



德祥地產集團有限公司*
ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 199

2022-2023
INTERIM REPORT

359.40	0.38%
8,630,221	0.5%
59,078	0.06%
12,953,095	12.4%
5,285,155	4.7%
10,323,175	9.7%
5,283,447	5.0%
4,330,582	3.8%
490,555	0.4%
12,733,655	12.0%
12,1056	0.1%
4,62,809	3.7%
38,507,969	29.9%
1,731	1.6%

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors



Mr. Cheung Hon Kit
(Chairman)

Independent Non-Executive Directors



Hon. Shek Lai Him, Abraham, GBS, JP
(Joint Vice Chairman)



Dr. Chan Kwok Keung, Charles
(Joint Vice Chairman)



Mr. Chan Yiu Lun, Alan



Mr. Chan Pak Cheong Afonso



Ms. Lam Sau Fung
(Chief Financial Officer)



Ms. Chau Mei Wah



Mr. Ip Hon Wah

BOARD COMMITTEES

Audit Committee

Mr. Chan Pak Cheong Afonso (*chairman*)
Hon. Shek Lai Him, Abraham, *GBS, JP*
Mr. Ip Hon Wah

Remuneration Committee

Mr. Chan Pak Cheong Afonso (*chairman*)
Hon. Shek Lai Him, Abraham, *GBS, JP*
Mr. Ip Hon Wah
Ms. Chau Mei Wah

Nomination Committee

Hon. Shek Lai Him, Abraham, *GBS, JP* (*chairman*)
Mr. Cheung Hon Kit
Mr. Chan Pak Cheong Afonso
Mr. Ip Hon Wah

Corporate Governance Committee

Mr. Cheung Hon Kit (*chairman*)
Ms. Lam Sau Fung
Mr. Ip Hon Wah
Ms. Chau Mei Wah

Investment Committee

Mr. Cheung Hon Kit
Dr. Chan Kwok Keung, Charles
Mr. Chan Yiu Lun, Alan
Ms. Lam Sau Fung
Ms. Chau Mei Wah

COMPANY SECRETARY

Ms. Wong Siu Mun

AUTHORISED REPRESENTATIVES

Mr. Cheung Hon Kit (*Alternate: Ms. Chuk Wai Yin*)
Ms. Lam Sau Fung (*Alternate: Ms. Wong Siu Mun*)

LEGAL ADVISORS

Conyers Dill & Pearman (*as to Bermuda law*)
Iu, Lai & Li, Solicitors (*as to Hong Kong law*)
Vincent T. K. Cheung, Yap & Co. (*as to Hong Kong law*)
Leong Hon Man, Advogado (*as to Macau law*)

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China Limited, Macau Branch
The Bank of East Asia, Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

30/F., Bank of America Tower
12 Harcourt Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.itcproperties.com

STOCK CODE

Hong Kong Stock Exchange 199

INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

Announcement of 2022-2023 Interim Results	25 November 2022
Ex-Dividend Date for Interim Dividend	N/A
Book Closure Dates for Interim Dividend	N/A
Record Date for Interim Dividend Entitlement	N/A
Payment Date of Interim Dividend	N/A
Announcement of 2022-2023 Annual Results	June 2023

MEANS OF RECEIPT AND LANGUAGE OF CORPORATE COMMUNICATIONS

This interim report, in both English and Chinese versions, is now available in printed form, and in accessible format on the website of the Company at www.itcproperties.com.

For Shareholders and non-registered shareholders of the Company who:

- (i) have elected to receive or are deemed to have consented to receive this interim report by electronic means on the Company's website, or
- (ii) have difficulty in receiving or gaining access to this interim report on the Company's website,

they may obtain printed copies free of charge by sending a written request to the Company or the branch share registrar of the Company in Hong Kong (the "Branch Share Registrar"), Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

If Shareholders and non-registered shareholders of the Company wish to change their elected means of receipt and/or language of all future corporate communications of the Company, they may at any time notify the Company by prior notice of at least seven days in writing to the Branch Share Registrar at the address stated above or by e-mail to itcproperties-ecom@hk.tricorglobal.com or by completing and returning the change request form.

SHAREHOLDER ENQUIRIES

E-mail : info@itcproperties.com

Telephone : (852) 2831 8138

Fax : (852) 2858 2697

FINANCIAL HIGHLIGHTS

Six months ended 30 September
2022 2021

HK\$'million

Revenue

Per condensed consolidated statement of profit or loss
Property income and hotel revenue
– share of associates and joint ventures
– by way of partial disposal of interest in an associate

76 274

760 1,735

– 274

836 2,283

Profit for the period attributable to owners of the Company

125 559

HK cents

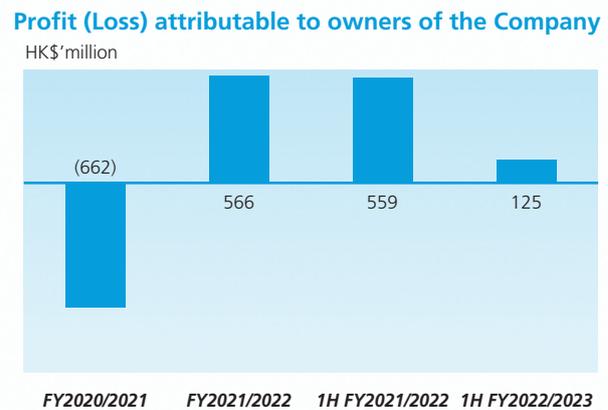
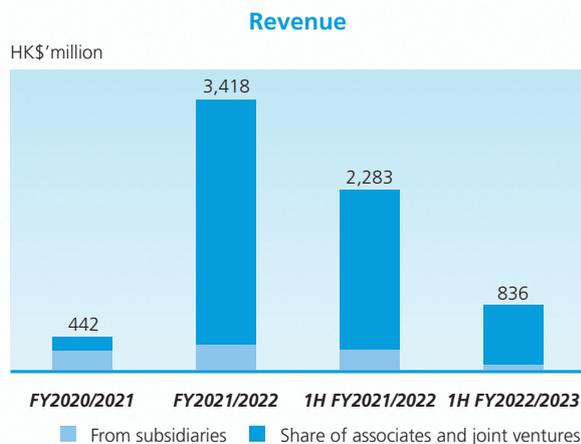
Basic earnings per Share

13 58

HK cents

Interim dividend per Share

– 10



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Under the continuing impacts of the COVID-19 pandemic and the environment with high interest rates and high inflation, the Group has inevitably continued to face with challenging business environment. In response to such market situation, the Group has been reviewing its business model closely and adjusting its agility. As most of the sold flats of Hyde Park were handed over to the end buyers in previous years and only a few remaining flats and a commercial shop were handed over during the Period, the Group's revenue and gross profit for the Period decreased by 72.3% and 65.7% to HK\$76.0 million (30.9.2021: HK\$274.3 million) and HK\$7.6 million (30.9.2021: HK\$22.2 million) respectively.

In addition, due to the fifth wave of the COVID-19 pandemic, the property market in Macau has been further adversely impacted which in turn affected the sale performance of a residential project in Macau developed by an associate of the Group. Therefore, share of net losses from the Group's associates of HK\$10.3 million (30.9.2021: share of net profits of HK\$741.1 million) was recorded for the Period.

The COVID-19 pandemic has continuously exerted adverse impacts on the fair values of properties in Hong Kong. Accordingly, the Group recorded a decrease in fair value of its investment properties of HK\$24.1 million.

However, following the resumption of international travel, the tourism and hospitality industry in Canada is on the path of recovery. The fair value of The Westin Bayshore, a hotel property located in Canada and held by a joint venture of the Group, increased by HK\$149.9 million for the Period. As a result, the Group shared a reversal of impairment loss of its joint venture's hotel property of HK\$62.8 million for the Period. In addition, the Group recorded a share of profit of HK\$223.2 million derived from the disposal of Rosedale Hotel Kowloon, which was owned by a joint venture of the Group, for the Period. As such, the Group recorded share of net profits from the Group's joint ventures of HK\$257.9 million (30.9.2021: HK\$4.1 million) for the Period.

As a result, the Group recorded a net profit attributable to owners of the Company of HK\$125.5 million for the Period (30.9.2021: HK\$558.8 million).

The Board decided not to declare an interim dividend for the Period (2021: HK10 cents per Share).

Property

Segment loss for the Period of HK\$50.6 million was recorded, as compared to a profit of HK\$832.0 million for the last corresponding period.

Macau

Grand Oasis in Cotai South is a luxury residential project developed by an associate of the Group. Since the property market in Macau has been further adversely impacted by the fifth wave of the COVID-19 pandemic, the contribution from this project to the Group for the Period decreased to HK\$19.9 million (30.9.2021: HK\$756.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong

Hyde Park is a project with the Urban Renewal Authority and consists of 76 residential flats and a commercial shop. During the Period, the remaining residential flats and the commercial shop were handed over to the end buyers and accordingly, revenue of HK\$62.3 million was contributed to the Group for the Period (30.9.2021: HK\$256.0 million).

With respect to the Group's redevelopment project located in Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan, the property was demolished in August 2022. The Group has accepted most of the provisional basic terms for land exchange to residential and commercial land and is waiting for land premium assessment from the Lands Department.

The project at No. 23 Po Shan Road, Mid-levels is a deluxe residential project for sale. Its occupation permit was issued in September 2022. It is expected that the project will be launched for sale in 2023.

PRC

Dabiao International Centre is a composite tower, comprising a commercial podium, offices and a hotel, situated in Guangzhou City and conveniently connected to the Changgang Metro Station. Its occupancy rate decreased to approximately 70% (30.9.2021: over 90%) due to the intermittent disruption of the COVID-19 pandemic.

Overseas

London, United Kingdom

The project at Greycoat Place is being redeveloped into a mixed residential and commercial tower. Due to the impact of the COVID-19 pandemic, its superstructure works have been delayed and are expected to be completed in the first half of 2023.

Vancouver, Canada

The property market in Vancouver was strong with sharp price increase during the Period. The residential redevelopment project at Alberni Street is in the course of obtaining the development and building permits from the local authority.

Hotel and Leisure

The revenue from this segment for the Period was solely derived from the hotel management fee received by the Group and amounted to HK\$0.5 million (30.9.2021: HK\$0.4 million).

Segment profit of HK\$250.0 million (30.9.2021: loss of HK\$54.9 million) was recorded for the Period, which was mainly attributable to share of the reversal of impairment loss of a joint venture's hotel property in Canada of HK\$62.8 million and share of profit of HK\$223.2 million derived from the disposal of Rosedale Hotel Kowloon which was owned by a joint venture of the Group.

Due to the encouraging signs of recovery in the tourism and hospitality industry in Canada as mentioned above, the performance of The Westin Bayshore in Vancouver has been improved and the hotel recorded a profit for the Period while a loss was recorded in last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Outlined below is a summary of the Group's interests in properties which are significant to the operations of the Group as at the date of this report:

Location	Usage	Group's interests (%)	Attributable gross floor area ⁽¹⁾ (sq. ft.)
Macau			
One Oasis, Sky Oasis and Grand Oasis situated at Estrada de Seac Pai Van, Coloane	Residential/Commercial	35.5	371,000
Sub-total			371,000
Hong Kong			
Premises situated at 30/F., Bank of America Tower, No. 12 Harcourt Road, Central	Office	100	13,800
250 Hennessy situated at No. 250 Hennessy Road, Wanchai	Office/Car parks	100	55,600
Redevelopment project situated at Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan	Residential/Commercial	72	58,900 ⁽²⁾
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	20	16,000
Sub-total			144,300
PRC			
Land situated at the Yazhou Bay Science and Technology City, Sanya City, Hainan Province	Hotel	100	886,000
Portions of Dabiao International Centre situated at No. 362 Jiangnan Avenue South and No. 238 Changgang Zhong Road, Haizhu District, Guangzhou City	Commercial/Office/Hotel/Car parks	45	282,600
Renaissance Shanghai Caohejing Hotel situated at No. 397 Tianlin Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai	Hotel	24.5	170,000
Sub-total			1,338,600

MANAGEMENT DISCUSSION AND ANALYSIS

Location	Usage	Group's interests (%)	Attributable gross floor area ⁽¹⁾ (sq. ft.)
Overseas			
Townsend House situated at Greycoat Place, London, United Kingdom	Residential/Commercial	90.1	39,000
The Westin Bayshore situated at 1601 Bayshore Drive, Vancouver, British Columbia, Canada	Hotel/Conference/ Ancillary uses	50	224,500
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street and 740 Nicola Street, Vancouver, British Columbia, Canada	Residential/Commercial	28	171,200
Sub-total			434,700
Total			2,288,600

Notes:

- (1) This represented the area under the existing use.
 (2) This represented the area under the provisional basic terms for land exchange to residential and commercial land.

Securities Investments

With downturn in Hong Kong stock market, segment loss from securities investments of HK\$19.8 million was recorded for the Period (30.9.2021: HK\$2.3 million). Such loss represented the unrealised loss arising from the drop in market prices and the loss on disposal of listed securities.

As at 30 September 2022, the Group had equity and fund investments in aggregate of HK\$110.6 million, 89.5% being unlisted securities and funds denominated in United States dollars and the remaining 10.5% being listed securities denominated in Hong Kong dollars.

Finance

As at 30 September 2022, other loan receivables of the Group amounted to HK\$208.0 million (31.3.2022: HK\$166.5 million).

For the Period, the Group saw a segment profit from finance of HK\$3.4 million (30.9.2021: HK\$39.9 million), which was mainly attributable to an interest income of HK\$5.6 million (30.9.2021: HK\$8.5 million) and a loss allowance for expected credit loss of HK\$1.8 million (30.9.2021: reversal of loss allowance of HK\$31.0 million) on loan receivables (together with the outstanding interest accrued thereon) in accordance with the accounting policies adopted by the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group maintains a prudent funding and treasury policy with regard to its overall business operations. A variety of credit facilities are maintained to satisfy the commitments and working capital requirements of the Group.

As at 30 September 2022, the Group had total bank borrowings of HK\$1,418.7 million. After netting off bank balances and cash of HK\$307.2 million and comparing with the shareholders' funds of the Group of HK\$3,846.3 million, the Group's net gearing ratio as at 30 September 2022 was 0.29 (31.3.2022: 0.29). All of the bank borrowings are subject to floating interest rates. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments as and when appropriate.

As at 30 September 2022, the Group had unused banking facilities of HK\$188.1 million which could be utilised to finance the construction of properties and the working capital of the Group. During the Period, bank borrowings of HK\$41.8 million were drawn down to finance the redevelopment project in the United Kingdom. An aggregate amount of HK\$124.0 million of the Group's borrowings will be due for repayment in the coming twelve months in accordance with the repayment schedules and an aggregate amount of HK\$818.2 million was classified as current liability since the lenders have the rights to demand immediate repayment. The Group will continue to closely monitor its liquidity and working capital requirements to ensure appropriate financing arrangements are made when necessary.

For overseas subsidiaries, associates, joint ventures and other investments with cash flows denominated in foreign currencies, the Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in the same currencies. In this respect, the borrowings of the Group and its associates and joint ventures, to which the Group has provided guarantees, are denominated in Hong Kong dollars, Canadian dollars and Pound Sterling. For the Period, an unrealised loss on exchange differences of HK\$165.3 million was debited as other comprehensive expense, mainly arising from translations of operations in Canada, the United Kingdom and the PRC due to the depreciation of Canadian dollars, Pound Sterling and Renminbi. A majority of the Group's cash and cash equivalents are denominated in Hong Kong dollars and Canadian dollars while the Group's other assets and liabilities are denominated in Hong Kong dollars, Renminbi, Macau Pataca, Pound Sterling, United States dollars and Canadian dollars. Though no hedging instruments have been engaged, the Group will closely monitor its foreign exchange risk exposure.

Pledge of Assets

As at 30 September 2022, the Group's general credit facilities granted by banks were secured by pledges of the Group's investment properties of HK\$603.0 million, property, plant and equipment of HK\$490.5 million, stock of properties of HK\$342.1 million and interests in associates of HK\$1,422.6 million.

Contingent Liabilities

As at 30 September 2022, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK\$535.9 million (31.3.2022: HK\$583.2 million), HK\$41.9 million (31.3.2022: HK\$41.9 million) and HK\$224.9 million (31.3.2022: HK\$245.5 million) in respect of the banking facilities granted to three joint ventures (which are owned as to 50%, 50% and 28% by the Group respectively) with the outstanding amounts attributable to the Group's interests of HK\$516.2 million (31.3.2022: HK\$563.7 million), HK\$41.9 million (31.3.2022: HK\$41.9 million) and HK\$138.0 million (31.3.2022: HK\$150.7 million); and (ii) HK\$282.9 million (31.3.2022: HK\$282.9 million) in respect of the banking facilities granted to an associate (which was owned as to 20% by the Group) with the outstanding amount attributable to the Group's interest of HK\$247.2 million (31.3.2022: HK\$228.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

With the increasing vaccination rates in various places around the world, the resumption of international travel and the relaxation of quarantine requirements, it is anticipated that the impacts of the COVID-19 pandemic on the global economy will gradually be diminishing. However, we expect that under the continuing COVID-19 pandemic, the environment with high inflation rate and high interest rates and the impending global recession, the market will continue to be challenging. Therefore, the Group will continue to adopt a cautious approach in reviewing its business strategies, to review its business model and to improve the efficiency and effectiveness of its business operations. We will focus on the sale of the remaining units in Sky Oasis and Grand Oasis in Macau and other redevelopment projects in order to secure the revenue for the coming few years. In addition to stepping our existing businesses further to the PRC, Macau, Canada and the United Kingdom, we will keep on improving earnings and enhancing the value of the Shareholders by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the total number of employees of the Group was 150 (31.3.2022: 243). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage, share options and retirement schemes.

MOVEMENT IN ISSUED SHARES

During the Period, the Company cancelled a total of 29,375,000 Shares which were repurchased during the Period. As at 30 September 2022, there were 930,800,410 Shares in issue.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2022, the interests and short positions of the Directors and chief executive of the Company and/or their respective close associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

The Company

Name of Director	Number of Shares held	Number of underlying shares held (Note 2)	Total	Percentage (Note 4)
Mr. Cheung Hon Kit ("Mr. HK Cheung")	48,800,000	2,600,000	51,400,000	5.52%
Dr. Chan Kwok Keung, Charles ("Dr. Charles Chan")	518,948,012 (Note 3)	–	518,948,012	55.75%
Mr. Chan Yiu Lun, Alan ("Mr. Alan Chan")	4,075,781	1,000,000	5,075,781	0.54%
Ms. Lam Sau Fung ("Ms. SF Lam")	–	1,200,000	1,200,000	0.12%
Ms. Chau Mei Wah ("Ms. Rosanna Chau")	11,952,564	–	11,952,564	1.28%
Hon. Shek Lai Him, Abraham, GBS, JP ("Mr. Abraham Shek")	322,347	500,000	822,347	0.08%
Mr. Chan Pak Cheong Afonso ("Mr. Afonso Chan")	–	300,000	300,000	0.03%
Mr. Ip Hon Wah ("Mr. HW Ip")	–	300,000	300,000	0.03%

Notes:

- Except Dr. Charles Chan, all the Directors were the beneficial owners having personal interests in the Shares and underlying shares of the Company disclosed above. All the interests disclosed above were long positions.
- This represented the aggregate number of share options granted to the Director by the Company (being regarded as unlisted physically settled equity derivatives) under the New Share Option Scheme. Details of the share options are disclosed in the section headed "Share Option Schemes" below.
- By virtue of Part XV of the SFO, Dr. Charles Chan was interested in and deemed to be interested in a total of 518,948,012 Shares as follows:
 - he was the beneficial owner having personal interests in 191,588,814 Shares;
 - he was deemed to have corporate interests in 76,186,279 Shares which were owned by the companies wholly owned by him; and
 - he was deemed to have family interests in 251,172,919 Shares which were owned by the companies wholly owned by his spouse, Ms. Ng Yuen Lan, Macy ("Ms. Macy Ng").

Details of (ii) and (iii) above are disclosed in the section headed "Interests of Substantial Shareholders and Other Persons".

- This represented the approximate percentage of the total number of issued Shares as at 30 September 2022.

Save as disclosed above, as at 30 September 2022, none of the Directors or chief executive of the Company and/or their respective close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

On 10 September 2021, the New Share Option Scheme was approved and adopted by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 September 2021 to 9 September 2031.

Upon the adoption of the New Share Option Scheme, the 2012 Share Option Scheme, which was adopted on 17 August 2012, was terminated and ceased to have any further effect with effect from 10 September 2021 save and except that the 2012 Share Option Scheme remained in force to the extent necessary to give effect to the exercise of the share options granted thereunder prior to the termination thereof. On 4 April 2022, all the outstanding share options granted under the 2012 Share Option Scheme lapsed.

The primary purpose of the 2012 Share Option Scheme and the New Share Option Scheme is to retain, reward, motivate and give incentives to eligible persons.

(I) 2012 Share Option Scheme

On 17 October 2013, the Company granted the first lot of a total of 20,800,000 share options under the 2012 Share Option Scheme with the exercise period from 17 October 2014 to 16 October 2017. All the outstanding share options lapsed on 17 October 2017.

On 4 April 2018, the Company granted the second lot of a total of 27,020,000 share options under the 2012 Share Option Scheme with an exercise price of HK\$2.57 per share option. The period during which these share options could be exercised was from 4 April 2019 to 3 April 2022, provided that up to a maximum of 50% of the share options were exercisable during the second-year period commencing from 4 April 2019 to 3 April 2020 (both dates inclusive) and the balance of the share options not yet exercised were exercisable during the period commencing from 4 April 2020 to 3 April 2022 (both dates inclusive) pursuant to the 2012 Share Option Scheme. The vesting period of the share options was from the date of the grant until the commencement of the exercise period.

OTHER INFORMATION

The movements of the aforesaid share options during the Period were as follows:

Category and name of participant	Number of share options under the 2012 Share Option Scheme				
	Outstanding as at 1 April 2022	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period	Outstanding as at 30 September 2022
Directors					
Mr. HK Cheung	7,000,000	–	–	(7,000,000)	N/A
Mr. Alan Chan (Note 1)	1,500,000	–	–	(1,500,000)	N/A
Ms. Rosanna Chau	1,500,000	–	–	(1,500,000)	N/A
Mr. Abraham Shek	500,000	–	–	(500,000)	N/A
Mr. Afonso Chan	300,000	–	–	(300,000)	N/A
Sub-total	10,800,000	–	–	(10,800,000)	N/A
Employees (Note 2)	4,680,000	–	–	(4,680,000)	N/A
Other participants (Note 3)	5,300,000	–	–	(5,300,000)	N/A
Total	20,780,000	–	–	(20,780,000) (Note 4)	N/A

Notes:

- Mr. Alan Chan is also an associate (as defined in the Listing Rules) of the substantial shareholders of the Company.
- These share options included share options held by former employees pursuant to the 2012 Share Option Scheme.
- These other participants are:
 - consultants of the Group, who held an aggregate of 1,800,000 outstanding share options under the 2012 Share Option Scheme;
 - Mr. Cheung Chi Kit ("Mr. CK Cheung"), a former Director, who still held 2,000,000 outstanding share options pursuant to the 2012 Share Option Scheme; and
 - Mr. Wong Lai Shun, Benny ("Mr. Benny Wong"), a former Director and a former consultant (hotel division) of the Group (from 1 January 2022 to 30 June 2022), who held 1,500,000 outstanding share options under the 2012 Share Option Scheme.
- On 4 April 2022, all the outstanding share options lapsed following the expiry of the exercise period mentioned above.

(II) New Share Option Scheme

On 28 September 2021, the Company granted share options, of which a total of 16,320,000 share options were duly accepted by the grantees, under the New Share Option Scheme with an exercise price of HK\$1.03 per share option. The period during which these share options can be exercised is from 1 April 2022 to 30 September 2025 (both dates inclusive), provided that 25% of the share options shall be exercisable during each of the periods (i) from 1 April 2022 to 30 September 2025 (both dates inclusive), (ii) from 1 October 2022 to 30 September 2025 (both dates inclusive), (iii) from 1 April 2023 to 30 September 2025 (both dates inclusive), and (iv) from 1 October 2023 to 30 September 2025 (both dates inclusive) pursuant to the New Share Option Scheme. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

The movements of the aforesaid share options during the Period were as follows:

Category and name of participant	Number of share options under the New Share Option Scheme				
	Outstanding as at 1 April 2022	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period	Outstanding as at 30 September 2022
Directors					
Mr. HK Cheung	2,600,000	–	–	–	2,600,000
Mr. Alan Chan (Note 1)	1,000,000	–	–	–	1,000,000
Ms. SF Lam	1,200,000	–	–	–	1,200,000
Mr. Abraham Shek	500,000	–	–	–	500,000
Mr. Afonso Chan	300,000	–	–	–	300,000
Mr. HW Ip	300,000	–	–	–	300,000
Sub-total	5,900,000	–	–	–	5,900,000
Employees (Note 2)	6,820,000	–	–	(780,000)	6,040,000
Other participants	3,600,000 (Note 3)	–	–	(1,500,000) (Note 3(iii))	2,100,000
Total	16,320,000	–	–	(2,280,000)	14,040,000

Notes:

1. Mr. Alan Chan is also an associate (as defined in the Listing Rules) of the substantial shareholders of the Company.
2. These share options included share options held by former employees pursuant to the New Share Option Scheme.
3. These other participants are:
 - (i) a consultant of the Group, who held 800,000 outstanding share options under the New Share Option Scheme;
 - (ii) a senior executive of a principal associate of the Company, who held 300,000 outstanding share options under the New Share Option Scheme;
 - (iii) Mr. CK Cheung, a former Director, who as at 1 April 2022 still held 1,500,000 outstanding share options pursuant to the New Share Option Scheme and such share options eventually lapsed during the Period; and
 - (iv) Mr. Benny Wong, a former Director and a former consultant (hotel division) of the Group (from 1 January 2022 to 30 June 2022), who held 1,000,000 outstanding share options pursuant to the New Share Option Scheme.

Save as disclosed above, there were no share options granted, exercised, cancelled or lapsed under both the 2012 Share Option Scheme and the New Share Option Scheme during the Period.

OTHER INFORMATION

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 September 2022, so far as being known to the Directors or chief executive of the Company, the interests and short positions of the substantial shareholders or other persons of the Company (other than the Directors or chief executive of the Company) in the Shares and underlying shares of the Company, which have been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name	Nature of interests	Capacity	Number of Shares held	Percentage (Note 2)
(I) Substantial shareholders				
Ms. Macy Ng	Corporate interests	Interest of controlled corporation	251,172,919	26.98%
	Family interests	Interest of spouse	<u>267,775,093</u>	<u>28.77%</u>
			518,948,012 (Note 3)	55.75%
Record High Enterprises Limited ("Record High")	Corporate interests	Interest of controlled corporation	251,172,919 (Note 3)	26.98%
Fortune Crystal Holdings Limited ("Fortune Crystal")	Personal interests	Beneficial owner	251,172,919 (Note 3)	26.98%
(II) Other persons				
ITC Holdings Limited ("ITC Holdings")	Corporate interests	Interest of controlled corporation	76,186,279 (Note 4)	8.18%
Galaxyway Investments Limited ("Galaxyway")	Personal interests	Beneficial owner	76,186,279 (Note 4)	8.18%

Notes:

- All the interests in the Shares disclosed above were long positions. Also, no underlying shares of the Company were held by the substantial shareholders and other persons of the Company stated above.
- This represented the approximate percentage of the total number of issued Shares as at 30 September 2022.
- Fortune Crystal owned 251,172,919 Shares and was a wholly-owned subsidiary of Record High which in turn was wholly owned by Ms. Macy Ng. As such, Record High and Ms. Macy Ng were deemed to be interested in the 251,172,919 Shares owned by Fortune Crystal by virtue of Part XV of the SFO.

In addition, Ms. Macy Ng was deemed to be interested in the 76,186,279 Shares owned by Galaxyway set out in Note 4 below and the 191,588,814 Shares beneficially owned by Dr. Charles Chan, an executive Director and Joint Vice Chairman of the Company, by virtue of her being the spouse of Dr. Charles Chan for the purpose of Part XV of the SFO.

Accordingly, Ms. Macy Ng was deemed to be interested in a total of 518,948,012 Shares by virtue of Part XV of the SFO.

- Galaxyway owned 76,186,279 Shares and was a wholly-owned subsidiary of ITC Holdings which in turn was wholly owned by Dr. Charles Chan. As such, ITC Holdings and Dr. Charles Chan were deemed to be interested in the 76,186,279 Shares owned by Galaxyway by virtue of Part XV of the SFO.

Save as disclosed above, as at 30 September 2022, the Company had not been notified of any other interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to 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 pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, a total of 31,875,000 Shares were repurchased at an aggregate consideration (excluding expenses) of HK\$32,205,010.0 on the Stock Exchange. All such repurchased Shares have been cancelled.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

REVIEW OF INTERIM RESULTS

The interim results for the Period are unaudited, but have been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. Also, the audit committee of the Company has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the interim results for the Period.

COMPLIANCE WITH CG CODE

The Company is committed to maintaining high standard of corporate governance practices and procedures and complying with the statutory and regulatory requirements with an aim to maximising the values and interests of the Shareholders as well as enhancing the transparency and accountability to the stakeholders.

Throughout the Period, the Company has complied with all the code provisions of the CG Code and applied the principles contained therein, except that the role of the "chief executive" is vacant. The responsibilities for the operations and business development of the Group are shared by the executive Directors. The Board is of the view that as there is a clear division of responsibilities amongst the executive Directors, the current structure has also been effective in facilitating the operations and business development of the Group and enabling the Board to discharge its responsibilities satisfactorily. In addition, three independent non-executive Directors have contributed valuable views and proposals independently for the Board's deliberation and decisions.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as its own code of conduct for Directors in their dealings in the securities of the Company. In response to specific enquiries made by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

OTHER INFORMATION

CHANGES IN INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information on the Directors since the date of the 2021-2022 annual report of the Company and up to the date of this report were set out below:

- (i) There were changes to the directorships of each of Mr. HK Cheung, Dr. Charles Chan, Mr. Alan Chan, Ms. SF Lam and Ms. Rosanna Chau in certain members of the Group.
- (ii) Ms. Rosanna Chau retired as a director of Burcon NutraScience Corporation, whose issued shares are listed on the Toronto Stock Exchange and the Frankfurt Stock Exchange, at the conclusion of its annual general meeting held on 23 November 2022.

Save as disclosed above, there are no other changes in information on the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

On behalf of the Board

Cheung Hon Kit

Chairman

Hong Kong, 25 November 2022

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF ITC PROPERTIES GROUP LIMITED

德祥地產集團有限公司

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of ITC Properties Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 20 to 55, which comprise the condensed consolidated statement of financial position as of 30 September 2022 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 November 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022

	NOTES	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	76,000	274,341
Hotel management income		498	356
Property income		69,882	265,446
		70,380	265,802
Direct cost for hotel management income and property income		(62,756)	(243,586)
Gross profit for hotel management income and property income		7,624	22,216
Interest revenue from loan financing		5,620	8,539
Net fair value loss on financial instruments	4	(18,799)	(1,803)
Other income, gains and losses		5,242	(8,478)
Loss recognised in respect of deposits paid for acquisition of an associate	13	–	(159,000)
(Recognition) reversal of impairment losses under expected credit loss model, net	21	(1,822)	30,988
Decrease in fair value of investment properties	10	(24,096)	–
Gain on partial disposal of interest in an associate	13	–	70,000
Selling and marketing expenses		(126)	(1,383)
Administrative and general expenses		(87,644)	(101,473)
Finance costs	5	(16,343)	(44,539)
Share of results of associates		(10,294)	741,144
Share of results of joint ventures		257,870	4,073
Profit before taxation		117,232	560,284
Taxation	6	(84)	(1,277)
Profit for the period	7	117,148	559,007
Profit (loss) for the period attributable to:			
Owners of the Company		125,499	558,786
Non-controlling interests		(8,351)	221
		117,148	559,007
Earnings per share	9		
– Basic (HK dollar)		0.13	0.58
– Diluted (HK dollar)		0.13	0.58

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the period	117,148	559,007
Other comprehensive (expense) income		
Item that will not be reclassified to profit or loss:		
Loss on fair value changes of financial assets designated as at fair value through other comprehensive income ("FVTOCI")	(340)	(7,580)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	(165,314)	2,336
Share of translation reserve of associates and joint ventures	(53,910)	6,507
Other comprehensive (expense) income for the period	(219,564)	1,263
Total comprehensive (expense) income for the period	(102,416)	560,270
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(68,376)	556,192
Non-controlling interests	(34,040)	4,078
	(102,416)	560,270

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	NOTES	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		505,176	518,800
Investment properties	10	603,000	625,000
Equity and fund investments	11	35,449	113,423
Interests in joint ventures	12	453,355	450,922
Amounts due from joint ventures	12	849,608	951,210
Interests in associates	13	1,901,070	1,926,296
Amounts due from associates	13	2,827	103
Other loan receivables	14	47,459	–
Other non-current assets		111,881	111,934
		4,509,825	4,697,688
Current assets			
Deposits paid for acquisition of leasehold land		344,146	378,831
Stock of properties	15	951,830	1,009,719
Other loan receivables	14	160,589	166,512
Debtors, deposits and prepayments	16	132,270	133,216
Equity and fund investments	11	75,104	40,168
Bank balances and cash		307,188	283,962
		1,971,127	2,012,408
Current liabilities			
Creditors, deposits and accrued charges	17	232,717	245,119
Amounts due to joint ventures	12	13,298	11,173
Amount due to an associate	13	602,776	602,848
Tax payables		186,141	190,329
Lease liabilities		3,710	4,888
Bank borrowings	18	942,266	840,643
		1,980,908	1,895,000
Net current (liabilities) assets		(9,781)	117,408
Total assets less current liabilities		4,500,044	4,815,096

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

	NOTES	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		884	2,925
Bank borrowings	18	476,433	607,402
		477,317	610,327
		4,022,727	4,204,769
Capital and reserves			
Share capital	19	9,308	9,602
Reserves		3,837,022	3,984,730
Equity attributable to owners of the Company		3,846,330	3,994,332
Non-controlling interests		176,397	210,437
		4,022,727	4,204,769

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Contributed surplus HK\$'000 (note i)	Capital redemption reserve HK\$'000	Share-based payment reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserve HK\$'000	Special reserve HK\$'000 (note ii)	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 April 2021 (audited)	9,602	3,373,997	-	113,020	9,369	4,056	(296,945)	3,348	(8,908)	10,020	273,587	3,491,146	1,305	3,492,451
Profit for the period	-	-	-	-	-	-	-	-	-	-	558,786	558,786	221	559,007
Loss on fair value changes of financial assets designated as at FVTOCI	-	-	-	-	-	-	(7,580)	-	-	-	-	(7,580)	-	(7,580)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(1,521)	-	(1,521)	3,857	2,336
Share of translation reserve of associates and joint ventures	-	-	-	-	-	-	-	-	-	6,507	-	6,507	-	6,507
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(7,580)	-	-	4,986	558,786	556,192	4,078	560,270
Recognition of equity-settled share-based payments (Note 20)	-	-	-	-	-	19	-	-	-	-	-	19	-	19
Transfer on lapse of share options	-	-	-	-	-	(48)	-	-	-	-	48	-	-	-
Acquisition of a subsidiary (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	227,774	227,774
At 30 September 2021 (unaudited)	9,602	3,373,997	-	113,020	9,369	4,027	(304,525)	3,348	(8,908)	15,006	832,421	4,047,357	233,157	4,280,514
At 1 April 2022 (audited)	9,602	3,373,997	-	113,020	9,369	4,425	(303,615)	3,348	(8,908)	48,560	744,534	3,994,332	210,437	4,204,769
Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	125,499	125,499	(8,351)	117,148
Loss on fair value changes of financial assets designated as at FVTOCI	-	-	-	-	-	-	(340)	-	-	-	-	(340)	-	(340)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(139,625)	-	(139,625)	(25,689)	(165,314)
Share of translation reserve of associates and joint ventures	-	-	-	-	-	-	-	-	-	(53,910)	-	(53,910)	-	(53,910)
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(340)	-	-	(193,535)	125,499	(68,376)	(34,040)	(102,416)
Recognition of equity-settled share-based payments (Note 20)	-	-	-	-	-	532	-	-	-	-	-	532	-	532
Transfer on lapse of share options	-	-	-	-	-	(3,420)	-	-	-	-	3,420	-	-	-
Repurchase of shares (Note 19)	(294)	(29,570)	(2,435)	-	294	-	-	-	-	-	(294)	(32,299)	-	(32,299)
Dividends recognised as distribution (Note 8)	-	-	-	-	-	-	-	-	-	-	(47,859)	(47,859)	-	(47,859)
At 30 September 2022 (unaudited)	9,308	3,344,427	(2,435)	113,020	9,663	1,537	(303,955)	3,348	(8,908)	(144,975)	825,300	3,846,330	176,397	4,022,727

Notes:

- (i) The contributed surplus of ITC Properties Group Limited (the "Company") and its subsidiaries (collectively the "Group") represents the credit arising from capital reduction pursuant to the capital reorganisation on 13 March 2010.
- (ii) Special reserve of the Group represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal amount of the share capital of the Company issued as consideration under the group reorganisation in prior years.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	NOTES	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit before taxation		117,232	560,284
Adjustments for:			
Decrease in fair value of investment properties		24,096	–
Depreciation of property, plant and equipment		13,747	14,257
Finance costs		16,343	44,539
Share of results of associates		10,294	(741,144)
Share of results of joint ventures		(257,870)	(4,073)
Other adjustments		(275)	54,822
Operating cash flows before movements in working capital		(76,433)	(71,315)
Increase in other loan receivables		(47,500)	–
Movements in other working capital items		(16,154)	184,749
Cash (used in) generated from operations		(140,087)	113,434
Interest received		–	8,716
Income tax paid		(5,948)	–
Net cash (used in) generated from operating activities		(146,035)	122,150
Net cash generated from investing activities			
Dividend received from a joint venture		220,000	–
Repayment from joint ventures		45,758	–
Disposal of equity and fund investments		27,464	–
Proceeds from redemption of an unlisted investment fund		6,889	1,400
Interest received		477	204
Partial disposal of interest in an associate	13	–	274,348
Proceeds from settlement of consideration receivable for disposal from a joint venture		–	31,586
Advances to joint ventures		(17,139)	(25,005)
Advances to associates		(2,724)	–
Additions to investment properties		(2,096)	–
Investments in joint ventures		(1,496)	(1,106)
Purchase of property, plant and equipment		(890)	(631)
Investment in an associate		–	(2,000)
Acquisition of investment in an associate	13	–	(25,000)
Acquisition of additional interest in a joint venture which became a subsidiary	12	–	(109,997)
		276,243	143,799

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2022

	NOTES	Six months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash (used in) generated from financing activities			
New bank borrowings raised	18	41,848	637,333
Advances from non-controlling interests		2,940	15,404
Advance from a joint venture		2,125	–
Advance from an associate		–	709,427
Repurchase of loan notes		–	(21,333)
Repayment of bank borrowings	18	(53,071)	(384,255)
Dividends paid	8	(47,859)	–
Repurchase of shares		(32,299)	–
Interest paid		(16,508)	(47,436)
Repayment of lease liabilities, including related interests		(2,727)	(3,196)
Repayment to an associate		(72)	–
		(105,623)	905,944
Net increase in cash and cash equivalents		24,585	1,171,893
Cash and cash equivalents at the beginning of the period		283,962	298,322
Effect of foreign exchange rate changes		(1,359)	(155)
Cash and cash equivalents at the end of the period, represented by bank balances and cash		307,188	1,470,060

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In preparing the condensed consolidated financial statements, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and financial position of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$9,781,000 as at 30 September 2022.

In view of the above circumstances, the Directors have given careful consideration to future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plan and measure have been taken by the Directors to mitigate the liquidity position of the Group and to improve the financial position of the Group, and the plan and measure include the following:

Utilisation of the existing available banking facilities of the Group

The Group has planned to maximise the use of its existing available banking facilities, including construction loans for financing its property development projects and a term loan for maintaining its business operation.

The Directors are of the opinion that, taking into account the above-mentioned plan and measure, the Group will have sufficient working capital to meet its financial obligations as they fall due within twelve months from the date of approval of the condensed consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 April 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. SEGMENT INFORMATION

Disaggregation of revenue

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from contracts with customers:		
<i>Property</i>		
Revenue from building management fee income		
– recognised over time	261	246
Revenue from properties commission income		
– recognised at a point of time	1,835	2,176
Revenue from sales of properties		
– recognised at a point of time	62,257	256,020
<i>Hotel and leisure</i>		
Revenue from hotel management service		
– recognised over time	498	356
	64,851	258,798
Revenue from other sources:		
Leases	5,529	7,004
Interest revenue from loan financing	5,620	8,539
	11,149	15,543
Total revenue	76,000	274,341

The segment information reported externally was analysed on the basis of the goods and services delivered or provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive Directors, the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of performance. It is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

The Group's reportable and operating segments are as follows:

Property	–	development of, selling of and investment in properties
Hotel and leisure	–	investment in and management of hotels and resorts
Securities investments	–	trading and investment of securities
Finance	–	provision of loan financing services

Information regarding these segments is reported below:

For the six months ended 30 September 2022 (unaudited)

	Segment revenue <i>HK\$'000</i> (note (a))	Operating (loss) profit <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Share of results of joint ventures <i>HK\$'000</i>	Finance costs <i>HK\$'000</i>	Segment results: (loss) profit before taxation <i>HK\$'000</i> (note (b))
Property (note (c))	69,882	(40,389)	19,007	(19,608)	(9,577)	(50,567)
Hotel and leisure (note (d))	498	(5,721)	(29,301)	284,992	(7)	249,963
Securities investments	–	(19,824)	–	–	–	(19,824)
Finance	5,620	3,420	–	–	–	3,420
SEGMENT TOTAL	76,000	(62,514)	(10,294)	265,384	(9,584)	182,992
Unallocated	–	(51,487)	–	(7,514)	(6,759)	(65,760)
GROUP TOTAL	76,000	(114,001)	(10,294)	257,870	(16,343)	117,232

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

For the six months ended 30 September 2021 (unaudited)

	Segment revenue HK\$'000 (note (a))	Operating (loss) profit HK\$'000	Gain on partial disposal of interest in an associate HK\$'000	Share of results of associates HK\$'000	Share of results of joint ventures HK\$'000	Finance costs HK\$'000	Segment results: profit (loss) before taxation HK\$'000 (note (b))
Property (note (c))	265,446	(25,061)	70,000	756,340	38,148	(7,459)	831,968
Hotel and leisure (note (d))	356	(11,307)	–	(15,196)	(28,355)	(3)	(54,861)
Securities investments	–	(2,276)	–	–	–	(50)	(2,326)
Finance	8,539	39,891	–	–	–	–	39,891
SEGMENT TOTAL	274,341	1,247	70,000	741,144	9,793	(7,512)	814,672
Unallocated	–	(211,641)	–	–	(5,720)	(37,027)	(254,388)
GROUP TOTAL	274,341	(210,394)	70,000	741,144	4,073	(44,539)	560,284

Notes:

- Segment revenue as set out above comprises income from leases, income from sales of properties, properties commission income, building management fee income, hotel management service income and loan financing income. All segment revenue is from external customers.
- The aggregate of the segment results as set out above comprises the profit (loss) before taxation from each segment without allocation of certain other income, gains and losses, certain administrative and general expenses, share of results of certain joint ventures, certain finance costs and loss recognised in respect of deposits paid for the acquisition of an associate.
- The segment revenue of property segment included income from leases, income from sales of properties, properties commission income and building management fee income. During the six months ended 30 September 2022, the segment result of property segment included decrease in fair value of investment properties of HK\$24,096,000 (six months ended 30 September 2021: nil).
- During the six month ended 30 September 2022, the segment result of hotel and leisure segment included share of gain on disposal of all equity interests in a subsidiary of a joint venture, which indirectly owned a hotel in Hong Kong, amounting to HK\$223,193,000 (six months ended 30 September 2021: nil), share of reversal of impairment loss of a property held by a joint venture amounting to HK\$62,808,000 (six months ended 30 September 2021: nil) and share of impairment loss of a property held by an associate amounting to HK\$8,251,000 (six months ended 30 September 2021: nil).

The CODM assesses the performance of the operating segments based on profit before taxation of the group entities engaged in the respective segment activities which represents the segment results. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	Segment assets		Segment liabilities	
	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Property	4,742,754	4,884,078	1,829,504	1,844,298
Hotel and leisure	1,032,794	1,107,870	129,127	126,857
Securities investments	110,553	153,591	476	476
Finance	236,420	190,220	24	24
Segment total	6,122,521	6,335,759	1,959,131	1,971,655
Unallocated:				
Bank balances and cash	307,188	283,962	–	–
Bank borrowings	–	–	476,339	508,045
Others	51,243	90,375	22,755	25,627
Total	6,480,952	6,710,096	2,458,225	2,505,327

For the purposes of monitoring segment performance and allocating resources among segments:

- all assets are allocated to operating segments other than certain property, plant and equipment, certain other non-current assets, certain debtors, deposits and prepayments of the corporate offices, interests in certain joint ventures, amounts due from certain joint ventures and bank balances and cash; and
- all liabilities, including tax payables, are allocated to operating segments other than certain lease liabilities, certain bank borrowings and certain creditors, deposits and accrued charges.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

4. NET FAIR VALUE LOSS ON FINANCIAL INSTRUMENTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net decrease in fair values of financial assets at fair value through profit or loss ("FVTPL")		
– held at the end of the reporting period	(8,391)	(1,292)
– disposed of during the period	(10,408)	(511)
	(18,799)	(1,803)

5. FINANCE COSTS

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Effective interest on loan notes	–	35,110
Interest on bank borrowings	18,547	11,783
Interest on lease liabilities	133	211
Total borrowing costs	18,680	47,104
Less: amounts capitalised in qualifying assets	(2,337)	(2,565)
	16,343	44,539

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

6. TAXATION

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax	(84)	(1,855)
Overprovision in prior years	–	578
	(84)	(1,277)

No provision for taxation in other jurisdictions has been made as there were no assessable profits for both periods.

7. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	13,747	14,257
Loss on disposal of property, plant and equipment	–	258
Gain on repurchase of loan notes	–	(391)
Bank interest income	(477)	(204)
Other interest income	(9,474)	(9,494)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

8. DISTRIBUTION

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Dividends recognised as distribution during the period:		
Second interim dividend, paid for the year ended 31 March 2022: HK5 cents (2021: nil) per share	47,859	–
Dividends in form of:		
– Cash	47,859	–
Dividend declared in respect of the period:		
Interim dividend declared for the period – Nil (2021: HK10 cents per share)	–	96,018

The Board decided not to declare an interim dividend for the six months ended 30 September 2022 (2021: HK10 cents per share).

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	125,499	558,786

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

9. EARNINGS PER SHARE (Continued)

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	954,068,847	960,175,410
Effect of dilutive potential ordinary share:		
Share options granted on 28 September 2021	4,980	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	954,073,827	960,175,410

The effect of the exercise of the Company's share options granted on 4 April 2018 was not taken into consideration for computing the diluted earnings per share for the six months ended 30 September 2022 as the exercise price of those share options was higher than the average market price for shares.

The effect of the exercise of the Company's share options granted on 4 April 2018 and 28 September 2021 was not taken into consideration for computing the diluted earnings per share for the six months ended 30 September 2021 as the exercise price of those share options was higher than the average market price for shares.

10. INVESTMENT PROPERTIES

The valuation for the investment properties has been arrived at on the basis of valuation carried out on the reporting dates by an independent firm of professional valuer. A decrease in fair value of investment properties of HK\$24,096,000 has been recognised in the condensed consolidated statement of profit or loss for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

The key inputs used in valuing the investment properties as at 30 September 2022 and 31 March 2022 are as follows:

Category	Fair value hierarchy	Fair value as at		Valuation techniques	Key unobservable inputs	Range	Relationship of unobservable inputs to fair value
		30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)				
Commercial properties in Hong Kong	Level 3	603,000	625,000	Direct Comparison Method based on comparable market transactions of similar properties with adjustments to reflect the conditions and locations of the subject properties	Price per square feet taking into account of conditions and locations of the subject properties	HK\$11,119 to HK\$17,974 (31 March 2022: HK\$11,245 to HK\$17,311)	The higher the adjusted price per square feet, the higher the fair value

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

11. EQUITY AND FUND INVESTMENTS

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Listed equity securities in Hong Kong	11,628	40,168
Unlisted equity securities in overseas	19,280	19,620
Unlisted investment funds in overseas	79,645	93,803
	110,553	153,591
Analysed as:		
Current	75,104	40,168
Non-current	35,449	113,423
	110,553	153,591
Classified as:		
FVTOCI	19,280	19,620
FVTPL	91,273	133,971
	110,553	153,591

The fair values of the listed securities are determined based on the closing prices quoted in active markets in Hong Kong except for the suspended listed securities as disclosed in Note 22. Details of fair value measurements of the unlisted equity securities and investment funds in overseas are set out in Note 22.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Cost of unlisted investment in joint ventures	1,234,306	1,271,266
Share of post-acquisition results and other comprehensive expense, net of dividend	(780,951)	(820,344)
	453,355	450,922
Amounts due from joint ventures at amortised cost (note (a))	840,127	943,470
Less: Allowance for credit loss	(11,022)	(11,022)
Less: Share of post-acquisition losses that are in excess of cost of investment	(1,260)	(2,620)
	827,845	929,828
Amounts due from joint ventures measured at FVTPL	244,527	240,741
Less: Share of post-acquisition losses that are in excess of cost of investment	(222,764)	(219,359)
	21,763	21,382
	849,608	951,210
Amounts due to joint ventures (note (b))	(13,298)	(11,173)

Notes:

- (a) The amounts were non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount of Canadian dollars ("CAD") 29,511,000 (equivalent to HK\$169,272,000) (31 March 2022: CAD28,582,000 (equivalent to HK\$179,010,000)) which carried at a fixed interest rate of 15% (31 March 2022: 15%) per annum, and would be repayable on 1 March 2024. The Directors are of the view that the Group will not demand for repayment within the next twelve months from the end of the current reporting period. Thus, the amounts are classified as non-current.
- (b) The amounts were non-trade in nature, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

During the six months ended 30 September 2021, the Group had capital injection in Bayshore Ventures JV Ltd. ("Bayshore") of CAD3,000,000 (equivalent to HK\$18,765,000) which was offset with the loan receivable of CAD2,826,000 (equivalent to HK\$17,677,000) and interest receivable of CAD174,000 (equivalent to HK\$1,088,000).

On 31 March 2022, the Group capitalised the amounts due from joint ventures of HK\$1,900,000 (30 September 2022: nil) as cost of investment in these joint ventures.

All of the Group's joint ventures are accounted for using equity method in these condensed consolidated financial statements. Details of the Group's material joint ventures at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ establishment	Class of shares/ capital held	Value of issued and fully paid share capital	Proportion of ownership interest held by the Group		Proportion of voting power held		Principal activity
				30.9.2022 %	31.3.2022 %	30.9.2022 %	31.3.2022 %	
1488 Alberni Development Holdings Limited Partnership ("1488 Alberni LPDH")	Canada	N/A	N/A	28	28	28 (note (a))	28 (note (a))	Property development
1488 Alberni Investment Limited Partnership ("1488 Alberni LPI")	Canada	N/A	N/A	28	28	28 (note (a))	28 (note (a))	Property development
Bayshore	British Virgin Islands ("BVI")	Ordinary	CAD125,200,000	50	50	50	50	Investment holding (note (b))
Guangzhou Jiang Nan Properties Ltd. ("Jiang Nan Properties") (notes (c) and (d))	People's Republic of China (the "PRC")	Registered capital	Renminbi 72,624,000	75	75	75	75	Property holding
More Star Limited ("More Star")	BVI	Ordinary	United States dollars ("US\$") 10	40	40	40	40	Investment holding (note (e))

Notes:

- (a) The Group is able to exercise joint control over the relevant activities of 1488 Alberni LPDH and 1488 Alberni LPI, being limited partnerships established in British Columbia, Canada, as the major decisions regarding the relevant activities of 1488 Alberni LPDH and 1488 Alberni LPI require unanimous consent of their respective shareholders according to the shareholders' agreements.
- (b) The principal activities of its subsidiaries are holding of a hotel property and hotel operation in Vancouver, Canada.
- (c) During the six months ended 30 September 2021, the Group acquired additional 18% equity interests in More Cash Limited ("More Cash"), which was 42% owned by the Group, at a consideration of HK\$110,000,000 (the "Acquisition"). The consideration was settled by cash. Upon completion of the Acquisition, the Group held 60% shareholding of More Cash and More Cash became a non-wholly owned subsidiary of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

12. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM (TO) JOINT VENTURES (Continued)

Notes: (Continued)

(c) (Continued)

More Cash is an investment holding company which holds 75% equity interests in Jiang Nan Properties.

Consideration transferred

	HK\$'000
Cash consideration	110,000
Fair value of existing 42% equity interests held by the Group	231,662
	<u>341,662</u>

Assets and liabilities recognised at the date of acquisition

	HK\$'000
Interest in a joint venture	161,039
Amount due from a joint venture	476,694
Bank balances	3
Trade and other payables	(300)
Amounts due to shareholders	<u>(68,000)</u>
Net identifiable assets acquired	569,436
Less: non-controlling interests	<u>(227,774)</u>
	<u>341,662</u>

Net cash outflows arising on the Acquisition

	HK\$'000
Consideration paid in cash	110,000
Less: bank balances acquired	<u>(3)</u>
	<u>109,997</u>

- (d) The principal activity of Jiang Nan Properties is holding of investment properties in Guangzhou City, the PRC. According to the shareholder agreement of Jiang Nan Properties dated on 11 April 2012, the board of directors of Jiang Nan Properties comprises four directors. Two of them were appointed by the wholly-owned subsidiary of More Cash and the other two were appointed by another joint venture partner and the major decisions regarding the relevant activities were decided by simple majority of directors' voting. Therefore, More Cash has no control over Jiang Nan Properties but has joint control over Jiang Nan Properties.
- (e) The principal activities of its subsidiaries are holding of a hotel property and hotel operation in Hong Kong. On 4 April 2022, More Star, a joint venture held as to 40% by the Group, entered into a conditional sale and purchase agreement with, amongst others, an independent third party in relation to the disposal of its entire interests in Fortress State International Limited (a then direct wholly-owned subsidiary of More Star), which owned Rosedale Hotel Kowloon, at an aggregate consideration of HK\$1,374.9 million. The disposal was completed on 2 June 2022, resulting in a share of gain on disposal attributable to the Group of HK\$223.2 million.

The above table lists the joint ventures of the Group which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Cost of investment in associates, unlisted	935,414	936,577
Share of post-acquisition results and other comprehensive income, net of dividend or other return	965,656	989,719
	1,901,070	1,926,296
Amounts due from associates (note (a))	2,827	103
Amount due to an associate (note (b))	(602,776)	(602,848)

Notes:

- (a) The amounts were non-trade in nature, unsecured, non-interest bearing and had no fixed repayment date. The management did not expect to receive the amounts within twelve months from the end of the reporting period.
- (b) The amount was unsecured and non-interest bearing and will be offset with the dividend to be distributed by the associate in the coming financial years.

All of the Group's associates are accounted for using the equity method in these condensed consolidated financial statements. Details of the Group's material associates at the end of the reporting period are as follows:

Name of entity	Place of incorporation/ establishment	Class of shares/ capital held	Nominal value of issued and fully paid share capital	Proportion of ownership interest held by the Group		Proportion of voting power held		Principal activity
				30.9.2022 %	31.3.2022 %	30.9.2022 %	31.3.2022 %	
Orient Town Limited ("Orient Town")	Hong Kong	Ordinary	HK\$700	45	45	45	45	Investment holding (note (a))
Empresa de Fomento Industrial e Comercial Concórdia, S.A. ("Concordia")	Macau	Quota capital (note (b))	Macau Patacas 100,000,000	8.7 (note (c))	8.7 (note (c))	8.7 (note (c))	8.7 (note (c))	Property development
Premier Maker Limited ("Premier Maker")	BVI	Ordinary	US\$100	49	49	49	49	Investment holding (note (d))
Rosedale Hotel Beijing Co., Ltd.	PRC	Registered capital	US\$86,000,000	20	20	20	20	Property holding in Beijing
True Fame Enterprises Limited ("True Fame")	BVI	Ordinary	US\$1,000	20	20	20	20	Investment holding (note (e))
Wealth Explorer Holdings Limited ("Wealth Explorer")	BVI	Ordinary	US\$1,000	40	40	40	40	Investment holding (note (e))

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

13. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) ASSOCIATES (Continued)

Notes:

- (a) The principal activities of its subsidiaries are mainly property development and property management in Macau.
- (b) Quota capital represents the Portuguese equivalence of registered capital as Portuguese is the official language of Macau.
- (c) As at 30 September 2022 and 31 March 2022, Orient Town held 59.5% effective interests in Concordia and a wholly-owned subsidiary of the Company held 8.7% direct interests in Concordia, thereby leading to the Group holding an effective equity interest of 35.5% in Concordia.
- (d) The principal activity of its subsidiary is holding 50% interests in a sino-foreign cooperative joint venture, which holds a hotel in Shanghai, the PRC. As at 31 March 2021, the Group's 19% interests in Premier Maker was accounted for as a financial asset at FVTPL and included in "Unlisted equity securities in overseas and the PRC". During the six months ended 30 September 2021, the Group acquired an additional 30% equity interests in Premier Maker at a consideration of HK\$95,000,000. Upon completion of the acquisition, the Group held 49% shareholding of Premier Maker which became an associate of the Group. The consideration was settled with other loan receivables of HK\$56,509,000, interest receivables of HK\$13,491,000 and cash of HK\$25,000,000.
- (e) During the six months ended 30 September 2021, a subsidiary of the Company and other shareholders of Wealth Explorer set up True Fame and Wealth Explorer disposed of the entire equity interest in Luck Champion International Limited ("Luck Champion"), which owns a wholly-owned subsidiary holding a property development project in Hong Kong, to True Fame (the "Restructuring"). After the Restructuring, the Group's effective interests in Luck Champion decreased from 40% to 20% as the Group disposed of 20% effective interests in Luck Champion to other shareholders of Wealth Explorer at an aggregate cash consideration of HK\$274,348,000, resulting in gain on partial disposal of interest in an associate of HK\$70,000,000.

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group.

In June 2017, Precious Year Limited, a wholly-owned subsidiary of the Company, entered into an agreement for acquiring 45.76% interests in Paul Y. Engineering Group Limited ("PYE") from The 13 (BVI) Limited, a wholly-owned subsidiary of South Shore Holdings Limited (In Liquidation) ("South Shore"), which is a company listed on the Stock Exchange, at a consideration of HK\$265,200,000 (the "Acquisition Agreement"). As at 31 March 2021, the Group had paid the deposits of HK\$159,000,000 for the aforesaid acquisition (the "Deposits") and the transaction has not been completed pending fulfilments of certain conditions pursuant to the Acquisition Agreement.

During the six months ended 30 September 2021, a creditor of an intermediate holding company of PYE exercised its right under a share charge over the immediate holding company of PYE (i.e. The 13 (BVI) Limited). As a result, PYE is no longer a subsidiary of South Shore and the Group has issued written notices to South Shore's legal representatives and The 13 (BVI) Limited respectively to rescind the Acquisition Agreement and to claim against them for the refund of the Deposits together with a sum of HK\$32,000,000 as and for agreed liquidated damages.

During the six months ended 30 September 2021, the Company considered the following incidents as disclosed by South Shore from 1 April 2021 to 30 September 2021:

- (i) there was a change to the beneficial ownership in PYE due to actions taken by a creditor of South Shore;
- (ii) on 23 July 2021, South Shore was ordered to be wound up by the Supreme Court of Bermuda in accordance with section 161 of the Company Act 1981 and provisional liquidators were appointed;
- (iii) Hotel Nova Concórdia, Limitada (English name: New Concordia Hotel Limited, Chinese name: 新聯生酒店有限公司), which is an indirect wholly-owned subsidiary of South Shore and the owner of THE 13 Hotel in Macau (being the sole significant asset of South Shore and its subsidiaries), had itself applied to the court of Macau for voluntary liquidation; and
- (iv) the shares of South Shore have been suspended from trading on the Stock Exchange since 2 July 2021.

In view of the above-mentioned negative facts and circumstances, a loss of HK\$159,000,000 was recognised in respect of the Deposits during the six months ended 30 September 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

14. OTHER LOAN RECEIVABLES

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Unsecured fixed-rate loan receivables (note (a))	405,084	405,084
Secured fixed-rate loan receivable (note (a))	47,500	–
Unsecured variable-rate loan receivables (note (b))	68,248	68,248
Secured variable-rate loan receivables (note (c))	38,582	43,354
	559,414	516,686
Less: Allowance for credit loss	(351,366)	(350,174)
	208,048	166,512
Analysed as:		
Current	160,589	166,512
Non-current	47,459	–
	208,048	166,512

These loan receivables are accounted for as financial assets carried at amortised cost. The Directors perform ongoing evaluation of loss rates in assessing the expected credit loss (“ECL”), including the repayment history, financial conditions, current creditworthiness and underlying collaterals, if any, of each borrower and forward-looking information.

Notes:

- (a) At 30 September 2022, one of the Group’s fixed-rate loan receivables was nil (31 March 2022: nil), net of credit loss allowance for ECL of HK\$320,000,000 (31 March 2022: HK\$320,000,000), represented unsecured and unlisted loan notes issued by a company incorporated in Bermuda with limited liability with its shares listed on the Stock Exchange prior to the delisting and carried interest at the fixed rate of 9.5% per annum (31 March 2022: fixed rate of 9.5% per annum) and were due to repay on 27 November 2019. Such company was ordered to be wound up by the High Court of Hong Kong in June 2020 and its shares were delisted from the Stock Exchange with effect from 8 February 2021. The other fixed-rate loan receivables of HK\$111,628,000 (31 March 2022: HK\$64,169,000), net of credit loss allowance for ECL of HK\$20,956,000 (31 March 2022: HK\$20,915,000) carried interest at fixed rates ranging from of 7% to 12% per annum (31 March 2022: fixed rates ranging from of 7% to 12% per annum). Among the other fixed-rate loan receivables, HK\$64,169,000 (31 March 2022: HK\$64,169,000), net of credit loss allowance for ECL of HK\$20,915,000 (31 March 2022: HK\$20,915,000), were unsecured and repayable on demand. The secured fixed-rate loan receivable was repayable on 13 September 2024.
- (b) At 30 September 2022, the Group’s unsecured variable-rate loan receivables of HK\$57,851,000 (31 March 2022: HK\$59,004,000), net of credit loss allowance for ECL of HK\$10,397,000 (31 March 2022: HK\$9,244,000), were unsecured, carried interest at variable rates ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 2% per annum (31 March 2022: variable rates ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 2% per annum) and were repayable on demand.
- (c) At 30 September 2022, the Group’s secured variable-rate loan receivables represented drawn loan facility of CAD6,730,000 (equivalent to HK\$38,569,000) (31 March 2022: CAD6,920,000 (equivalent to HK\$43,339,000)), net of credit loss allowance for ECL of CAD2,000 (equivalent to HK\$13,000) (31 March 2022: CAD2,000 (equivalent to HK\$15,000)), granted to Caufield Investments Limited, a shareholder of Bayshore. The loan receivables were secured by 16.67% (31 March 2022: 16.67%) equity interests in Bayshore, carried interest at CAD Prime Rate plus 1.25% per annum (31 March 2022: CAD Prime Rate plus 1.25% per annum) and were repayable on 31 May 2022. During the six months ended 30 September 2022, the maturity date of the loan receivables has been extended to 31 October 2022. Subsequent to the end of the reporting period, the maturity date of the loan receivables has been further extended to 31 October 2024.

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For the six months ended 30 September 2022

14. OTHER LOAN RECEIVABLES *(Continued)*

At 30 September 2022, the effective interest rate of the variable-rate loan receivables was 5.12% (31 March 2022: 6.62%) per annum.

The management of the Group has concluded that an additional impairment allowance of HK\$1,192,000 under ECL model for other loan receivables was provided for the six months ended 30 September 2022 (six months ended 30 September 2021: a reversal of impairment losses of HK\$26,484,000) (Note 21).

15. STOCK OF PROPERTIES

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Properties under development for sale	764,500	755,702
Completed properties held for sale	187,330	254,017
	951,830	1,009,719

At 30 September 2022, stock of properties included an amount of HK\$764,500,000 (31 March 2022: HK\$755,702,000) which is expected to be realised after more than twelve months from the end of the reporting period.

16. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms are negotiated at terms determined and agreed with its trade customers. The Group allows an average credit period of 60 days (31 March 2022: 60 days) to its trade customers.

The following is an aged analysis of trade debtors, net of loss allowance, presented based on the invoice dates at the end of the reporting period:

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Trade debtors aged 0 – 60 days	2,471	2,260
Refundable earnest money (note (i))	22,944	25,052
Other debtors, deposits and prepayments (note (ii))	106,855	105,904
	132,270	133,216

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

16. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Notes:

- (i) This represented the amount paid by the Group for the possible acquisition of interests in properties located in Canada.
- (ii) The other debtors, deposits and prepayments mainly represented interest receivables generated from other loan receivables, deposit paid for acquisition of land for property development and customers' deposits under escrow accounts.

The management of the Group has concluded that an additional impairment allowance of HK\$630,000 under ECL model for other receivables included in debtors, deposits and prepayments was provided for the six months ended 30 September 2022 (six months ended 30 September 2021: a reversal of impairment losses of HK\$4,504,000) (Note 21).

17. CREDITORS, DEPOSITS AND ACCRUED CHARGES

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Creditors, deposits and accrued charges	232,717	239,838
Contract liabilities (note)	–	5,281
	232,717	245,119

Note: It represented deposits received on sales of properties. The Group received payments from customers based on payment schedules set out in contracts. The Group received certain percentage of the agreed transaction price as a deposit when the Group signed a contract with the customers. All such deposits received were recognised as contract liabilities until the Group satisfied its performance obligations by transferring the control of the properties to the customers, at which time the contract liabilities were recognised as revenue.

At 30 September 2022, other creditors, deposits and accrued charges included advances from non-controlling interests of HK\$184,745,000 (31 March 2022: HK\$183,413,000) which were non-trade in nature, unsecured, interest-free and repayable on demand.

18. BANK BORROWINGS

During the six months ended 30 September 2022, the Group has drawn new bank borrowings of HK\$41,848,000 (six months ended 30 September 2021: HK\$637,333,000) and repaid bank borrowings of HK\$53,071,000 (six months ended 30 September 2021: HK\$384,255,000). The effective interest rate of bank borrowings at the end of the reporting period was 2.59% (31 March 2022: 2.07%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2021 (audited), 30 September 2021 (unaudited), 1 April 2022 (audited) and 30 September 2022 (unaudited)	40,000,000,000	400,000
Issued and fully paid:		
As at 1 April 2021 (audited), 30 September 2021 (unaudited) and 1 April 2022 (audited)	960,175,410	9,602
Shares repurchased and cancelled (note)	(29,375,000)	(294)
As at 30 September 2022 (unaudited)	930,800,410	9,308

Note: During the six months ended 30 September 2022, the Company repurchased a total of 31,875,000 ordinary shares at an aggregate consideration, including direct expenses, of HK\$32,299,000. A total of 29,375,000 ordinary shares were cancelled during the six months ended 30 September 2022 and the remaining 2,500,000 ordinary shares were subsequently cancelled in October 2022.

20. SHARE OPTION SCHEMES

A share option scheme was adopted on 17 August 2012 pursuant to a resolution passed by the shareholders of the Company (the "Shareholders") on the same date for the primary purpose of providing incentives to eligible persons (the "2012 Share Option Scheme").

On 10 September 2021, the new share option scheme of the Company was approved and adopted by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting for the primary purpose of providing incentives to eligible persons (the "New Share Option Scheme"). The New Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 September 2021 to 9 September 2031. Upon the adoption of the New Share Option Scheme, the 2012 Share Option Scheme was terminated and ceased to have any further effect with effect from 10 September 2021 save and except that the 2012 Share Option Scheme remained in force to the extent necessary to give effect to the exercise of the share options granted thereunder prior to the termination thereof. On 4 April 2022, all the outstanding share options granted under the 2012 Share Option Scheme lapsed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. SHARE OPTION SCHEMES *(Continued)*

(A) Share options granted on 4 April 2018

On 4 April 2018, the Company granted a total of 27,020,000 share options to the eligible participants to subscribe for the shares of the Company under the 2012 Share Option Scheme, with vesting period ranging from 1 year to 2 years. No share option expense was recognised for the six months ended 30 September 2022 and 2021.

The fair values of the share options granted to Directors, employees and other participants on 4 April 2018 were HK\$2,592,000, HK\$1,122,000 and HK\$520,000, respectively. The fair values were determined at the grant date on the basis of a valuation carried out by an independent professional valuer using Binomial Model and the following data and assumptions were used to calculate the fair values of the share options as at the grant date:

Closing price of the shares on the date of grant	HK\$2.57
Exercise price	HK\$2.57
Expected volatility	18.44%
Expected option life	4 years
Risk-free rate	1.743%
Expected dividend yield	8.56%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of the Company.

The value of an option varies with different variables of certain subjective assumptions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. SHARE OPTION SCHEMES (Continued)

(A) Share options granted on 4 April 2018 (Continued)

The following table sets out the details of the Company's share options held by Directors, employees and other participants under the 2012 Share Option Scheme, and the movements in such holdings during the period and prior year:

Date of grant	Vesting proportion	Vesting period	Exercise period	Exercise price per share (subject to adjustments) HK\$	Number of share options under the 2012 Share Option Scheme						
					Outstanding at 1.4.2021	Exercised during the year	Cancelled/lapsed during the year	Outstanding at 31.3.2022	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30.9.2022
Directors:											
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	8,150,000	-	-	5,400,000 (note (ii), (iv) to (vi))	-	(5,400,000)	N/A
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	8,150,000	-	-	5,400,000 (note (ii), (iv) to (vi))	-	(5,400,000)	N/A
Employees:											
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	2,995,000	-	(655,000)	2,340,000	-	(2,340,000)	N/A
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	2,995,000	-	(655,000)	2,340,000	-	(2,340,000)	N/A
Other participants:											
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	1,800,000 (note (i) to (iii))	-	(1,900,000) (note (iii) and (iv))	2,650,000 (note (i), (v) and (vi))	-	(2,650,000)	N/A
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	1,800,000 (note (i) to (iii))	-	(1,900,000) (note (iii) and (iv))	2,650,000 (note (i), (v) and (vi))	-	(2,650,000)	N/A
					25,890,000	-	(5,110,000)	20,780,000	-	(20,780,000)	N/A
Exercisable at the end of year/period					25,890,000			20,780,000			N/A
Weighted average exercise price per share (HK\$)					2.57	N/A	2.57	2.57	N/A	2.57	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. SHARE OPTION SCHEMES (Continued)

(A) Share options granted on 4 April 2018 (Continued)

Note:

The other participants are:

- (i) consultants of the Group, who held an aggregate of 1,800,000 outstanding share options under the 2012 Share Option Scheme;
- (ii) Ms. Chau Mei Wah, who acted as a consultant prior to her appointment as an executive Director with effect from 29 November 2021 and held 1,500,000 outstanding share options under the 2012 Share Option Scheme;
- (iii) Mr. Kwok Ka Lap, Alva, a former Director, who resigned with effect from 22 February 2021 and as at 1 April 2021 still held 300,000 outstanding share options pursuant to the 2012 Share Option Scheme and such share options eventually lapsed during the year ended 31 March 2022;
- (iv) Mr. Chan Fut Yan, a former Director, who still held 3,500,000 outstanding share options after his retirement on 10 September 2021 pursuant to the 2012 Share Option Scheme and such share options eventually lapsed prior to the year ended 31 March 2022;
- (v) Mr. Cheung Chi Kit, a former Director, who resigned with effect from 1 January 2022 and as at 31 March 2022 still held 2,000,000 outstanding share options pursuant to the 2012 Share Option Scheme; and
- (vi) Mr. Wong Lai Shun, Benny, a former Director (resigned with effect from 1 January 2022) and a former consultant (hotel division) of the Group (from 1 January 2022 to 30 June 2022), who as at 31 March 2022 held 1,500,000 outstanding share options under the 2012 Share Option Scheme.

All the above outstanding share options granted under the 2012 Share Option Scheme lapsed on 4 April 2022.

(B) Share options granted on 28 September 2021

On 28 September 2021, the Company granted a total of 16,660,000 share options to the eligible participants to subscribe for the shares of the Company under the New Share Option Scheme with vesting period ranging from 0.5 year to 2 years. A total of 16,320,000 share options were duly accepted by the grantees. During the six months ended 30 September 2022, the Group recognised a total expense of HK\$532,000 (six months ended 30 September 2021: HK\$19,000).

The fair values of the share options granted to Directors, employees and other participants on 28 September 2021 were HK\$1,175,000, HK\$990,000 and HK\$152,000, respectively. The fair values were determined at the grant date on the basis of a valuation carried out by an independent professional valuer using Binomial Model and the following data and assumptions were used to calculate the fair values of the share options as at the grant date:

Closing price of the shares on the date of grant	HK\$1.01
Exercise price	HK\$1.03
Expected volatility	26.85%
Expected option life	4 years
Risk-free rate	0.66%
Expected dividend yield	3.96%

The expected volatility measured at the standard deviation is based on the historical data of the daily share price movement of the Company.

The value of a share option varies with different variables of certain subjective assumptions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. SHARE OPTION SCHEMES (Continued)

(B) Share options granted on 28 September 2021 (Continued)

The following table sets out the details of the Company's share options held by Directors, employees and other participants under the New Share Option Scheme, and the movements in such holdings during the period and prior year:

Date of grant	Vesting proportion	Vesting period	Exercise period	Exercise price per share (subject to adjustment) HK\$	Number of share options under the New Share Option Scheme							
					Outstanding at 1.4.2021	Granted during the year	Exercised during the year	Cancelled/lapsed during the year	Outstanding at 31.3.2022	Exercised during the period	Cancelled/lapsed during the period	Outstanding at 30.9.2022
Directors:												
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	2,100,000	N/A	–	1,475,000 (note (iii) and (iv))	–	–	1,475,000
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	2,100,000	N/A	–	1,475,000 (note (iii) and (iv))	–	–	1,475,000
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	2,100,000	N/A	–	1,475,000 (note (iii) and (iv))	–	–	1,475,000
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	2,100,000	N/A	–	1,475,000 (note (iii) and (iv))	–	–	1,475,000
Employees:												
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	1,705,000	N/A	–	1,705,000	–	(195,000)	1,510,000
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	1,705,000	N/A	–	1,705,000	–	(195,000)	1,510,000
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	1,705,000	N/A	–	1,705,000	–	(195,000)	1,510,000
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	1,705,000	N/A	–	1,705,000	–	(195,000)	1,510,000
Other participants:												
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	275,000 (note (i) and (ii))	N/A	–	900,000 (note)	–	(375,000) (note (iii))	525,000 (note (i), (ii) and (iv))
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	275,000 (note (i) and (ii))	N/A	–	900,000 (note)	–	(375,000) (note (iii))	525,000 (note (i), (ii) and (iv))
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	275,000 (note (i) and (ii))	N/A	–	900,000 (note)	–	(375,000) (note (iii))	525,000 (note (i), (ii) and (iv))
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	275,000 (note (i) and (ii))	N/A	–	900,000 (note)	–	(375,000) (note (iii))	525,000 (note (i), (ii) and (iv))
					N/A	16,320,000	N/A	–	16,320,000	–	(2,280,000)	14,040,000
Exercisable at the end of year/period					N/A				–			3,510,000
Weighted average exercise price per share (HK\$)					N/A	1.03	N/A	N/A	1.03	N/A	1.03	1.03

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

20. SHARE OPTION SCHEMES (Continued)

(B) Share options granted on 28 September 2021 (Continued)

Note:

The other participants are:

- (i) a consultant of the Group, who held 800,000 outstanding share options under the New Share Option Scheme;
- (ii) a senior executive of a principal associate of the Company, who held 300,000 outstanding share options under the New Option Scheme;
- (iii) Mr. Cheung Chi Kit, a former Director, who resigned with effect from 1 January 2022 and as at 31 March 2022 still held 1,500,000 outstanding share options pursuant to the New Share Option Scheme and such share options eventually lapsed prior to the six months ended 30 September 2022; and
- (iv) Mr. Wong Lai Shun, Benny, a former Director (resigned with effect from 1 January 2022) and a former consultant (hotel division) of the Group (from 1 January 2022 to 30 June 2022), who as at 31 March 2022 and 30 September 2022 still held 1,000,000 outstanding share options pursuant to the New Share Option Scheme.

21. RECOGNITION (REVERSAL) OF IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment losses recognised (reversed) in respect of		
– Other loan receivables (Note 14)	1,192	(26,484)
– Other receivables included in debtors, deposits and prepayments (Note 16)	630	(4,504)
	1,822	(30,988)

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those used in the preparation of the Group's consolidated financial statements for the year ended 31 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Set out below is the information about how the fair values of the Group's financial instruments that are measured at fair value are determined, including the valuation techniques and inputs used:

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)				
Financial assets at FVTPL						
Listed equity securities in Hong Kong	11,628	40,168	Level 1	Quoted closing prices in an active market	N/A	N/A
Listed equity securities in Hong Kong (note (iv))	-	-	Level 3	N/A	N/A	N/A
	11,628	40,168				
Unlisted investment funds in overseas (note (i))	79,645	93,803	Level 3	note (ii)	Net asset value (note (ii))	An increase in the net asset value would result in an increase in fair value, and vice versa
Financial asset at FVTOCI						
Unlisted equity securities in overseas (note (i))	19,280	19,620	Level 3	Market approach which uses relevant information generated by certain companies with comparable businesses	Minority and marketability discount of 25% (31.3.2022: 25%) (note (iii))	A significant increase in the minority and marketability discount would result in a significant decrease in fair value, and vice versa

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

(i) Reconciliation of Level 3 fair value measurement of financial assets is as follows:

	Financial assets at FVTPL		Financial asset at FVTOCI		Total HK\$'000
	Unlisted investment funds HK\$'000	Unlisted equity interests HK\$'000	Unlisted equity securities HK\$'000		
As at 1 April 2021 (audited)	86,567	59,614	18,750		164,931
Total gains (losses), recognised in:					
– profit or loss	3,080	(782)	–		2,298
– other comprehensive expense	–	–	(40)		(40)
Derecognition of financial assets at FVTPL upon acquisition of an associate (Note 13)	–	(58,832)	–		(58,832)
As at 30 September 2021 (unaudited)	89,647	–	18,710		108,357
As at 1 April 2022 (audited)	93,803	–	19,620		113,423
Total losses, recognised in:					
– profit or loss	(7,269)	–	–		(7,269)
– other comprehensive expense	–	–	(340)		(340)
Redemption	(6,889)	–	–		(6,889)
As at 30 September 2022 (unaudited)	79,645	–	19,280		98,925
Unrealised gains (losses), recognised in profit or loss or other comprehensive income for the six months ended 30 September 2021 (unaudited)	3,080	–	(40)		3,040
Unrealised losses, recognised in profit or loss or other comprehensive income for the six months ended 30 September 2022 (unaudited)	(1,473)	–	(340)		(1,813)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes: (Continued)

- (ii) The fair values of the unlisted investment funds in overseas as at 30 September 2022 and 31 March 2022 are determined with reference to the net asset value of the unlisted equity and partnership investments which are the deemed resale price of the investments provided by the external counter-parties. The Directors have determined that the reported net asset values represent fair values of these investments. A 5% increase/decrease in the net asset value per share holding all other variables constant would increase/decrease the carrying amounts of the unlisted investment funds in overseas by HK\$3,982,000 (31 March 2022: increase/decrease by HK\$4,690,000).
- (iii) The fair values of the unlisted equity securities as at 30 September 2022 and 31 March 2022 are determined by independent professional valuers, using the market approach. A 5% increase/decrease in the minority and marketability discount holding all other variables constant would decrease/increase the carrying amounts of the unlisted equity securities by HK\$1,280,000/HK\$1,320,000 (31 March 2022: decrease/increase by HK\$1,310,000).
- (iv) As a result of the winding up and delisting of the related equity securities, the management considered the fair values of such unlisted equity securities to be zero as at 30 September 2022 and 31 March 2022.

There was no other transfer amongst Level 1, Level 2 and Level 3 for both periods.

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

23. CAPITAL AND OTHER COMMITMENTS

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– investment properties	5,232	–
– equity and fund investments	34,436	34,339
	39,668	34,339
Other commitments:		
– stock of properties	65,238	107,975
– investment in a joint venture	7,270	9,488
– loans to joint ventures	27,261	35,581
– formation of a joint venture for a proposed land development in Vietnam	58,884	104,516
	158,653	257,560
	198,321	291,899

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

24. FINANCIAL GUARANTEE CONTRACTS

At the end of the reporting period, the Group entered into financial guarantee contracts by provision of corporate guarantees in respect of the credit facilities granted by the banks to its joint ventures and associate, with the respective granted amounts as follows:

	30.9.2022 HK\$'000 (unaudited)	31.3.2022 HK\$'000 (audited)
a 20% owned associate	282,854	282,854
a 50% owned joint venture	41,942	41,942
a 40% owned joint venture	–	281,600
a 28% owned joint venture in Canada	224,851	245,510
a 50% owned joint venture in Canada	535,865	583,240
	1,085,512	1,435,146

The amounts disclosed above represent the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety as at 30 September 2022, of which HK\$943,350,000 (31 March 2022: HK\$1,266,171,000) have been utilised by the joint ventures and associate.

The ECL for outstanding financial guarantees are assessed to be immaterial as at 30 September 2022 and 31 March 2022.

25. RELATED PARTY DISCLOSURES

(i) Compensation of key management personnel:

The remuneration of key management personnel, representing the Directors, during the period was as follows:

	Six months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Short-term benefits	12,693	7,217
Equity-settled share-based payment expense	225	–
	12,918	7,217

The remuneration of Directors is determined by the remuneration committee, with reference to the prevailing market conditions, their duties and responsibilities and time spent on the affairs of the Group as well as their performance.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

25. RELATED PARTY DISCLOSURES (Continued)

(ii) Related party transactions:

During the period, the Group entered into the following transactions with related parties:

Related party	Notes	Nature of transaction	Six months ended 30 September	
			2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Joint ventures:				
1488 Albern LPDH (as defined in Note 12)		Interest income	9,000	9,068
1488 Albern LPI (as defined in Note 12)		Interest income	474	426
Pro Gain Limited		Hotel management fee income	40	235
Associates:				
Concordia (as defined in Note 13)		Management fee income	60	60
Macau Properties Holdings Limited		Rental income	587	587
Other related companies:				
Hi Park Limited ("Hi Park")	(a)	Licence fee income	300	300
		Rental income and management fee income	587	460
		Short-term lease expense	13	14
Vectr Ventures Limited ("Vectr")	(b)	Rental income and management fee income	281	279

Notes:

- (a) Mr. Cheung Hon Kit, an executive Director, is a shareholder of Hi Park.
- (b) Vectr is controlled by Mr. Chan Yiu Lun, Alan, an executive Director.

DEFINITIONS

In this interim report, the following expressions have the following meanings unless otherwise specified:

2012 Share Option Scheme	the share option scheme of the Company adopted on 17 August 2012 and subsequently cancelled and terminated on 10 September 2021
Board	the board of Directors
CG Code	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
Company	ITC Properties Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 199)
Director(s)	the director(s) of the Company
Group	collectively, the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
Macau	Macau Special Administrative Region of the PRC
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
New Share Option Scheme	the new share option scheme of the Company adopted on 10 September 2021
Period	the six months ended 30 September 2022
PRC	the People's Republic of China, and for the purpose of this interim report, excluding Hong Kong, Macau and Taiwan
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
Share(s)	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
Shareholder(s)	holder(s) of the Share(s)
sq. ft.	square feet
Stock Exchange	The Stock Exchange of Hong Kong Limited
%	per cent.

In case of any inconsistency, the English version of this interim report shall prevail over the Chinese version.



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