Limited, in which the Company formerly held 50% equity interest, was deregistered in March 2022.

Notes to the Consolidated Financial Statements (CONTINUED)

17 COMPLETED PROPERTIES HELD FOR SALE

	2022 HK\$	2021 HK\$
Completed properties held for sale in Hong Kong		
At beginning and at end of the year	1,456,911	1,456,911

The completed properties held for sale in Hong Kong are held on leases of between 10 to 50 years.

18 TRADE AND OTHER RECEIVABLES

	2022 HK\$	2021 HK\$
Trade receivables		
Within 3 months	453,428	291,011
4 – 6 months	15,000	–
Other receivables	433,194	280,083
Prepayments and utility deposits	270,236	336,513
	1,171,858	907,607

Notes:

- (a) Trade receivables represent rental and management fee receivables. Rental receivable is normally due for payment upon presentation of debit note at the beginning of each rental period (normally on a monthly basis). The rental receivables are generally fully covered by the rental deposits from corresponding tenants. Management fee is normally due for payment upon presentation of debit note at the end of each month. The above ageing analysis is based on the debit note date.

Receivables are denominated in Hong Kong dollar and the Directors consider that the fair value of these receivables at the balance sheet date was approximately their carrying amounts.

- (b) The Group applies HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. There is no loss allowance as at 31 March 2022 (2021: Nil). Note 3(a)(iv) provides for details about the assessment of the allowance.

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 HK\$	2021 HK\$
Listed shares – Overseas	1,465,790	1,671,197

Financial assets at fair value through profit or loss are denominated in United States dollar.

20 CASH AND BANK BALANCES

	2022 HK\$	2021 HK\$
Cash in hand	10,000	10,000
Bank balances	3,534,320	2,109,900
Bank deposits with original maturity of less than three months	274,068,770	279,095,287
	277,613,090	281,215,187

Bank deposits and bank balances are placed with the following banks in Hong Kong:

	2022 HK\$	2021 HK\$
The Bank of East Asia	192,542,976	201,271,976
The Bank of China	85,022,189	79,876,195
Others	37,925	57,016
	277,603,090	281,205,187

The carrying amounts of cash and bank balances are denominated in the following currencies:

	2022 HK\$	2021 HK\$
Hong Kong dollar	192,553,561	201,281,981
United States dollar	37,920	57,011
Renminbi	85,021,609	79,876,195
	277,613,090	281,215,187

Notes to the Consolidated Financial Statements (CONTINUED)

21 SHARE CAPITAL

	2022 HK\$	2021 HK\$
Issued and fully paid: 120,960,000 ordinary shares	78,624,000	78,624,000

22 RETAINED PROFITS

	HK\$
At 31 March 2020	1,214,176,736
Profit for the year	3,065,225
2020 final dividend	(13,305,600)
2020 special dividend	(9,676,800)
2021 interim dividend	(13,305,600)
At 31 March 2021	1,180,953,961
Profit for the year	38,980,362
2021 final dividend	(13,305,600)
2021 special dividend	(14,515,200)
2022 interim dividend	(13,305,600)
At 31 March 2022	1,178,807,923

23 DEFERRED INCOME TAX

Deferred income tax is calculated on temporary differences under the liability method using a tax rate of 16.5% (2021: 16.5%).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxation relates to the same fiscal authority. The amounts shown on the consolidated balance sheet are as follows:

	2022 HK\$	2021 HK\$
Deferred income tax assets	6,146,263	5,140,368
Deferred income tax liabilities	(896,422)	(955,431)
	5,249,841	4,184,937

A substantial portion of deferred income tax assets will be recovered after twelve months from the balance sheet date.

The gross movements of the deferred tax assets recognised are as follows:

	Assets/(liabilities)		Total
	Tax losses	Accelerated depreciation allowances	
	HK\$	HK\$	HK\$
At 31 March 2020	5,640,562	(2,289,356)	3,351,206
Credited/(charged) to consolidated statement of comprehensive income <i>(Note 11)</i>	1,257,713	(423,982)	833,731
At 31 March 2021	6,898,275	(2,713,338)	4,184,937
Credited/(charged) to consolidated statement of comprehensive income <i>(Note 11)</i>	1,488,885	(423,981)	1,064,904
At 31 March 2022	8,387,160	(3,137,319)	5,249,841

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. Deferred tax assets of HK\$814,947 (2021: HK\$738,430) arising from unused tax losses of HK\$4,939,074 (2021: HK\$4,475,336) have not been recognised in the consolidated financial statements. These tax losses have no expiry date.

Notes to the Consolidated Financial Statements (CONTINUED)

24 TRADE AND OTHER PAYABLES

	2022 HK\$	2021 HK\$
Trade payables	1,900	1,800
Other payables	2,045,148	1,920,686
Rental and utility deposits received	939,472	934,872
Receipts in advance	2,500,000	–
Accrued expenses	1,324,776	1,139,020
	6,811,296	3,996,378

The ageing analyses of the trade payables based on invoice date were as follows:

	2022 HK\$	2021 HK\$
Trade payables		
Within 3 months	1,900	1,800

25 OPERATING LEASE RENTAL RECEIVABLE

The future aggregate minimum lease rental income under non-cancellable operating leases in respect of land and buildings is receivable in the following years:

	2022 HK\$	2021 HK\$
First year	3,338,100	353,670
Second to third year	1,988,670	–
	5,326,770	353,670

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group is not charged for office space and office furniture and fixtures provided by a related company.

The key management of the Group refer to the Directors and their remuneration are set out in Note 9.

27 SEGMENT INFORMATION

The principal activities of the Group include those relating to investment holding, property development, investment and management in Hong Kong. There is no other significant identifiable separate business. In accordance with the Group's internal financial reporting provided to the chief operating decision-maker for the purpose of allocating resources, assessing performance of the operating segments and making strategic decision, the reportable operating segments are property development, investment and management and investments.

Segment assets consist of investment properties, financial assets at fair value through profit or loss, receivables, completed properties held for sale and cash and bank balances and exclude items such as tax recoverable and deferred income tax assets. Segment liabilities comprise operating liabilities and exclude items such as tax payable, unpaid dividend and deferred tax income liabilities.

Notes to the Consolidated Financial Statements (CONTINUED)

27 SEGMENT INFORMATION (Continued)

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31 March 2022			
Bank interest income	–	2,951,155	2,951,155
Rental income	3,324,677	–	3,324,677
Revenues under HKFRS 15	1,533,293	–	1,533,293
Other revenues	–	3,570	3,570
Revenues	<u>4,857,970</u>	<u>2,954,725</u>	<u>7,812,695</u>
Segment results	<u>1,465,205</u>	<u>6,052,550</u>	<u>7,517,755</u>
Unallocated costs			<u>(8,201,802)</u>
Operating loss			<u>(684,047)</u>
Share of results of associated companies	38,599,505	–	<u>38,599,505</u>
Profit before income tax			<u>37,915,458</u>
Income tax credit			<u>1,064,904</u>
Profit attributable to equity holders of the Company			<u>38,980,362</u>
Segment assets	260,727,408	279,512,066	540,239,474
Associated companies	816,816,908	–	816,816,908
Unallocated assets			<u>6,149,292</u>
Total assets			<u>1,363,205,674</u>
Segment liabilities	102,833,097	–	102,833,097
Unallocated liabilities			<u>2,940,654</u>
Total liabilities			<u>105,773,751</u>
Changes in fair value of investment properties	100,000	–	100,000
Net fair value losses on financial assets at fair value through profit or loss	–	(205,407)	<u>(205,407)</u>

	Property development, investment and management HK\$	Investments HK\$	Total HK\$
Year ended 31 March 2021			
Bank interest income	–	3,549,751	3,549,751
Rental income	4,042,422	–	4,042,422
Revenues under HKFRS 15	1,587,938	–	1,587,938
Other revenues	–	3,554	3,554
Revenues	5,630,360	3,553,305	9,183,665
Segment results	2,650,308	10,522,824	13,173,132
Unallocated costs			(7,070,734)
Operating profit			6,102,398
Share of results of associated companies	(3,870,904)	–	(3,870,904)
Profit before income tax			2,231,494
Income tax credit			833,731
Profit attributable to equity holders of the Company			3,065,225
Segment assets	255,362,330	283,162,397	538,524,727
Associated companies	788,926,669	–	788,926,669
Unallocated assets			5,147,978
Total assets			1,332,599,374
Segment liabilities	70,146,501	–	70,146,501
Unallocated liabilities			2,874,912
Total liabilities			73,021,413
Changes in fair value of investment properties	(100,000)	–	(100,000)
Net fair value gains on financial assets at fair value through profit or loss	–	663,330	663,330

For the year ended 31 March 2022, there are two (2021: one) tenants who individually contributed over 10% of the total revenue. The revenue contributed by these customers was HK\$1,561,764 and HK\$960,000 respectively (2021: HK\$1,444,446). The customers belong to the “property development, investment and management” segment.

Notes to the Consolidated Financial Statements (CONTINUED)

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

<i>Note</i>	2022 HK\$	2021 HK\$
ASSETS		
Non-current assets		
Investment properties	75,000,000	72,000,000
Investments in subsidiaries	100,302	100,302
Investments in associated companies	1,088,096	1,088,097
Deferred income tax assets	5,972,858	4,996,991
	82,161,256	78,185,390
Current assets		
Completed properties held for sale	663,276	663,276
Amounts due from subsidiaries	135,345,427	135,431,328
Amount due from an associated company	38,231,825	33,073,825
Trade and other receivables	857,564	595,052
Financial assets at fair value through profit or loss	1,465,790	1,671,197
Cash and bank balances	274,450,232	273,419,613
	451,014,114	444,854,291
Total assets	533,175,370	523,039,681
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	78,624,000	78,624,000
Retained profits		
– Proposed dividends	27,820,800	27,820,800
– Others	321,925,658	343,663,155
<i>28(b)</i>	349,746,458	371,483,955
Total equity	428,370,458	450,107,955

<i>Note</i>	2022 HK\$	2021 HK\$
LIABILITIES		
Current liabilities		
Amount due to a subsidiary	2,987,797	1,151,797
Amounts due to associated companies	98,066,033	68,069,604
Trade and other payables	3,751,082	3,710,325
Total liabilities	104,804,912	72,931,726
Total equity and liabilities	533,175,370	523,039,681
Net current assets	346,209,202	371,922,565

The balance sheet of the Company was approved by the Board of Directors on 28 June 2022 and was signed on its behalf.

Cheung Kee Wee
Director

Cheung Lin Wee
Director

Notes to the Consolidated Financial Statements (CONTINUED)

28 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	HK\$
At 31 March 2020	385,471,060
Profit for the year	22,300,895
2020 final dividend	(13,305,600)
2020 special dividend	(9,676,800)
2021 interim dividend	(13,305,600)
At 31 March 2021	371,483,955
Profit for the year	19,388,903
2021 final dividend	(13,305,600)
2021 special dividend	(14,515,200)
2022 interim dividend	(13,305,600)
At 31 March 2022	349,746,458

29 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to 31 March 2022, the Group entered into several agreements with independent third parties to sell certain properties at an aggregate consideration attributable to the Group amounting to HK\$25 million. These transactions were completed in April 2022 with an estimated profit attributable to the Group amounting to approximately HK\$24 million.

Subsequent to the announcement of the Company dated 10 June 2022 relating to the notification by the Stock Exchange to the Company of its decision that the Company (i) has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations as required under Rule 13.24 of the Listing Rules; and (ii) is not suitable for continued listing, and that trading in the Company's shares shall be suspended under Rules 6.01(3) and 6.01(4) of the Listing Rules (the "Decision"), another announcement of the Company dated 20 June 2022 relating to the Company's submission of a written request to the Stock Exchange on 20 June 2022 for the Decision to be referred to the Listing Committee for review pursuant to Rules 2B.06(1) and 2B.08(1) of the Listing Rules and the continuous trading in the Company's shares was published.

Five Year Financial Summary

	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Results					
Year ended 31 March					
Revenues/turnover	7,813	9,184	14,689	15,769	13,210
Profit/(loss) before income tax	37,915	2,231	(49,633)	136,743	258,588
Profit/(loss) attributable to equity holders of the Company	38,980	3,065	(49,054)	137,210	258,946
Dividends	41,126	41,126	36,288	41,126	208,051
Assets and liabilities					
As at 31 March					
Investment properties	220,300	220,200	220,300	237,400	223,700
Investments in associated companies	816,817	788,927	808,497	854,250	771,352
Deferred income tax assets	6,146	5,140	4,201	3,381	2,301
Current assets	319,943	318,332	325,852	336,900	505,809
Total assets	1,363,206	1,332,599	1,358,850	1,431,931	1,503,162
Share capital	78,624	78,624	78,624	78,624	78,624
Retained profits	1,178,808	1,180,954	1,214,177	1,304,357	1,375,198
Total equity	1,257,432	1,259,578	1,292,801	1,382,981	1,453,822
Deferred income tax liabilities	897	955	849	608	–
Current liabilities	104,877	72,066	65,200	48,342	49,340
Total liabilities	105,774	73,021	66,049	48,950	49,340
Total equity and liabilities	1,363,206	1,332,599	1,358,850	1,431,931	1,503,162

Financial Summary of Associated Companies

A significant portion of the Group's property development and investment activities is undertaken by associated companies. To provide equity holders with information on the financial performance and position of the associated companies, the following is a summary of the aggregated results and net assets of the Group's associated companies for the year ended 31 March 2022:

	2022 HK\$000	2021 HK\$000
Results		
Revenues	150,790	120,033
Operating profit	118,148	97,391
Changes in fair value of investment properties	10,800	(110,200)
Profit/(loss) before income tax	128,948	(12,809)
Income tax expense	(18,134)	(14,483)
Profit/(loss) for the year	110,814	(27,292)
Group's share of results after income tax	38,600	(3,871)
Net assets		
Non-current assets	2,391,962	2,369,191
Current assets	274,074	285,905
Net amounts due from equity holders	184,534	124,116
Non-current liabilities	(18,466)	(17,776)
Current liabilities	(56,136)	(53,664)
Net assets	2,775,968	2,707,772
Group's share of net assets	816,817	788,927

Principal Properties

As at 31 March 2022

(A) FOR INVESTMENT

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Lease Term	Owner
GROUP					
Hong Kong					
Flats B and C on 2/F, Hin Wah Building at Nos. 446-450 Hennessy Road, Causeway Bay	The Remaining Portion ("RP") of Sub-Section ("Subsec.") 1 of Section ("Sec.") A of Marine Lot No. 269; RP of Sec. A of Marine Lot No. 269; and RP of Sec. E of Marine Lot No. 201	Commercial	960	Long Lease	WH Properties Limited
Apartment B on 1/F and 2/F and 2 carparks, Repulse Bay Towers at No. 119A Repulse Bay Road, Repulse Bay	Sec. B of Rural Building Lot No. 168; RP of Sec. A of Rural Building Lot No. 168; and Sec. B of Subsec. 3 of Sec. A of Rural Building Lot No. 168	Residential	3,100	Medium Lease	Wah Ha Realty Company Limited
House 11, No. 50 Stanley Village Road, Stanley	Rural Building Lot No.243	Residential	2,725 (net)	Long Lease	Khanman Property Limited

Principal Properties (CONTINUED)

As at 31 March 2022

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Lease Term	Owner
ASSOCIATED COMPANIES					
Hong Kong					
Flat 11 on G/F, Montane Mansion at No. 1028 King's Road, Quarry Bay	Sec. C of Inland Lot No. 8104	Commercial	430 (net)	Long Lease	Wah Ha Property Development Limited
G/F and 2/F, Midland Centre (82 shops) at No. 328 Queen's Road Central	Inland Lot No. 8426	Commercial	22,666	Long Lease	Hinquand Enterprise Limited
Flat 2 on G/F and Basement and 2 carparks on Basement, Stewart Terrace at Nos. 81-95 Peak Road	Rural Building Lot Nos. 299-306	Residential	3,090	Short Lease	Wah Ha Property Development Limited
Belvedere (5 townhouses and 12 carparks) at No. 41 Chung Hom Kok Road, Chung Hom Kok	Rural Building Lot No. 968	Residential	16,894	Long Lease	Remadour Estate Limited
Horizon Plaza at No. 2 Lee Wing Street, Ap Lei Chau West, Aberdeen	Ap Lei Chau Inland Lot No. 122	Commercial	496,834	Medium Lease	Daily Eagle Development Limited and Double Joy Investment Company Limited

(B) FOR SALE

Description	Lot No.	Type	Approximate Gross Floor Area (sq. ft.)	Owner	Group's Effective Interest (%)
Hong Kong					
Eight Commercial Tower (186 office/industrial units, 69 shops on G/F and 1/F and 162 carparks) at junction of Sun Yip Street and On Yip Street, Chai Wan	Chai Wan Inland Lot No. 144	Office/Industrial Commercial (G/F and 1/F)	238,590 36,853	Keneva Company Limited	25
Kowloon					
Flat A on G/F, May Wah Court at Nos. 111 – 113 Chatham Road, Tsimshatsui	RP of Kowloon Inland Lot No. 9935 and RP of Kowloon Inland Lot No. 9936	Commercial	2,860	Wah Ha Realty Company Limited	100
New Territories					
Texaco Road Industrial Centre (27 units and 7 carparks) at Nos. 256-264 Texaco Road, Tsuen Wan	Tsuen Wan Town Lot Nos. 242 and 243	Industrial/ Godown	74,794	Sun Prince Godown Limited and Sun Tai Tsuen Godown Company Limited	50
Wing Kin Industrial Building (workshop on G/F and 6 carparks) at Nos. 4-6 Wing Kin Road, Kwai Chung	Kwai Chung Town Lot No. 273	Industrial	13,456	Tai Kong Shan Realty Limited and Good Fully Realty Limited	50
Tsing Yi Industrial Centre (5 units and 22 carparks) at Nos. 1-33 Cheung Tat Road, Tsing Yi	Tsing Yi Town Lot No. 65	Industrial/ Godown	60,744	Sing Mei Properties Limited	25
World Trade Square (133 units and 11 carparks) at No. 21 On Lok Mun Street, On Lok Tsuen, Fanling	Fanling Sheung Shui Town Lot No. 12	Industrial/ Godown	151,374	Kin Yuen Hing Investment Company Limited and Kin Ngai Enterprises Limited	25

Principal Properties (CONTINUED)

As at 31 March 2022

(C) FOR DEVELOPMENT

Description	Lot No.	Type	Approximate Site Area (sq. ft.)	Approximate Gross Floor Area (sq. ft.)	Owner	Group's Effective Interest (%)
Kowloon						
Nos. 16, 16A, 18, 20, 22 and 22A Tak Cheong Lane (26 units) at Yau Ma Tei	RP of Sec. C of Kowloon Inland Lot No. 7305	Residential	3,689	9,294	Star Fortune Investments Limited	50