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

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

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

PUBLICATION OF OFFERING CIRCULAR

FEC FINANCE LIMITED (the "Issuer")

(Incorporated with limited liability in Hong Kong)

unconditionally and irrevocably guaranteed by

FEC
遠東發展

FAR EAST CONSORTIUM INTERNATIONAL LIMITED (the "Guarantor")

遠東發展有限公司*

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

(Stock Code: 35)

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

* *For identification purposes only*

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

Please refer to the offering circular dated 9 August 2024 (the "**Offering Circular**") in relation to the Programme appended hereto. As disclosed in the Offering Circular, any Notes to be issued under the Programme will be intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and the Programme has been and the Notes (to the extent they are to be listed on the Hong Kong Stock Exchange) will be listed on the Hong Kong Stock Exchange on that basis.

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

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities and no such inducement is intended.

Hong Kong, 12 August 2024

As at the date of this announcement, the board of directors of FEC Finance Limited comprises three directors, namely Tan Sri Dato' David CHIU, Ms. Wing Kwan Winnie CHIU and Mr. Wai Hung Boswell CHEUNG.

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

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IMPORTANT NOTICE

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

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

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

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

Confirmation of Your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States or, in the case of an offering or sale in reliance of Category 2 of Regulation S under the Securities Act, must not be, or act for the account or benefit of, U.S. Persons (as defined in the Regulation S under the Securities Act). This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

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

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

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited or UBS AG Hong Kong Branch (the "**Arrangers**"), Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, AMTD Wealth Management Solutions Group Limited, BNP Paribas, CMB International Capital Limited, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Oversea-Chinese Banking Corporation Limited, Mizuho Securities Asia Limited or The Bank of East Asia, Limited (the "**Dealers**") or any person who controls the Arrangers or the Dealers, or any director, officer, employee or agent of the Issuer, the Guarantor, the Arrangers or the Dealers, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arrangers or the Dealers.

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

Offering Circular dated 9 August 2024

FEC Finance Limited

(incorporated with limited liability in Hong Kong)

unconditionally and irrevocably guaranteed by

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

(incorporated with limited liability in the Cayman Islands)

(Stock Code: 35)

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

Under the Guaranteed Medium Term Note Programme described in this Offering Circular (the "**Programme**"), FEC Finance Limited (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Medium Term Notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by Far East Consortium International Limited (the "**Guarantor**") and denominated in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s) (as defined in "*Summary of the Programme*"). This Offering Circular supersedes the Offering Circular dated 3 August 2022. Notes may be issued in bearer or registered form. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.$2,000,000,000 (or the equivalent in other currencies), subject to increases as described herein. The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Arrangers

Barclays **HSBC** **UBS**

Dealers

Barclays **HSBC** **UBS**

AMTD **BNP PARIBAS** **CMB International** **DBS Bank Ltd.**

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

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

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

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

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

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

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

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of certain offerings of Notes pursuant to this Programme (each such offering, a "**CMI Offering**"), including certain Dealers, may be "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association ("**Association**") with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50 per cent. interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order". Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to the relevant CMI Offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealer and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act (the "**EUWA**"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The Pricing Supplement in respect of any Notes may include a legend entitled "UK MiFIR product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA

Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

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

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

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

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

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

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

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

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

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

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

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

For the convenience of the reader, this Offering Circular presents translations into U.S. dollars of certain Hong Kong dollar amounts at the rate of HK$7.7825 = U.S.$1.00. No representation is made that Hong Kong dollars have been, could have been, or could be, converted into U.S. dollars at the rate indicated or at any other rate. This Offering Circular also includes certain other currency amounts. The Hong Kong dollar equivalent amounts presented are translated at the approximate exchange rate at the time of the transactions to which they apply.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

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

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays and public holidays excepted) from the specified office of the Issuing and Paying Agent as set out at the end of this Offering Circular, provided that the same have been provided by the Issuer.

The Guarantor has prepared audited consolidated financial statements for FY2023 and FY2024. See "*Index to Financial Statements*". These financial statements of the Guarantor were prepared in conformity with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants. See "*General Information*" for a description of the financial statements currently published by the Guarantor.

DEFINITIONS AND GLOSSARY AND TECHNICAL TERMS

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

ARR	average room rate.
BC Invest	BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited), a company incorporated in the Cayman Islands with limited liability and which is the holding company of BC Securities following the reorganisation referred to the announcement of the Guarantor dated 21 February 2019.
BC Securities	BC Securities Pty. Ltd., BC Finance Services Pty. Ltd., BC Investment Group Pty. Ltd., BC Investment Group (HK) Limited, BC Securities (HK) Limited and their respective subsidiaries, whose principal business is the provision of regulated first mortgage finance to international buyers of residential properties.
Care Park	Care Park Group Pty. Ltd., a company incorporated in Australia with limited liability and an indirect non-wholly owned subsidiary of the Guarantor.
CBD	central business district.
Dorsett	Dorsett Hospitality International Limited (formerly known as Kosmopolito Hotels International Limited), a company incorporated in the Cayman Islands with limited liability and a listed subsidiary of the Guarantor until it was privatised (previous stock code: 2266) and became its indirect wholly-owned subsidiary in October 2015.
Dorsett Group	Dorsett and its subsidiaries.
FY2022	the financial year ended and as at 31 March 2022.
FY2023	the financial year ended and as at 31 March 2023.
FY2024	the financial year ended and as at 31 March 2024.
FY2025	the financial year ended and as at 31 March 2025.
GDV	gross development value.
GFA	gross floor area.
HKFRSs	Hong Kong Financial Reporting Standards.
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
MCC	Manchester City Council.

Model Code	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules.
OCC	overall occupancy rate.
Palasino	Palasino Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a listed subsidiary (Stock code: 2536) of the Guarantor.
Palasino Group	Palasino and its subsidiaries.
PRC	the People's Republic of China, which, for the purpose of this Offering Circular and unless otherwise stated, excludes Taiwan, Hong Kong and Macau Special Administrative Regions of the PRC.
QWB Project	Queen's Wharf Project in Brisbane.
RevPAR	revenue per available room.
SFO	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong).
Share(s)	ordinary share(s) of HK$0.10 each in the share capital of the Guarantor.
sq. ft.	square feet.
sq. m.	square meter.
The Star	The Star Entertainment Group Limited.

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SUMMARY OF THE PROGRAMME

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

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

Issuer	FEC Finance Limited (Legal Entity Identifier code: 549300TTP03NH9IE6530).
Guarantor	Far East Consortium International Limited.
Programme Description	Guaranteed Medium Term Note Programme.
Programme Size	Up to U.S.$2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement (as defined in "*Subscription and Sale – Summary of Dealer Agreement*").
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Notes (as defined in "*Terms and Conditions of the Notes*"), as further described in Condition 3(a) of the Terms and Conditions of the Notes.
Arrangers	Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch.
Dealers	Barclays Bank PLC, The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, AMTD Wealth Management Solutions Group Limited, BNP Paribas, CMB International Capital Limited, DBS Bank Ltd., Deutsche Bank AG, Singapore Branch, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, Oversea-Chinese Banking Corporation Limited, Mizuho Securities Asia Limited and The Bank of East Asia, Limited. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches (as defined below) or in respect of the whole Programme. References in this Offering Circular to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

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

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

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

Benchmark Discontinuation	The Benchmark Discontinuation provisions set out in the "*Terms and Conditions of the Notes*" will apply if a Benchmark Event occurs.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula, index or otherwise). Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (including the Issuer Call and/or the Issuer Par Call) (either in whole or in part) and/or the holders and if so the terms applicable to such redemption.
Tax Redemption	Except as described in "– *Optional Redemption*" above, early redemption at the option of the Issuer will only be permitted for tax reasons as described in Condition 6(c) (*Redemption, Purchase and Options – Redemption for Taxation Reasons*).
Redemption for Change of Control Event	The terms of the Notes will contain a provision for the early redemption of the Notes at the option of the holders thereof upon the occurrence of a Change of Control Event as further described in Condition 6(f) (*Redemption, Purchase and Options – Redemption for Change of Control Event*).
Negative Pledge	The Notes will have the benefit of a negative pledge as described in "*Terms and Conditions of the Notes – Negative Pledge*".
Cross Default	The Notes will have the benefit of a cross default provision as described in Condition 10 "*Terms and Conditions of the Notes – Events of Default*".
Withholding Tax	All payments of principal and interest in respect of the Notes or under the Guarantee will be made free and clear of withholding taxes of the Cayman Islands or Hong Kong, subject to customary exceptions, all as described in "*Terms and Conditions of the Notes – Taxation*".

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

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

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

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

The summary audited consolidated financial information as at and for the years ended 31 March 2022, 2023 and 2024 set forth below are derived from the Guarantor's published audited consolidated financial statements as at and for the years ended 31 March 2023 and 2024, respectively (which have been audited by Deloitte Touche Tohmatsu, Certified Public Accountants and are included elsewhere in this Offering Circular). The consolidated financial information for the year ended 31 March 2023 set forth below takes consideration of certain reclassification adjustments to conform with the presentation of the consolidated financial information for the year ended 31 March 2024.

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

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

SELECTED FINANCIAL INFORMATION

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 March		
	2022	2023	2024
		(HK$'000)	
Revenue	5,895,636	6,478,958	10,203,679
Cost of sales and services	(3,432,536)	(4,275,812)	(6,743,957)
Depreciation and impairment of hotel and car park assets	(479,063)	(401,546)	(533,403)
Gaming tax[(1)]	–	(133,097)	(141,562)
Gross profit	1,984,037	1,668,503	2,784,757
Other income	213,566	764,006	281,691
Other gains and losses[(2)]	1,189,809	14,314	445,401
Administrative expenses			
– Hotel operations and management	(355,083)	(455,737)	(466,777)
– Others	(496,522)	(518,970)	(620,051)
Pre-operating expenses			
– Hotel operations and management	(12,744)	(35,506)	(18,128)
Professional fees in relation to listing of a subsidiary	–	–	(23,537)
Selling and marketing expenses	(279,462)	(230,178)	(634,236)
Share of results of associates	(21,851)	(1,497)	(13,038)
Share of results of joint ventures	(26,941)	135,831	32,191
Finance costs	(341,082)	(611,018)	(1,182,836)
Profit before tax	1,853,727	729,748	585,437
Income tax expense	(343,191)	(349,536)	(134,736)
Profit for the year	1,510,536	380,212	450,701

	For the year ended 31 March		
	2022	2023	2024
		(HK$'000)	
Attributable to:			
Shareholders of the Company	1,300,381	172,185	226,100
Owners of perpetual capital notes	206,877	209,864	207,488
Other non-controlling interests	3,278	(1,837)	17,113
	210,155	208,027	24,601
	1,510,536	380,212	450,701
Earnings per share			
Basic (HK cents)	49.2	6.4	8.2
Diluted (HK cents)	49.2	6.4	8.2
Profit for the year	1,510,536	380,212	450,701
Other comprehensive (expense) income for the year			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations	(112,424)	(1,664,781)	(641,852)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	15,029	–	(8,485)
Fair value change on debt instruments at fair value through other comprehensive income ("**FVTOCI**")	(155,449)	(122,136)	(14,134)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	129,785	84,753	75,443
Impairment loss recognised on debt instruments at FVTOCI	78,258	–	–
Share of other comprehensive (expense) income of an associate	115,968	(13,936)	(32,108)
Item that will not be reclassified to profit or loss:			
Fair value change on equity instruments at FVTOCI	(149,920)	(453,551)	(314,037)
Other comprehensive expense for the year	(78,753)	(2,169,651)	(935,173)
Total comprehensive (expense) income for the year	1,431,783	(1,789,439)	(484,472)
Total comprehensive (expense) income attributable to:			
Shareholders of the Company	1,221,625	(1,997,464)	(706,148)
Owners of perpetual capital notes	206,877	209,864	207,488
Other non-controlling interests	3,281	(1,839)	14,188
	210,158	208,025	221,676
	1,431,783	(1,789,439)	(484,472)

Notes:

(1) Gaming tax is included in revenue for FY2022 and is not comparable with the gaming revenue for FY2024 and FY2023.

(2) The amounts include change in fair value of investment properties held by Sanon Limited amounted to HK$443,275,000 and HK$18,455,000 for FY2024 and FY2023 respectively. Remaining change in fair value of investment properties amounted to HK$11,677,000 and HK$21,487,000 for FY2024 and FY2023 respectively.

Consolidated Statement of Financial Position

	As at 31 March		
	2022	2023	2024
		(HK$'000)	
Non-current Assets			
Investment properties	7,888,061	8,113,310	6,100,783
Property, plant and equipment	12,507,293	12,312,279	12,248,060
Goodwill	68,400	68,400	68,400
Interests in associates	1,921,367	1,731,289	1,704,157
Interests in joint ventures	2,351,810	2,435,355	2,530,500
Investment securities	1,246,009	634,452	554,408
Derivative financial instruments	2,935	–	–
Deposits for acquisition of property, plant and equipment	99,462	94,972	90,451
Amounts due from joint ventures	645,990	1,574,905	2,029,315
Amounts due from associates	62,864	62,864	67,838
Amount due from an investee company	119,995	119,995	119,995
Loan receivables	182,598	222,078	178,591
Pledged deposits	4,834	4,661	4,832
Deferred tax assets	177,203	215,793	177,425
Other receivables	–	–	73,365
Other assets	13,500	28,346	26,255
	27,292,321	27,618,699	25,974,375
Current Assets			
Properties for sale			
Completed properties	4,201,912	4,146,644	4,874,765
Properties under development	11,571,867	12,806,635	9,277,662
Other inventories	9,586	13,548	13,971
Debtors, deposits and prepayments	805,602	706,147	779,583
Customers' deposits under escrow	468,696	389,175	335,978
Contract assets	–	233,410	927,500
Contract costs	309,402	295,903	189,621
Amounts due from joint ventures	194,342	210,870	247,384
Amounts due from associates	14,498	11,406	63,604
Amount due from a shareholder of non-wholly owned subsidiary	248,120	253,701	22,739
Amount due from a related company	–	826	39,914
Tax recoverable	88,956	61,978	92,166
Investment securities	1,787,260	1,479,816	1,187,529
Loan receivables	5,037	5,889	5,643
Derivative financial instruments	14,984	3,643	235
Restricted bank deposits	–	–	444,919
Pledged deposits	889,128	708,739	50,088
Cash and cash equivalents	6,902,605	4,431,485	2,733,621
	27,511,995	25,759,815	21,286,922
Property held for sale	–	44,266	–
	27,511,995	25,804,081	21,286,922

	As at 31 March		
	2022	2023	2024
		(HK$'000)	
Current Liabilities			
Creditors and accruals	2,184,678	2,047,897	1,952,999
Contract liabilities	666,423	592,871	779,426
Lease liabilities	74,567	57,693	49,194
Amount due to a related company	858	953	1,059
Amounts due to associates	7,245	7,848	6,357
Amounts due to joint ventures	–	–	158,391
Amounts due to shareholders of non-wholly owned subsidiaries	171,548	168,084	170,980
Derivative financial instruments	25,922	7,964	–
Tax payable	633,866	642,132	359,504
Notes	–	3,987,584	–
Bank and other borrowings	11,450,133	17,401,147	12,673,820
	15,215,240	24,914,173	16,151,730
Net Current Assets	12,296,755	889,908	5,135,192
Total Assets less Current Liabilities	39,589,076	28,508,607	31,109,567
Non-current Liabilities			
Lease liabilities	535,169	322,461	317,143
Notes	4,604,128	475,061	475,771
Bank and other borrowings	15,140,281	10,410,161	14,612,250
Deferred tax liabilities	1,055,480	971,752	828,820
Other liabilities	344,086	680,960	4,239
	21,679,144	12,860,395	16,238,223
Net Assets	17,909,932	15,648,212	14,871,344
Capital and Reserves			
Share capital	241,962	270,591	281,760
Share premium	4,650,772	4,712,161	4,880,059
Reserves	9,738,998	7,372,413	6,518,146
Equity attributable to shareholders of the Company	14,631,732	12,355,165	11,679,965
Owners of perpetual capital notes	2,901,589	2,903,563	2,903,198
Other non-controlling interests	376,611	389,484	288,181
	3,278,200	3,293,047	3,191,379
Total Equity	17,909,932	15,648,212	14,871,344

RISK FACTORS

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

Risks Relating to Property Development and Investment Business

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

The Group is subject to risks incidental to the operation of residential, commercial (including entertainment) and related retail properties and property ownership. The Group makes certain undertakings in its pre-sale contracts, and its pre-sale contracts and the laws and regulations provide for remedies for breach of these undertakings. For example, if the Group fails to complete delivery of a pre-sold property on time, it may be liable to the relevant customers for late delivery under the relevant pre-sale contracts or pursuant to relevant laws and regulations. If its delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for compensation. A customer may also terminate his or her contract with the Group and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates materially from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and substantially adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to the Group's fault. Any of such factors could have a material adverse effect on its business, financial condition and results of operations. Though the Group is typically entitled to claim damages from the third-party contractors if such breaches are due to their fault, there can be no assurance that the damages it recoups will fully compensate its losses.

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

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

The property development and investment markets are subject to extensive real estate laws and regulations. These laws and regulations may change from time to time and such changes in turn may affect the demand for the Group's properties and the Group's business. For example, in Australia, overseas residential real estate investors purchasing Australian property have been subject to a surcharge since 2016 and certain major Australian banks have established stricter lending criteria for home loans to overseas investors. The Hong Kong government has recently announced a significant shift in its approach to the real estate market, signalling a loosening of its previous regulatory measures. Since 2010, several actions were taken to cool the property market, such as the imposition of buyer stamp duty in 2012 and additional measures in 2015, 2016 and 2017. The Residential Properties (First-hand Sales) Ordinance (Cap. 621) also came into full operation in April 2013, which aims to enhance the transparency and fairness of the sales arrangements and transactions of first-hand residential properties. However, more recently, the Stamp Duty (Amendment) Ordinance 2024 has been published and under such new ordinance, any instrument executed on or after 28 February 2024 for the sale and purchase or transfer of residential property is no longer subject to the special stamp duty, buyer's stamp duty or new residential stamp duty. This change marks a significant relaxation of previous controls, potentially invigorating the Hong Kong real estate market. The Singapore government also introduces measures to cool the property market from time to time. An example is the imposition of higher stamp duty rates for foreigners and buyers of second residential properties which came into effect in July 2018 and further increased in April 2023.

In the PRC, the national and local governments exert considerable direct and indirect influence on the development of the property sector by imposing policies and other economic measures, such as controls over the supply of land available for development, controls (through bank reserve requirements) over the supply of credit over project financing, raising the benchmark interest rates for commercial banks, capping the total amount of bank loans available for property developers, capping the number of properties which an individual may buy and capping the proportion of the purchasing price which individuals can pay by bank mortgages. Furthermore, the PRC government may impose additional taxes and levies on property sales and further restrict foreign investment in the property sector. In recent years, the PRC real estate market has been subject to volatility and property prices have experienced significant fluctuations. A few years ago, the PRC government imposed various macroeconomic measures with an aim of cooling the overheated real estate market in the PRC, such as setting minimum down payment requirements and minimum mortgage rates on residential housing purchases, imposing value-added taxes on the transfer of certain residential properties and levying mandatory personal income tax for second home sales and imposing the "three red lines" (which refers to prescribed assets to liability ratio, net debt to equity ratio and cash to short-term borrowings ratio requirements) on certain real estate developers to control their growing debt levels and restore the real estate's sector growth to more sustainable levels. As a result of the combined effect of these cooling measures, the general economic conditions and various other factors, the PRC real estate sector has slowed down materially, which has resulted in a significant downturn in the sector and led to defaults in debt by a significant number of real estate companies. This has in turn had a negative impact on property prices and transaction volumes and resulted in an oversupply of residential and commercial properties. Consequently, the PRC government has recently promulgated various stimulus measures to support the PRC real estate market and real estate property developers, but there is no guarantee that any such measures could achieve their intended effect. These policies may impact the level of pre-sales which the Group may be able to achieve and the level of settlements for pre-sold units in the areas which the Group operates. There can be no assurance that the Group will successfully achieve the necessary amount of pre-sales in order to obtain sufficient financing for its projects. Furthermore, there can be no assurance that the local and national governments in the areas where the Group operates will not introduce any further measures which may affect sales or property values in such areas and that property values will not decline in the future. In addition, subject to any further control or measure that the PRC or any other relevant governments may impose, the Group's funding conditions may become tight due to the increase in financing costs and weakened investor sentiment.

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

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

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

As the Group continues to expand, it will have to continue to improve its managerial, development and operational expertise and allocation of resources. To effectively manage its expanded operations, the Group will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy its property development requirements, including staff with local market knowledge. In order to fund its ongoing operations and its future growth, the Group needs to have sufficient internal capital sources or access to additional financing from external sources. Further, the Group will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, the Group will need to further strengthen its internal controls and compliance functions to ensure that the Group is able to comply with its legal and contractual obligations and to reduce its operational and compliance risks. There can be no assurance that it will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. The Group may also experience difficulties in expanding its existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

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

The Group has entered into joint ventures and established associated companies with third parties and may continue to do so in the future. The performance of such joint ventures and associated companies has affected, and will continue to affect, its results of operations and financial position. The Group's aggregate share of losses of joint ventures and associates for FY2022 was approximately HK$48.8 million and the Group's aggregate share of profits of joint ventures and associates for FY2023 and 2024 were approximately HK$134.3 million and HK$19.2 million, respectively. The success of a joint venture or an associated company depends on a number of factors, some of which are beyond its control. As a result, it may not be able to realise the anticipated economic and other benefits from its joint ventures and associated companies.

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

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

Since the Group does not have full control over the business and operations of its joint ventures and associated companies, there can be no assurance that they have been, or will be in strict compliance with all applicable laws and regulations. There can be no assurance that it will not encounter problems with respect to its joint ventures and associated companies or its joint ventures and associated companies will not violate laws and regulations, which may have an adverse effect on its business, results of operations and financial condition. In the event any of the Group's joint venture partners is unable or unwilling to fulfil its obligations under the relevant joint venture agreements, or any such joint venture partner is forced to dispose of its interest in the joint venture, this could have a material adverse effect on the business and prospects of the Group.

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

The Star, one of the Group's joint venture partners, announced on 7 June 2021 that it has been informed by AUSTRAC's regulatory operations team that it has identified potential serious non-compliance by The Star with the Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the "**AML**") and the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the "**CTF**"). In January 2022, the investigation was expanded to include The Star Entertainment Qld Limited and other Star entities. AUSTRAC has commenced civil penalty proceedings in the federal court against The Star Pty Limited and The Star Entertainment QLD Limited (the "**Star Entities**") for alleged serious and systemic non-compliance with the Australia's AML and CTF laws. The share price of The Star has been negatively affected as a result, and this in turn impacted the carrying value of the equity interest the Group holds in The Star.

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

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

The Group normally only acquires land to fulfil its specific project requirements. In the countries where the Group operates, the supply of land is largely controlled by local governments depending on each country's economic conditions and priorities. Local governments may implement various measures to regulate the means by which property developers obtain land for property development. The ability of the

Group to acquire land for future development and its land acquisition costs will accordingly be affected by government policies in relation to land supply. The Group's future growth prospects may therefore be affected to the extent that it is unable to acquire land for future development in the countries where the Group operates at commercially acceptable prices to generate reasonable returns.

The Group is required to undertake property revaluation annually

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

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

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

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

The Group derives a significant proportion of revenues from the property development business. For FY2022, FY2023 and FY2024, revenue from the Group's property development business amounted to approximately 57.3 per cent., 55.0 per cent. and 67.0 per cent. of the Group's total revenue, respectively. The Group's results of operations may fluctuate in the future due to a combination of factors, including the overall schedule of its property development projects, the popularity of its properties among prospective purchasers, the timing of the sale of properties and any volatility in expenses such as land costs and construction costs.

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

The Group faces competition in its property development and investment business

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

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

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

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

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

The Group's property business is subject to seasonality

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

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

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

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

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

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

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

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

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

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

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

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

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

Since property investments in general are relatively illiquid, its ability to promptly sell one or more of its investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond the Group's control. The Group cannot predict whether it will be able to sell any of its investment properties at the desired or acceptable price or other terms. The Group also cannot predict the time required to find a purchaser and to complete the sale of a property. Moreover, the Group may need to incur capital expenditure to manage and maintain its properties, correct defects or make improvements to these properties before selling them. There can be no assurance that financing for such expenditures will be available when needed, or at all.

Furthermore, the aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in certain property markets, such as the PRC, may adversely affect the rental income and revenue the Group generates from, as well as the fair value of, its investment properties and hotels. However, investment properties may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. There can be no assurance that it will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede the Group's ability to respond to adverse changes in the performance of its hotel and investment properties could affect its ability to compete against its competitors and its results of operations.

Risks Relating to Hotel Operations and Management Business

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

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

The Group is reliant on the reputation of the brands owned by itself and third-party business partners

Any event that materially damages the reputation of the Group's brands and/or failure to sustain the appeal of the Group's brands to its customers could have an adverse impact on the value of such brands and consequently revenues from such brands or the Group's hotel operations and management business. In addition, the value of the Group's brands is influenced by a number of factors, some of which may be outside the Group's control, including commoditisation (whereby price and/or quality becomes relatively more important than brand identifications due, in part, to the increased prevalence of third-party intermediaries), consumer preference and perception, failure by the Group to ensure compliance with the significant regulations applicable to hotel operations (including fire safety and health and safety requirements), or other factors affecting consumers' willingness to purchase goods and services, including any factor which adversely affects the reputation of such brands.

Given the importance of brand recognition to the Group's business, the Group has implemented measures to protect its intellectual property, including registration of trademarks and domain names. However, the controls and laws on intellectual property are variable and subject to change. Any widespread infringement, misappropriation or weakening of the intellectual property control or regulatory environment could materially harm the value of the Group's brands and its ability to develop its hotel operations and management business.

Furthermore, the Group has expanded its hotel operations and management business beyond its own brands, including entering into partnerships with distinguished brand names like Ritz-Carlton in Melbourne and Perth. While such partnerships can offer substantial benefits to the Group, if disputes arise between the Group and its partners, whether stemming from disagreements over contractual terms, service standards or financial obligations, there may be negative publicity, legal challenges and operational disruptions to the Group. Such issues may also result in the termination of contracts, increased legal expenses and loss of key partnerships, thereby materially and adversely affect the Group's business, financial condition and results of operations. Additionally, any incidents of safety violations or poor customer service linked to these third-party brands can tarnish the Group's overall reputation and affect customer perception and thus materially and adversely affect the Group's business, financial condition and results of operations.

The Group faces competition in its hotel operations and management business

The hospitality sectors in Hong Kong, the PRC, Singapore, Malaysia, Australia, the UK and Europe are highly competitive. The Group's hotels generally compete with other three-star and four-star hotels in the cities where the Group's hotels are located. Other established hotel operators have resumed its expansions in the market or started to enter the market after COVID-19 and the Group expects competition for its hotel operations and management business to further intensify in the PRC and Hong Kong.

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

A prolonged decrease in visitor arrivals in Hong Kong may affect the Group's business operations

The Group's hotel operations and management business depends to a significant extent on the tourism industry in Hong Kong. Any negative economic, social and geopolitical factors and other unfavourable conditions, such as weak Renminbi, reduced cross-border trade with the PRC, trade or other tensions relating to Hong Kong or otherwise, change to tourist travel arrangements and preferences, and occurrence of natural disasters or any outbreaks of contagious diseases, such as COVID-19 or its variants, may adversely affect the tourism industry in Hong Kong. In FY2024, the OCC of the Group's owned hotels in Hong Kong returned to 88.1 per cent., representing an increase of 23.4 per cent. compared to FY2023. However, the ARR of the Group's owned hotels in Hong Kong amounted to HK$730 for FY2024, representing a decrease of 20.3 per cent. compared to FY2023. There can be no assurance that the increase in OCC of the Group's owned hotels in Hong Kong will be sustained or ARR of these hotels will increase or will not further decrease. If any of the unfavourable conditions persists for a prolonged period of time, this could lead to a significant decrease in tourist arrivals to Hong Kong and local tourist spending.

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

Risks Relating to Car Park Operations and Facilities Management Business

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

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

Decline in demand for car parks due to implementation of work-from-home policies may materially and adversely affect the Group's performance

The widespread adoption of work-from-home policies by companies across various countries as a result of the COVID-19 pandemic has led to a significant decline in demand for car parking facilities. With more employees working remotely, the necessity for daily commuting to offices has drastically reduced, thereby decreasing the utilisation rates of the Group's car park services. This trend may continue post-pandemic as some companies might permanently adopt flexible or remote working arrangements. Such a sustained reduction in demand for car parks could materially and adversely affect the Group's revenue and profitability from the car park operations and facilities management business.

Risks Relating to Gaming Operations Business

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

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

The Group's joint venture partner The Star is currently under investigation initiated by AUSTRAC. There can be no assurance that The Star will be able to satisfy the gaming license review by the Australian government. In addition, the Group may be exposed to increased compliance costs for the tightening gaming regulations. Any implementation of tightened gaming regulations may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

The Group also deals with significant amounts of cash in its gaming operations and is subject to recordkeeping and reporting obligations as required by various anti-money laundering laws and regulations. This is particularly concerning given there is an undergoing civil penalty proceeding in the federal court against the Star Entities for alleged serious and systemic non-compliance with Australia's AML and CTF laws. See "*– Risks Relating to Property Development and Investment Business – The Group's joint venture partner The Star is currently under investigation initiated by Australian Transaction Reports and Analysis Centre ("**AUSTRAC**")*". Any violations of the anti-money laundering laws or regulations by any of its gaming properties could have an adverse effect on its financial condition, results of operations or cash flows.

Additionally, Palasino Group reactivated its online gaming licence in Malta in November 2023 and plans to conduct a soft launch of its service in Malta in FY2025. Any development and change of laws and regulations governing online gambling can significantly impact the online gambling business operations. The regulatory framework for online gambling is subject to frequent revisions to address emerging technologies, market conditions and social concerns. Any changes in legal requirements or regulatory enforcement practices around online gambling business may require Palasino Group to incur substantial compliance costs and any such change could have a material adverse effect on Palasino Group's online gambling business.

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

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

General Risks Relating to the Group's Business

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

The outbreak of COVID-19, which started in December 2019, resulted in a widespread and global health crisis, which in turn led to restrictions on travel and public transport and prolonged closures of workplaces and had severely impacted the global economy. The entry restrictions, travel bans and quarantine measures implemented across the globe following the outbreak of COVID-19 had a significant impact on the travel industry and in turn adversely affected the Group's hospitality business, particularly from FY2020 to FY2023. The Group's other businesses were also impacted by COVID-19 to varying degrees from FY2020 to FY2023. For example, COVID-19 led to some construction and settlement delays due to supply chain and labor issues. With the gradual lifting of COVID-19 related restrictions across the globe, the Group's hotel operations and management business across various regions collectively exhibited positive growth trends; however, the financial results for hotel segment have not yet fully recovered to pre-COVID levels. This was due to the majority of its earnings continue to be derived from the hotel operations in Hong Kong, where the tourism industry has not yet fully recovered to pre-COVID levels. Therefore, COVID-19 had and may continue to have a material and adverse impact on the Group's hotel operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group has uninsured risks

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

The Group is subject to foreign exchange risks

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

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

On 31 January 2020, the UK officially exited the European Union (the "**Brexit**"). In December 2020, the UK, the European Union and the European Atomic Energy Community concluded the EU-UK Trade and Cooperation Agreement, which was ratified in April 2021 and entered into force on 1 May 2021. The uncertainty surrounding the Brexit and the implementation of the EU-UK Trade and Cooperation Agreement, combined with the impact of COVID-19, has led to a significant depreciation of the sterling since the vote.

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

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

The success and profitability of the Group's business activities depend, in part, on global economic and financial conditions, which remain unstable following the COVID-19. Several factors contribute to this instability, including the intensifying trade tension among major economies such as that between the United States and the PRC, the European debt crisis, the Brexit, rising inflation and commodity prices, interest rate hikes, economic slowdowns in the PRC and globally, volatility in the PRC and other stock markets, the ongoing conflict between Ukraine and Russia, the Israeli-Palestinian conflict and the turmoil in the Middle East. In addition, in early 2023, the global financial markets had experienced further turmoil with the collapse of mid-size United States banks (such as Silicon Valley Bank, Signature Bank and First Republic Bank), as well as the collapse of global financial institution Credit Suisse, which has resulted in tightened credit standards, reduced capital investment and higher uncertainty in the global macroeconomic environment. Furthermore, the ongoing corporate deleveraging efforts by the PRC government since 2017 and the increased amount of corporate defaults over recent years, particularly in the PRC real estate sector, have contributed to further turmoil in financial markets in the PRC. These unfavourable financial and economic conditions could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

There have been increased trade and other tensions between the United States and the PRC in recent years, and such tensions are expected to continue and may become more intense. This will have an adverse impact on the economies of PRC economy as well as the global economic conditions, which could, in turn, harm the Group's business and growth prospects. In additional, under the current U.S. President Joseph R. Biden, the past four years have witnessed escalating trade tensions, culminating in a trade war and sanctions on Chinese technology companies and the ongoing 2024 U.S. election has added uncertainties between the United States and the PRC.

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

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

The Group is dependent upon services of key management personnel

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

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

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

Since the Group implemented certain new and amendments to HKFRSs in FY2023 and FY2024 for the first time, investors should be aware when reviewing certain comparative information

For FY2023 and FY2024, the Group has applied certain new and amendments to HKFRSs. For example, in FY2024, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time, which are mandatorily effective for the Group's annual financial reporting period beginning on 1 April 2023 for the preparation of the consolidated financial statements: HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17) (Insurance Contracts), amendments to HKAS 8 (Definition of Accounting Estimates), amendments to HKAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction), amendments to HKAS 12 (International Tax Reform – Pillar Two Model Rules) and amendments to HKAS 1 and HKFRS Practice Statement 2 (Disclosure of Accounting Policies). See note 2 to the relevant audited consolidated financial statements for a list of new and amendments to HKFRSs applied. Investors should exercise caution when making comparisons of any financial information of the Group and when evaluating the Group's business, financial condition and results of operations.

Risks Relating to the PRC

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

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

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

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

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

- political instability or changes in social conditions in the PRC;
- changes in laws and regulations or the interpretation of PRC laws and regulations;
- measures which may be introduced to control inflation or deflation;

- changes in the rate or method of taxation; and
- imposition of additional restrictions on currency conversion and remittances abroad.

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

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

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

Investments in the PRC involve approval risks

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

The legal system in the PRC

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have limited precedential value. The PRC legal system is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties. As a result, there can be no assurance that the Group will meet the requirements of PRC governmental authorities in a timely manner, or may not be deemed to violate any such new PRC laws or regulations. In addition, litigation in the PRC may be time-consuming and may result in substantial costs. Since the administrative and court authorities in the PRC have certain discretion in interpreting and implementing statutory and contractual terms, and due to the inherent uncertainties relating to litigation, it may be difficult to evaluate the outcome of administrative or court proceedings in the PRC. The Group cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws, which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

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

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

For the years ended 31 March 2022, 2023 and 2024, the Group made provisions for PRC LAT in the amounts of approximately HK$70.3 million, HK$21.2 million and HK$7.6 million, respectively. Properties provisioning for LAT requires the Group's management to use a significant amount of judgment with respect to, among others, the anticipated total proceeds to be derived from the sale of the Group's property development projects, the total appreciation of land value and the various deductible items. If the LAT provisions the Group has made are substantially lower than the actual LAT amounts assessed by the tax authorities in the future, its results of operations will be materially and adversely affected.

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

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

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

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

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

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

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

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

The Notes and the Guarantee are unsecured obligations

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

- the Issuer or the Guarantor (as the case may be) enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings; or
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

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

The Notes may not be a suitable investment for all investors

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at 31 March 2024, the Guarantor's subsidiaries had unsubordinated indebtedness in the amount of HK$27,762 million (U.S.$3,567.2 million) and capital commitments contracted for in the amount of HK$1,078 million (U.S.$138.5 million). The Notes and the Trust Deed do not restrict the ability of the Guarantor's subsidiaries to issue certain categories of guarantees in the ordinary course of business.

In addition, the Group's secured creditors would have priority as to the Group's assets securing the related obligations over claims of the holders of the Notes. As at 31 March 2024, the Group had secured bank and other borrowings in the amount of HK$20,886 million (U.S.$2,683.7 million).

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

Reference rates and indices, including interest rate benchmarks such as the Euro Interbank Offered Rate ("**EURIBOR**"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments have, in recent years, been the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective whilst others have yet to be implemented. Following the implementation of any such reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted.

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

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

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

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

Risks Relating to the Structure of a Particular Issue of Notes

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

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

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

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

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

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

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

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

(b) they may receive no interest;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Relating to the Market Generally

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

Interest rate risk

The Group is subject to the risk of rising interest rates associated with borrowings on a floating rate basis. The United States Federal Reserve raised the benchmark federal funds rate from near-zero in March 2022 to 5 per cent. to 5.25 per cent. in May 2023 and then to 5.25 percent to 5.50 per cent. in July 2023. Such and any further rise in interest rates will increase the financing costs of the Group. The Group seeks to manage all or part of its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging arrangements, including derivative financial instruments. Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that the Group does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect the Group's results.

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

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

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

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

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

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

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

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

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

Risks Relating to Renminbi-denominated Notes

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

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

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

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

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

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

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

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

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

Limited, Bank of China, Taipei Branch, China Construction Bank (London) Limited and Bank of China, Frankfurt Branch (each a "**Renminbi Clearing Bank**") has entered into settlement agreements with the PBOC to act as the Renminbi clearing bank in Singapore, Hong Kong, Taiwan, London and Frankfurt respectively.

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

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

Investment in Renminbi Notes is subject to exchange rate risks

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

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

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

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

FORM OF PRICING SUPPLEMENT

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

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

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

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

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

[**UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); [or] (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA[.]/[; or] [(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.][2] Consequently no key information document required by [Regulation (EU) No 1286/2014/the PRIIPs Regulation] as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

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

[**Paragraph 21 of the Hong Kong SFC Code of Conduct** – As paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission applies to this offering of Notes, prospective investors should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors*" appearing on pages i to ii of the Offering Circular, and CMIs (as defined in the Offering Circular) should refer to the section on "*Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)*" appearing on pages 164 to 166 of the Offering Circular.]

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

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

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

3 For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer. For any Notes to be offered to institutional investors or accredited investors in Singapore only, this notification paragraph to be removed.

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

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

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

Pricing Supplement dated [●]

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

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 9 August 2024 (the "**Offering Circular**"). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

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

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

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

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

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

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

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

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

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

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

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17	Fixed Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[●] per cent., per annum payable [annually/semi-annually/ quarterly/monthly] in arrear
	(ii)	Interest Payment Date(s):	[●] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted*]]
	(iii)	Fixed Coupon Amount[(s)]:	[●] per Calculation Amount[10]
	(iv)	Broken Amount:	[●] per Calculation Amount, payable on the Interest Payment date falling [in/on] [●]
	(v)	Day Count Fraction (Condition 5(j)):	[30E/360/Actual/Actual – ICMA/Actual/365 (fixed)/other]

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

	(vi)	Determination Date(s) (Condition 5(j)):	[●] in each year *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual – ICMA]*
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/*give details*]
18	Floating Rate Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
	(i)	Interest Period(s):	[●]
	(ii)	Specified Interest Payment Dates:	[●]
	(iii)	Interest Period Date(s):	[●] *(Not applicable unless different from Interest Payment Date)*
	(iv)	Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
	(v)	Business Centre(s) (Condition 5(j)):	[●]
	(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
	(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s):	[The Hongkong and Shanghai Banking Corporation Limited/other *(give details)*]
	(viii)	Screen Rate Determination for Floating Rate Notes where the Reference Rate is an interbank offered rate or other term rate (Condition 5(b)(ii)(B)):	
		• Reference Rate:	[●] *(Either EURIBOR, HIBOR, CNH HIBOR or other, although additional information is required if other)*

	• Interest Determination Date:	[●] *(the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling or Hong Kong Dollars or first day of each Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollar or the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro)*
	• Relevant Screen Page:	[●] [*(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*]
(ix)	[Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as a risk-free alternative reference rate (Condition 5(b)(ii)(C)):]	[*Give details*]
(x)	ISDA Determination (Condition 5(b)(ii)(A)):	
	• Floating Rate Option:	[●]
	• Designated Maturity:	[●]
	• Reset Date:	[●]
	• ISDA Definitions:	[2006 ISDA Definitions]/[2021 ISDA Definitions] (if different to those set out in the Conditions, please specify)*/[To set out definitions in details or in a schedule*]
(xi)	Margin(s):	[+/–] [●] per cent., per annum
(xii)	Minimum Rate of Interest:	[●] per cent., per annum
(xiii)	Maximum Rate of Interest:	[●] per cent., per annum
(xiv)	Day Count Fraction (Condition 5(j)):	[●]

	(xv)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[●]
	(xvi)	Calculation Agent:	[●]
19	Zero Coupon Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Amortisation Yield (Condition 6(b)):	[●] per cent., per annum
	(ii)	Any other formula/basis of determining amount payable:	[●]
20	Dual Currency Note Provisions:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate of Exchange/Method of calculating Rate of Exchange:	[*Give details*] [●]
	(ii)	Calculation Agent:	[●]
	(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[●]
	(iv)	Person at whose option Specified Currency(ies) is/are payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Issuer Call:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]

	(ii)	Optional Redemption Amount(s) per Calculation Amount of each Note and method, if any, of calculation of such amount(s):		[[●] per Calculation Amount/Make-Whole Amount/specify other] (If Make-Whole Amount is selected, below items and other relevant details (if any) should be provided)
		(a)	Redemption Margin:	[●]
		(b)	Discount Basis:	[Annual/semi-annual]
		(c)	Make-Whole Reference Date:	[●]
	(iii)	If redeemable in part:		
		(a)	Minimum Redemption Amount:	[●] per Calculation Amount
		(b)	Maximum Redemption Amount:	[●] per Calculation Amount
	(iv)	Notice period:		[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
22	Issuer Par Call			[Applicable/Not Applicable]
	(i)	Par Call Period Commencement Date:		[●]
	(ii)	Notice Period:		[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*

23	Put Option:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount(s) per Calculation Amount of each Note and method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii)	Notice period:	[●] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
24	Final Redemption Amount of each Note:		[●] per Calculation Amount
25	Early Redemption Amount:		
	(i)	Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

26	Form of Notes:	[Bearer Notes/Exchangeable Bearer Notes/ Registered Notes] *[Delete as appropriate]* [Temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]

		[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice][11]
		[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note]
27	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	[Not Applicable/*Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 17(ii) and 18(iv) relate*]
28	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
29	Details relating to Instalment Notes: amount of each Instalment, date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late repayment:	[Not Applicable/*give details*]
30	Redenomination, renominalisation and reconventioning provisions:	[Not Applicable/The provisions] [annexed to this Pricing Supplement apply]
31	Consolidation provisions:	[Not Applicable/The provisions] [annexed to this Pricing Supplement apply]
32	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

33	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilisation Manager(s) (if any):	[Not Applicable/*give name(s)*]
34	If non-syndicated, name of Dealer(s):	[Not Applicable/*give name*]
35	U.S. selling restrictions:	[Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable]

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

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

OPERATIONAL INFORMATION

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

GENERAL

48	The aggregate nominal amount of Notes issued has been translated into [U.S. dollars] at the rate of [●], producing a sum of (for Notes not denominated in [U.S. dollars]):	[Not Applicable/[U.S.$][●]]

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

HONG KONG SFC CODE OF CONDUCT[12]

52	(i)	Rebates:	[A rebate of [●] bps is being offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the capital market intermediaries otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
	(ii)	Contact email addresses of the Overall Coordinators where underlying investors information in relation to omnibus orders should be sent:	*[Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – Overall Coordinators to provide]*/[Not Applicable]
	(iii)	Marketing and Investor Targeting Strategy:	[As indicated in the Offering Circular]/[*describe if different from the Offering Circular*]

12 For any issuance where paragraph 21 of the Hong Kong SFC Code of Conduct is applicable.

[Listing Application

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

[Stabilisation

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

[Material Adverse Change Statement

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

Responsibility

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

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

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

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by an amended and restated trust deed (as amended or supplemented as at the date of issue of the Notes (the "**Issue Date**"), the "**Trust Deed**") dated 9 August 2024 between the Issuer, the Guarantor and The Hongkong and Shanghai Banking Corporation Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed. An amended and restated agency agreement (as further amended, restated and/or supplemented from time to time, the "**Agency Agreement**") dated 9 August 2024 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the CMU lodging and paying agent, the other paying agents, the registrar, the transfer agent(s), the exchange agent(s) and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent and the CMU Lodging and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar), the "**Exchange Agent(s)**" and the "**Calculation Agent(s)**" (such Issuing and Paying Agent, CMU Lodging and Paying Agent, Paying Agents, Registrar, Transfer Agent(s), Exchange Agent(s) and Calculation Agent(s) being together referred to as the "**Agents**"). For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available (i) for inspection at all reasonable times during usual business hours (being between 9:00 a.m. to 3:00 p.m.) at the principal office in Hong Kong of the Trustee (presently at Level 26, HSBC Main Building, 1 Queen's Road Central, Hong Kong) and at the specified office of the Issuing and Paying Agent and (ii) electronically from the Issuing and Paying Agent, in each case, following prior written request and proof of holding satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent.

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

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

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

1 Form, Denomination and Title

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

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

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

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

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

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

2 No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

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

(b) Transfer of Registered Notes

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

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

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

(d) Delivery of New Certificates

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

(e) Transfers Free of Charge

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

(f) Closed Periods

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

3 Guarantee and Status

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

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

4 Negative Pledge

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

In these Conditions:

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

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

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

5 Interest and Other Calculations

(a) Interest on Fixed Rate Notes

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

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

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

(w) the Designated Maturity is a period specified hereon;

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

(y) references in the relevant ISDA Definitions to:

(1) "**Confirmation**" shall be deemed to be references to the applicable Pricing Supplement;

(2) "**Calculation Period**" shall be deemed to be references to the relevant Interest Accrual Period;

(3) "**Termination Date**" shall be deemed to be references to the Maturity Date;

(4) "**Effective Date**" shall be deemed to be references to the Interest Commencement Date; and

(z) other details will be as specified hereon.

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

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

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11:00 a.m. (Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or as at 11:15 a.m. (Hong Kong time, or if, at or around that time it is notified that the fixing will be published at 2:30 p.m., then 2:30 p.m. Hong Kong time, in the case of CNH HIBOR) on the Interest Determination Date in question plus or minus the Margin (if any) as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations;

(y) if the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall so notify the Issuer as soon as reasonably practicable, and the Issuer shall request, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Issuer (and notified by the Issuer to the Calculation Agent) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11:00 a.m. (Hong Kong time), or if the Reference Rate is CNH HIBOR, at approximately 11:15 a.m. (Hong Kong time) on the Interest Determination Date in question. If the Issuer has provided the Calculation Agent with such offered quotations from two or more of the Reference Banks, the Rate of Interest for such Interest Accrual Period shall be calculated on the basis of the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Issuer determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be calculated on the basis of the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer (and notified by the Issuer to the Calculation Agent) by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is EURIBOR, at approximately 11:00 a.m.

(Brussels time) or, if the Reference Rate is HIBOR, at approximately 11:00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11:15 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is EURIBOR, at approximately 11:00 a.m. (Brussels time) or, if the Reference Rate is HIBOR, at approximately 11:00 a.m. (Hong Kong time) or, if the Reference Rate is CNH HIBOR, at approximately 11:15 a.m. (Hong Kong time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) inform the Issuer (and the Issuer shall so notify the Calculation Agent) it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

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

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

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

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

(iv) Benchmark discontinuation

(A) Independent Adviser

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

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

(B) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

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

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

(C) Adjustment Spread

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

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(iv) and the Independent Adviser determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer or the Guarantor shall, subject to giving notice thereof in accordance with Condition 5(b)(iv)(E), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

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

Notwithstanding any other provision of this Condition 5(b)(iv)(D), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Guarantor in respect of any changes or amendments as contemplated under this Condition 5(b)(iv)(D) which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

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

(E) Notices, etc.

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

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

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

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

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

(F) Survival of Original Reference Rate

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

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

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

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

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

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

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

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

"**Benchmark Event**" means:

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

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

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

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

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

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

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

"**Financial Stability Board**" is an association established pursuant to Article 60 of the Swiss Civil Code to promote international financial stability and coordinate the development of effective regulatory, supervisory and other financial policies.

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

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

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

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

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

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

(c) Zero Coupon Notes

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

(d) Dual Currency Notes

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

(e) Partly Paid Notes

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

(f) Accrual of Interest

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

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

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

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

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

(h) Calculations

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

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

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

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

(j) Definitions

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

"**Business Day**" means:

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

(ii) in the case of euro, a day on which the T2 is operating (a "**TARGET Business Day**"); and/or

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

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

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

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

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

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

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

$$\textit{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

$$\textit{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

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

$$\textit{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

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

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

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

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

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

$$\textit{Day Count Fraction} = \frac{([360 \times (Y_2 - Y_1) + [30 \times (M_2 - M_1)] + (D_2 - D_1))}{360}$$

where:

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

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

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

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

"**Interest Amount**" means:

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

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

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

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

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

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

"**ISDA Definitions**" means (i) if "2006 ISDA Definitions" is specified hereon, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., or (ii) if "2021 ISDA Definitions" is specified hereon, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, including any Matrices referred to therein, as published by ISDA.

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

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

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

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

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

"**T2**" means the real time gross settlement system operated by the Eurosystem or any successor thereto.

(k) Calculation Agents

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

(l) Business Day Convention

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

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

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

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

(b) Early Redemption

(i) Zero Coupon Notes

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

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

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

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

(ii) Other Notes

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

(c) Redemption for Taxation Reasons

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

(d) Redemption at the Option of the Issuer (Issuer Call)

(i) If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date.

(ii) If Make-Whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount per Note shall be equal to the higher of: (i) 100 per cent. of the principal amount of the Note so redeemed; and (ii) the sum of the then present values of the remaining scheduled payments of principal and Remaining Term Interest (assuming for this purpose the Notes are to be redeemed at their nominal amount on the Make-Whole Reference Date), in each case discounted to the relevant Optional Redemption Date on either an annual or semi-annual basis as specified hereon (based on the Day Count Fraction specified hereon) at a rate equal to (x) the Reference Rate plus (y) any applicable Redemption Margin specified hereon, in each case together with interest accrued to (but excluding) the relevant Optional Redemption Date.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

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

In this condition 6(d),

"**Make-Whole Reference Date**" means the earliest of (i) the Maturity Date, (ii) the Par Call Period Commencement Date (if applicable) and (iii) such other date (if any) specified hereon.

"**Reference Rate**" means, with respect to any Optional Redemption Date, the yield determined by the Issuer and notified by it in writing to the Relevant Dealer(s) in accordance with the following:

(i) If the Notes are denominated in U.S. dollars, then the Reference Rate shall be determined by the Issuer after 4:15 p.m., New York City time (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the Optional Redemption Date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) – H.15" (or any successor designation or publication) ("**H.15**") under the caption "U.S. government securities – Treasury constant maturities – Nominal" (or any successor caption or heading) ("**H.15 TCM**"). In determining the Reference Rate, the Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the Optional Redemption Date to the Make-Whole Reference Date (the "**Remaining Life**"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life – and shall interpolate to the Make-Whole Redemption Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the Optional Redemption Date.

    If on the third Business Day preceding the Optional Redemption Date H.15 TCM is no longer published, the Issuer shall calculate the Reference Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second Business Day preceding such Optional Redemption Date of the United States Treasury security maturing on, or with a maturity that is closest to, the Make-Whole Redemption Date, as applicable. If there is no United States Treasury security maturing on the Make-Whole Redemption Date but there are two or more United States Treasury securities with a maturity date equally distant from the Make-Whole Redemption Date, one with a maturity date preceding the Make-Whole Redemption Date and one with a maturity date following the Make-Whole Redemption Date, the Issuer shall select the United States Treasury security with a maturity date preceding the Make-Whole Redemption Date. If there are two or more United States Treasury securities maturing on the Make-Whole Redemption Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, the Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Reference Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

(ii) If the Notes are denominated in a currency other than U.S. dollars, then the Reference Rate will be further specified hereon.

"**Remaining Term Interest**" means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Make-Whole Reference Date determined on the basis of the rate of interest applicable to such Note from and including the relevant Optional Redemption Date. For the avoidance of doubt, the Remaining Term Interest in respect of any Note shall exclude interest accrued to (but excluding) the relevant Optional Redemption Date.

(e) Redemption at the Option of the Issuer (Issuer Par Call)

If Issuer Par Call is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) and in writing to the Trustee and the Issuing and Paying Agent, redeem all or, if so provided, some of the Notes at any time during the period as specified hereon prior to the Maturity Date (the "**Par Call Period Commencement Date**") to (but excluding) the Maturity Date, at the Final Redemption Amount specified hereon together with interest (if any) accrued up to but excluding the date fixed for redemption.

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

(f) Redemption at the Option of Noteholders

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

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

(g) Redemption for Change of Control Event

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

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

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

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

For the purposes of this Condition 6(g):

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

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

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

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

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

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

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

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

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

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

(h) Partly Paid Notes

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

(i) Purchases

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

(j) Cancellation

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

7 Payments and Talons

(a) Bearer Notes

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

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

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

In this Condition 7(a) and in Condition 7(b), "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the T2.

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

(b) Registered Notes

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

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

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

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

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

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

(c) Payments in the United States

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

(d) Payments subject to Fiscal Laws

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

(e) Appointment of Agents

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

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

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

(f) Unmatured Coupons and Receipts and unexchanged Talons

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

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

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

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

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

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

(g) Talons

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

(h) Non-Business Days

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

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

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

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

8 Taxation

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

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

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

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

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

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

9 Prescription

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

10 Events of Default

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

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

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

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

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

(b) Modification of the Trust Deed

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

(c) Substitution

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

(d) Entitlement of the Trustee

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

12 Enforcement

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

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

13 Indemnification of the Trustee

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

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

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

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

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

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

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

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

15 Further Issues

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

16 Currency Indemnity

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

17 Notices

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

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

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

18 Contracts (Rights of Third Parties) Act 1999

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

19 Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

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

(c) Service of Process

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

(d) Waiver of immunity

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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

1 Initial Issue of Notes

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

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

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

2 Relationship of Accountholders with Clearing Systems

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

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

3 Exchange

3.1 Temporary Global Notes

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

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

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the amended and restated agency agreement dated 9 August 2024 (as amended or supplemented from time to time) (the "**Agency Agreement**") for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

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

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

3.2 Permanent Global Notes

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

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

3.3 Global Certificates

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

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

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

3.4 Partial Exchange of Permanent Global Notes

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

3.5 Delivery of Notes

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

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

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

3.6 Exchange Date

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

4 Amendment to Conditions

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

4.1 Payments

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

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

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

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

4.2 Prescription

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

4.3 Meetings

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

4.4 Cancellation

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

4.5 Purchase

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

4.6 Issuer's Option

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

4.7 Noteholders' Options

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

4.8 Trustee's Powers

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

4.9 Notices

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

5 Partly Paid Notes

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

USE OF PROCEEDS

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

CAPITALISATION AND INDEBTEDNESS

As at 31 March 2024, the authorised share capital of the Guarantor was HK$400,000,000 divided into 4,000,000,000 ordinary shares of HK$0.1 par value each ("**Shares**") and its issued share capital was HK$281,760,420.60, consisting of 2,817,604,206 ordinary shares of HK$0.1 par value each.

The following table sets forth the consolidated capitalisation and indebtedness of the Guarantor as at 31 March 2024:

	As at 31 March 2024
	(HK$'000)
Indebtedness	
Current portion of bank and other borrowings	12,673,820
Non-current portion of bank and other borrowings and Notes	
Non-current portion of bank and other borrowings	14,612,250
Notes	475,771
Total non-current portion of bank and other borrowings and Notes	15,088,021
Equity	
Share capital	281,760
Share premium	4,880,059
Reserves	6,518,146
Owners of perpetual capital notes	2,903,198
Other non-controlling interests	288,181
Total equity	14,871,344
Total capitalisation[1]	29,959,365

Note:

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

Post FY2024, the Group continues its debt reduction initiatives to repay various bank facilities, including the full repayment of the construction loan of Hyll on Holland in development in Singapore and repayment of an unsecured corporate term loan. The Group is also gradually repaying the construction loan for the Aspen at Consort Place development in London, in conjunction with the handover process.

Other than as disclosed above, there has been no material change in the total capitalisation of the Guarantor since 31 March 2024.

DESCRIPTION OF THE ISSUER

FORMATION

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

BUSINESS ACTIVITY

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

DIRECTORS

The directors of the Issuer are Tan Sri Dato' David CHIU, Ms. Wing Kwan Winnie CHIU and Mr. Wai Hung Boswell CHEUNG.

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

SHARE CAPITAL

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

DESCRIPTION OF THE GROUP

Introduction

The Group is based in Hong Kong and is primarily engaged in property development and investment, hotel operations and management, car park operations and facilities management, gaming operations and provision of mortgage services. As at 8 August 2024, the market capitalisation of the Guarantor, based on the closing price of HK$1.13 per share and 2,817,604,206 issued shares, was approximately HK$3.2 billion.

The Group's property development and investment division focuses on the execution of property development projects and investment in retail and commercial properties. The hotel operations and management division operates and manages hotels owned by the Group and those owned by third parties. The car park operations and facilities management division monitors a strong and diversified portfolio of car parks owned by the Group and those owned by third parties. The gaming operations division, an addition to the Group's business in 2018, operates and manages casinos owned by the Group. The Group's gaming business under Palasino was publicly listed on the Hong Kong Stock Exchange in 2024. The mortgage services division, as an extension to the Group's property development division, provides residential mortgages to international property buyers. The majority of the Group's revenue is generated in Hong Kong, the PRC, Australia and New Zealand, Malaysia, Singapore, the UK and Europe.

For FY2024, the Group recorded revenue of HK$10.2 billion, an increase of 57.5 per cent. as compared to HK$6,479.0 million in FY2023, with improvement in both property development business and recurring income businesses. The Group's gaming business has been restated as gross revenue, outlining figures before gaming tax. For the same period, the Group launched Red Bank Riverside – Falcon, part of the Victoria North development in Manchester. The Group's cumulative presales value of residential properties under development and unbooked contracted sales amounted to approximately HK$11.5 billion as at 31 March 2024. Two hotels, namely Ritz-Carlton Melbourne and Dorsett Melbourne have been newly opened. Over the years, the Group built a solid development pipeline across its regional operations and the GDV reached approximately HK$65.2 billion including acquisitions made as at 31 March 2024. This pipeline, which is sufficient for eight to ten years, provides a clear visibility for revenue contribution in the coming years. Amidst market fluctuations and the challenging economic environment, the Group's revenue surpassed previous years' performance, demonstrating the Group's ability to maintain a competitive edge in a dynamic market.

As at the date of this Offering Circular, the Guarantor had an authorised share capital of HK$400 million consisting of 4,000 million ordinary shares of HK$0.1 each and an issued and fully paid up share capital of approximately HK$282 million consisting of 2,817,604,206 ordinary shares of HK$0.1 each.

As at the date of this Offering Circular, the aggregate interests of Tan Sri Dato' David CHIU, the single largest shareholder of the Guarantor, and other members of the Chiu family were approximately 66.30 per cent. of the issued Shares. Save as disclosed herein, the Guarantor is not aware of other individual shareholder which holds an interest of ten per cent. or more in the issued share capital of the Guarantor.

History

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

Property development has remained as the Group's core business for more than 50 years. During the period, the Group expanded its businesses to regions such as Australia and the UK and tapped into the gaming and entertainment industry in the Czech Republic and Australia. The Group also encompassed a strong and diversified portfolio of investment properties with carrying amounts of approximately HK$6.1 billion as at 31 March 2024.

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

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

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

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

As an extension of property development business, the Group established a mortgage lending platform under BC Invest that specialises in providing residential mortgages to international buyers. BC Invest expanded to the UK in late FY2021.

In 2024, the Group's gaming operations under Palasino was separately listed on the Main Board of the Hong Kong Stock Exchange. The Group's gaming operations in Czech Republic have shown continuous growth and demonstrates a loyal customer base.

The following table sets forth the contribution to revenue of the Group, from its principal business activities for FY2022, FY2023 and FY2024:

	For the year ended 31 March		
	2022	**2023**	**2024**
		(audited) **(HK$'000)**	
Revenue			
Property development	3,378,357	3,566,135	6,834,270
Property investment	92,749	116,030	115,096
Hotel operations and management	1,405,408	1,547,965	2,031,147
Car park operations and facilities management	664,277	754,298	731,589
Gaming operations	231,478(1)	390,404(1)	402,403(1)
Securities and financial product investments	93,135	59,472	38,846
Provision of mortgage services	30,232	44,654	50,328
Total revenue	5,895,636	6,478,958	10,203,679

Note:

(1) After deduction of gaming tax amounting to HK$95 million in FY2022. The revenue of gaming operations included gaming tax in FY2023 and FY2024.

The following table sets forth the Group's revenue by geographical markets for FY2022, FY2023 and FY2024:

	For the year ended 31 March		
	2022	**2023**	**2024**
		(audited) **(HK$'000)**	
Revenue			
Australia and New Zealand	2,430,785	1,406,023	5,227,516
Hong Kong	1,032,418	1,007,332	1,032,267
Malaysia	118,493	152,462	196,887
PRC	773,277	328,000	310,826
Singapore	337,570	1,257,317	1,903,607
Europe (other than UK)	309,018	559,337	605,468
UK	894,075	1,768,487	927,108
Total revenue	5,895,636	6,478,958	10,203,679

The following is an analysis of the Group's revenue by operating segments for FY2022, FY2023 and FY2024:

	For the year ended 31 March		
	2022	**2023**	**2024**
		(audited) **(HK$'000)**	
Property development			
– Australia	1,658,006	510,178	4,115,080
– Hong Kong	125,627	249,937	229,693
– Malaysia	7,253	15,432	8,184
– PRC	568,224	128,455	56,508
– Singapore	265,346	1,145,915	1,774,815
– UK	753,901	1,516,218	649,990
Property investment			
– Australia	10,170	16,696	21,526
– Hong Kong	34,427	36,366	40,827
– PRC	41,731	55,134	44,832
– UK	6,421	7,834	7,911
Hotel operations and management			
– Australia	166,888	218,398	508,500
– Hong Kong	772,794	653,632	714,509
– Malaysia	90,854	133,901	156,811
– PRC	163,322	144,411	209,487
– Singapore	72,224	111,402	128,792
– Europe (other than UK)	48,623	136,976	161,938
– UK	90,703	149,245	151,110

	For the year ended 31 March		
	2022	2023	2024
		(audited) (HK$'000)	
Car park operations and facilities management			
– Australia and New Zealand	571,924	624,022	540,475
– Europe (other than UK)	28,917	95,189	118,096
– Malaysia	20,386	31,958	41,127
– UK	43,050	3,129	31,891
Gaming operations			
– Australia	–	–	–
– Czech Republic	231,478	390,404	402,403
Securities and financial product investments in Hong Kong	93,135	59,472	38,846
Provision of mortgage services			
– Australia	23,797	36,729	41,936
– Hong Kong	6,435	7,925	8,392
Segment revenue	5,895,636	6,478,958	10,203,679

Recent Developments

Listing of Palasino Group

To attract a broader customer base, the Group's gaming business under Palasino was listed on the Main Board of the Hong Kong Stock Exchange on 26 March 2024. On 19 April 2024, following the partial exercise of an over-allotment option and issuance and allotment of new shares by Palasino Group, the Group's interest in Palasino Group decreased from 73.21 per cent. to 72.07 per cent.

In May 2024, Palasino Group established a wholly-owned subsidiary, Palasino Technology (HK) Limited, which will focus on business-to-business online segment, and entered into a memorandum of understanding for online game contents licensing.

Disposal of Properties in the UK

On 14 May 2024, a non-wholly owned subsidiary of the Guarantor entered into an agreement to sell a car park situated in Manchester, UK at a consideration of GBP17.24 million (approximately HK$166 million). The car park comprises a freehold land situated in Boundary Farm, Styal Road, Manchester and a freehold land situated on the North side of Moss Lane, Styal, which are currently known as "Boundary Farm Car Park". The said disposal is part of the Group's strategy to increase liquidity and reduce net gearing and is subject to completion.

Completion of Property Development Projects

Several landmark property development projects have reached their completion stage. In May 2024, Aspen at Consort Place, a mixed-use development site located at Marsh Wall, Canary Wharf in London, has initiated the handover process. In June 2024, Hyll on Holland, a premium development of residential units at Holland Road in Singapore, has initiated handover process. With the completion of these projects, a visible cash flow related to such projects is set to contribute to debt reduction.

Final dividend for FY2024

The Guarantor's board of directors has recommended the payment of a final dividend for the year ended 31 March 2024 of HK$10.0 cent. per ordinary share. The proposed final dividend will be paid to the shareholders whose names appear on the Guarantor's registrar of members on 9 September 2024. The proposed final dividend will be paid in the form of a scrip dividend with shareholders being given an option to elect to receive cash in lieu of all or part of their scrip dividend entitlements. The scrip dividend entitlements will be subject to (i) shareholders' approval of the proposed final dividend at the Guarantor's forthcoming annual general meeting; and (ii) the Hong Kong Stock Exchange granting the listing of and permission to deal in the new shares to be allotted thereunder.

Key Credit Strengths

High visibility of cash flow from property development business

During FY2024, revenue from the Group's property development reached approximately HK$6.8 billion, representing a significant increase of 91.6 per cent. compared to FY2023. As at 31 March 2024, the Group achieved cumulative pre-sales of properties amounting to approximately HK$11.5 billion, providing a solid foundation for sustainable growth and cash flow for the Group. In addition, several ongoing projects are reaching completion stage, including (i) Hyll on Holland in Singapore, (ii) Aspen at Consort Place in London, (iii) Victoria Riverside in the Manchester, (iv) Perth Hub in Perth and (v) Queen's Wharf Residences (Tower 4) in Brisbane. The Guarantor believes that a visible cash flow related to these projects is set to contribute to debt reduction. The expected attributable GDV of the Group's active residential property development projects under various stages of completion was approximately HK$65.2 billion as at 31 March 2024. The Group is also actively pursuing the next phase of the Victoria North Masterplan in Manchester, and the mixed-use development project in Trafford, Greater Manchester, in collaboration with local authorities.

The land resources currently owned by the Group is sufficient for its development through the next decade. The Group strategically invests in different regions to minimise risks caused by real estate cycles. Regional diversification enables the Group to acquire land at lower costs when a particular market is heading downswing. The Group has maintained a cautious approach to replenishing its residential land bank pipeline. The Group will also continue to identify and invest in regions with strong population growth and property demand such as key cities in the UK and Australia as well as selected cities in Asia.

The Group is also actively looking to work with property owners for redevelopment opportunities, such as the partnership with The Star and MCC. In August 2023, the Group was selected as a preferred bidder by Greater Manchester Combined Authority and Trafford Metropolitan Borough Council to act as development partner to deliver a GBP300 million mixed-use development on the site of the former Greater Manchester Police Headquarters in Trafford, Greater Manchester. In addition, in August 2023, the Group has been granted permission for two planning applications covering the next phase of its Victoria North joint venture with MCC. These land acquisition strategies have resulted in a relatively low land cost base for the Group's development projects and little capital being kept idle. With current cumulative pre-sales and anticipated new projects in the pipeline, the Group anticipates clear revenue visibility and significant growth in relation to cash flow contribution from its property development business in the coming years.

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

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

For the years ended 31 March 2022, 2023 and 2024, the Group's EBITDA[1] amounted to HK$2.8 billion, HK$1.9 billion and HK$2.7 billion and the Group's gross profit margin before depreciation and amortisation of hotel and car park assets (represented by dividing gross profit before depreciation and amortisation of hotel and car park assets by revenue) amounted to 39.0[2] per cent., 30.1 per cent. and 30.9 per cent. for the respective periods, evidencing its strong cash flow profile.

For FY2024, revenue of approximately HK$3,165 million, were contributed by the Group's recurring income businesses, including its hotel operations and management, car park operations and facilities management and gaming operations, representing 31.0 per cent. of the Group's revenue. The Group's recurring income businesses are well positioned to sustain its growth and complemented by the addition of new hotels. As at 31 March 2024, the Group's portfolio will be enriched by the launch of eight hotels set to open by FY2026. The gaming business under the Palasino Group also presents numerous growth opportunities, and the reactivation of the Palasino Group's online gaming license in Malta is designed to attract a broader customer base. In addition, with several landmark projects nearing completion and handover, the anticipated cash flows are expected to enhance the Group's leverage and gearing ratios, notwithstanding economic uncertainties.

Diversified and balanced portfolio of businesses

The Group has a diversified and balanced portfolio of businesses which spans approximately 30 cities in ten countries. It primarily engages in (a) property development, (b) hotel operations and management, (c) car park operations and facilities management, (d) gaming operations and (e) other businesses including property investment, securities and financial product investments in Hong Kong and provision of mortgage services, which contributed to 67.0 per cent., 19.9 per cent., 7.2 per cent., 3.9 per cent. and 2.0 per cent. of the Group's revenue for FY2024, respectively.

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

As at 31 March 2024, the Group owned and operated 32 hotels, with a total of approximately 8,400 rooms in Hong Kong, Malaysia, the PRC, Singapore, Australia, the UK and Europe and had 8 hotel projects under planning or construction, which are expected to offer approximately 2,000 rooms. On 23 March 2023, the Group opened Ritz-Carlton Melbourne, a 257-room luxury hotel, which represents the second Ritz-Carlton developed and opened by the Group in Australia. The Group also opened the Dorsett Melbourne with 316 rooms on 18 April 2023, which marks the second Dorsett branded hotel in Australia Both hotels contribute to the Group's revenue.

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

2 For the years ended 31 March 2022, 2023 and 2024, the Group's gross profit before depreciation and amortisation of hotel and car park assets has excluded the depreciation of leased properties under HKFRS 16.

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

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

Substantial revaluation surplus can be unlocked via monetisable hotel assets

The Group has historically recorded its hotel assets at cost on its consolidated statement of financial position, resulting in the accumulation of a substantial hotel revaluation surplus[3] which amounted to HK$18.9 billion as at 31 March 2024. The Group has a proven capability of recycling its capital by selling hotels profitably and investing in new projects with the capital raised, thereby enabling the Group to generate higher financial returns for shareholders. The Group is continually evaluating options to monetise certain of its hotel assets in order to unlock value tied up in its hotel portfolio and will selectively source accretive opportunities in order to further improve the liquidity position of the Group.

As at 31 March 2024, the Group had eight hotels under development. These hotels are located at prime locations in major cities. As these hotels are to be completed in the coming years, their value is expected to substantially increase, thereby further enhancing the revaluation surplus from the Group's hotel portfolio.

Ability to recycle capital to unlock the value of non-core assets

In September 2023, the Group completed the disposal of remaining units of Dorsett Bukit Bintang in Malaysia for a consideration of MYR120 million. In November 2023, the Group through its 25 per cent. owned joint venture completed the sale of Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million. In March 2024, the Group completed the disposal of the office component of the Kai Tak development in Hong Kong for a consideration of HK$3.38 billion, resulting in the reduction of debt level following receipt of the sale proceeds at completion along with the add-on costs. The Group also disposed of a car park asset in New Zealand in April 2023 and signed an agreement to dispose of a car park in the UK for a consideration of approximately GBP17.24 million in May 2024. In addition, the Group is considering disposing of long-lease residential blocks in Baoshan, Shanghai, with one parcel for raw land sale and the other to be developed into approximately 1,200 units within two years. These transactions showcase the Group's ability to recycle capital to unlock the value of non-core assets and enhance the Group's financial position.

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3 Based on the independent valuations carried out as at 31 March 2024, except Dorsett Melbourne carried out its valuation in November 2023.

Solid financial position, prudent capital management and active assets recycling

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

The Group's bank and cash balances[4] were approximately HK$3.2 billion and total investment securities were approximately HK$1.7 billion, and total assets (including revaluation surplus on hotel assets) were approximately HK$66.0 billion as at 31 March 2024. The net gearing ratio of the Group (representing net debts[5] of HK$22.8 billion as a percentage of total equity (adjusted for hotel revaluation surplus[6] of HK$18,682 million, which is not recognised on the balance sheet)) was 68.1 per cent. as at 31 March 2024, compared to 73.8 per cent. as at 31 March 2023. The ratio of net debts to total assets of the Group remained at a healthy level of 34.6 per cent. as at 31 March 2024, compared to 35.4 per cent. as at 31 March 2023. Such decreases in net gearing ratio and ratio of net debts to total assets were primarily due to a reduction a debt levels driven by various initiatives, including (i) repayment of approximately HK$1,019 million of the Group's 4.5 per cent. USD Medium Term Notes 2023 in May 2023; (ii) repayment of approximately HK$2,821 million of 5.1 per cent. USD Medium Term Notes 2024 in January 2024; (iii) the completion of the disposal for the equity interests in Sanon Limited and the assignment and transfer of the shareholder's loan for a consideration of HK$3.38 billion, resulting in the reduction of debt level following receipt of the sale proceeds at completion along with the add-on costs; (iv) the completion of West Side Place (Towers 3 and 4) in Melbourne, with revenue of approximately HK$3.5 billion being utilised to repay the construction loan; (v) completion on several projects in Hong Kong and the UK further contributed to debt reduction; and (vi) the divestment of the non-core assets such as Sheraton Grand Mirage Resort on the Gold Coast, Australia, in which the Group owns a 25 per cent. stake, the remaining units of Dorsett Bukit Bintang in Malaysia and a car park in New Zealand, with proceeds in aggregate of approximately HK$1.2 billion.

The Group will continue to adopt a prudent approach to capital management by maintaining its net gearing ratio at a healthy level. Due to the solid financial position maintained by the Group, the Group enjoys financial flexibility to cater to its operating activities as well as its existing and potential investment activities. The Group has a balanced debt profile which is supported by strong financing capabilities, with four unencumbered hotel assets in the Group's portfolio as at 31 March 2024 with a capital value of HK$536 million and approximately HK$6.1 billion in various unsold inventory. The Group's loans are primarily denominated in currencies (including the Australian dollar, Renminbi, Hong Kong dollar, Singapore dollar, Sterling and Malaysian Ringgit) which match the currencies associated with potential revenues expected from the projects and investments for which such loans were taken out and hence enabling it to minimise the currency risks. The current pipeline maintained by the Group at relatively low land costs provides it with the flexibility to wait for optimal conditions to commence development or to sell properties, allowing it to maximise the price obtained on sales and to stagger its developments over property cycles.

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

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4 Bank and cash balances represent total restricted bank deposits, pledged deposits and cash and cash equivalents.

5 Net debts represent total bank and other borrowings and notes less investment securities, bank and cash balances.

6 Based on the independent valuations carried out as at 31 March 2024, except Dorsett Melbourne carried out its valuation in November 2023.

As part of the Group's ongoing strategy of actively recycling non-core assets, the Group completed several disposals in FY2024. Transactions included the sale of Sheraton Grand Mirage Resort on the Gold Coast, Australia, the remaining units of Dorsett Bukit Bintang in Malaysia and a car park in New Zealand. The Group remains focused on monetising non-core assets as it provides the Group with additional capital that can be re-invested in attractive investment opportunities without unduly leveraging the balance sheet.

Proven track record and backed by reputable major shareholders

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

The largest shareholder of the Guarantor is the reputable Chiu family, which owned approximately 66.30 per cent. of the issued share capital of the Guarantor as at the date of this Offering Circular. Headed by Tan Sri Dato' David CHIU, the Chiu family has a long history of business success in a wide range of industries, including hospitality, property development and entertainment.

Dedicated and experienced senior management team

The Group has a dedicated and experienced senior management team which has a proven track record of success in property development and hotel operations. Members of the Group's senior management team have an average of over 20 years of experience in the property and hotel markets and have a detailed understanding of the property and hotel markets in the regions where the Group has a business presence. Tan Sri Dato' David CHIU, Chairman and Chief Executive Officer of the Guarantor, has over 40 years of experience in property development and also has extensive experience in hotel development. Mr. Cheong Thard HOONG, Executive Director, has now been with the Group for over 10 years and has shaped the Group's direction of development over the years. Mr. Dennis CHIU, Executive Director of the Guarantor, has over 30 years of experience in property development and has been actively involved in the business development in the PRC, Singapore and Malaysia. Mr. Craig Grenfell WILLIAMS, Executive Director of the Guarantor, has over 40 years of experience in property development and was a director of all development companies of the Lend Lease Group, Australia's largest property developer, before he joined the Guarantor. Ms. Wing Kwan Winnie CHIU, Executive Director and Joint Managing Director of the Guarantor, has over 10 years of experience in property development and also has extensive experience in hotel development. Ms. Jennifer Wendy CHIU, Executive Director and Joint Managing Director of the Guarantor, joined the Guarantor in September 2005, taking charge for the establishment of the Guarantor's inaugural interior design department and currently oversees all pipeline property developments within the Group's global portfolio while managing the its construction companies in the UK and Australia. The in-depth market knowledge of the management team of the Group means that it is able to identify market trends and formulate strategies which are in the best interests of the Group.

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

Strategies

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

Property development and investment division

The Group intends to increase its asset turnover rate. For FY2024, the Group had launched Red Bank Riverside – Falcon in Manchester pre-sales of properties and had 15 property projects in the pipeline. The Group also intends to explore opportunities to provide affordable upscale living for the growing affluent middle class in Asia. Where different regions have different property cycles, the Group would continue to seek attractive opportunities in the right markets in order to grow its business long run. The Group will seek to partner with local operators to jointly develop their sites for regeneration or repurposing to improve utilisation of land resources. To finance its development projects, the Group will diversify its large-scale development portfolio by adding new land banks through selective opportunistic replenishment. The Group will streamline its investment property portfolio to focus on larger assets for better efficiency and continue to dispose of its assets.

Hotel operations and management division

The Group will continue to promote its hospitality brand in order to facilitate its expansion into the hotel operations and management business in various markets. The Group will redeploy capital by disposing of hotels that are not profitable and applying the proceeds in new projects. The Group adopted the "Asian Wallet" strategy by targeting middle class customers from Asia for the growing outbound tourism market and for the increasing appetite in international property investment business. The Group also has approximately eight new hotels or approximately 2,000 new rooms under its development pipeline. The relaxation of pandemic-related measures, coupled with the easing of travel restrictions and introduction of government initiatives to stimulate tourism industry, have fuelled a robust recovery in the performance of the Group's hotel assets in markets where the Group operates its hotel business.

Car park operations and facilities management division

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

Gaming operations division

The Group operates its portfolio of one integrated land-based casino and two full service land-based casinos in the Czech Republic under Palasino Group. In March 2024, the Palasino Group was successfully listed on the Hong Kong Stock Exchange. The Group's gaming operations in the Czech Republic have shown continuous growth, with a loyal customer base and consistent attendance. In addition, Palasino Group reactivated its online gaming licence in Malta in November 2023 and is expected to conduct a soft launch of its service in Malta in FY2025. This will enable the Group to offer its gaming products to other regional customers by leveraging its gaming experience.

In March 2018, a joint venture between the Group, The Star and CTF entered into development agreements with the State of Queensland, Australia for the delivery of the QWB Project located in Brisbane, to develop an entertainment precinct and integrated resort development site with a residential development component in the QWB Project. The QWB Project is currently under construction, with its first stage expected to be completed and opened in mid-FY2025.

Business

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

Property Development

The Group is engaged in the development of residential properties primarily in Hong Kong, the PRC, Singapore, Malaysia, Australia and the UK. For FY2022, FY2023 and FY2024, revenues from property development amounted to HK$3.4 billion, HK$3.6 billion and HK$6.8 billion, respectively, or approximately 57.3 per cent., 55.0 per cent. and 67.0 per cent. of the Group's total revenues for the respective periods. In FY2024, the Group recorded a substantial increase of 91.6 per cent. in revenue compared to FY2023. As at 31 March 2024, the expected attributable GDV of the Group's active residential property development projects under various stages of completion across the regions was approximately HK$65.2 billion. The Group's strong regional diversification reinforces its resilience and allows it to take advantage of different property cycles. The Group has established strong local teams to carry out property development in each of these markets.

In August 2023, the Group was selected as a preferred bidder by Greater Manchester Combined Authority and Trafford Metropolitan Borough Council to act as development partner to deliver a GBP300 million mixed-use development on the site of the former Greater Manchester Police Headquarters in Trafford, Greater Manchester. In addition, in August 2023, the Group was granted permission for two planning applications covering the next phase of its Victoria North joint venture with MCC. These land acquisition strategies have resulted in a land banking strategy comprising of a relatively low land cost base for the Group's development projects and little capital being kept idle.

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

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

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

Several ongoing projects are reaching completion stage, including namely (i) Hyll on Holland in Singapore, (ii) Aspen at Consort Place in London, (iii) Victoria Riverside in Manchester, (iv) Perth Hub in Perth and (v) Queen's Wharf Residences (Tower 4) in Brisbane. During FY2024, the Group recorded a substantial revenue of approximately HK$6.8 billion, representing a significant increase of 91.6 per cent. compared to FY2023. Major contributors to the revenue were the sale of West Side Place (Towers 3 and 4) in Melbourne, Hornsey Town Hall in London, New Cross Central and MeadowSide (Plots 2 and 3, The Gate and The Stile) in Manchester and sale of other inventories in the PRC, Hong Kong and Australia as well as revenue recognition over time of Hyll on Holland in Singapore and Dorsett Place Waterfront Subang in Malaysia. A portion of revenue from the sale of Consort Place and Collyhurst social/affordable housing in the UK, which have low margins was also recognised during FY2024. As at 31 March 2024, the Group achieved cumulative pre-sales of properties amounting to approximately HK$11.5 billion, providing a solid foundation for sustainable growth and cash flow for the Group.

The following are some of the major development projects which are being developed by the Group as at 31 March 2024:

Australia

West Side Place, Melbourne – a mixed-use residential development located in the CBD of Melbourne. This development comprises approximately 3,000 apartments spreading over four towers with a total saleable floor area of approximately 2.2 million sq. ft. and a GDV of HK$9.9 billion. The development consists of two hotels, including a luxury Ritz-Carlton hotel of 257 rooms in Tower 1 which opened on 23 March 2023 and a Dorsett brand hotel with 316 hotel rooms located in Tower 3 which opened on 18 April 2023. Towers 1 and 2 comprise a total of 1,377 apartments with a total saleable floor area of approximately 1.1 million sq. ft. and a total expected GDV of HK$4.9 billion. As at 31 March 2024, the expected GDV of completed stocks available for sale was approximately HK$966 million, and sales and settlements have continued post FY2024. Tower 3 and Tower 4 have been completed and commenced handover process in early April 2023. Tower 3 comprises 684 apartments with a total saleable floor area of approximately 518,000 sq. ft. and a total expected GDV of HK$2.3 billion. Tower 4 comprises 835 apartments with a total saleable floor area of approximately 621,000 sq. ft. and a total expected GDV of approximately HK$2.7 billion. A significant cash flow was recorded from this development during FY2024.

640 Bourke Street, Melbourne – a mixed-use development comprising luxury residential apartments and retail spaces. The project will reach 70 levels, featuring high-end 1-, 2-, and 3-bedroom apartments. Upon completion, it is expected to provide 608 residential units, 430 sq. m of retail space and 294 car park bays, with a total saleable floor area of approximately 556,000 sq. ft., and a total expected GDV of HK$4.1 billion. Together with West Side Place and Upper West Side, 640 Bourke Street will form a continuous stretch of mixed-use developments across three consecutive city blocks, significantly contributing to the revitalisation of the western edge of the CBD.

The Towers at Elizabeth Quay, Perth – a two-tower mixed-use flagship development project which consists of approximately 371,000 sq. ft. in total saleable floor area of residential apartments and a luxury Ritz-Carlton hotel of 205 rooms. As at 31 March 2024, the expected GDV of the completed stocks available for sales was approximately HK$610 million.

Perth Hub, Perth – a major project being undertaken by the Western Australian Government to reconnect the Perth CBD and the entertainment district. Perth Hub, the first phase of the Perth City Link project, is a mixed-use development adjacent to the Perth Arena representing Lots 2 and 3 of the Perth City Link project, featuring 314 residential apartments with a total expected GDV of approximately HK$803 million and approximately 260 hotel rooms to be operated by Dorsett. As at 31 March 2024, the Group has pre-sold HK$710 million worth of units. Completion of the development is expected in FY2025.

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

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

(1) an integrated resort component in which the Group's ownership is 25 per cent. (CTF owns 25 per cent. and The Star owns 50 per cent.) with an equity investment amount of approximately AUD300 million. Payments are made progressively commencing from signing of the QWB Project documents and up to completion of the QWB Project which is expected to be completed in FY2025; and

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

Together with the Group's portion of the land premium for the residential component of the QWB Project, the Group's total capital commitment is approximately AUD360 million, which the Group has funded a significant portion from its internal resources. The QWB Project encompasses a total area of approximately 9.4 hectares at Queen's Wharf, Brisbane and envisages three residential towers, three world-class hotels, high-end food and commercial outlets and a casino in Brisbane's prime waterfront district. The total core development GFA of the QWB Project is expected to be approximately 387,000 sq. m., of which approximately 144,000 sq. m. relates to the residential component.

Tower 4 is the only residential tower directly connected to the integrated resort development, featuring 667 residential apartments with a total saleable floor area of approximately 506,000 sq. ft. and a total expected GDV of approximately HK$3.0 billion (attributable GDV of HK$1.5 billion). All residential units were presold as at 31 March 2024 and completion of the development is expected in FY2025.

The Group launched the Queen's Wharf Residences (Tower 5) in FY2022. Tower 5 is across the street from Tower 4 and will house 866 residential apartments with a total saleable floor area of approximately 707,000 sq. ft. and with a total expected GDV of approximately HK$4.7 billion. After its launch in March 2022, the project received a strong response. As at 31 March 2024, the Group has presold HK$4.4 billion (attributable GDV of HK$2.2 billion) worth of units. Completion of the development is expected to be in FY2028.

Tower 6 is considered to be another residential tower and features 315 residential apartments, with a total saleable floor area of approximately 337,000 sq. ft. and a total expected GDV of HK$2.4 billion.

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

The first tower of the development features a 313-room Dorsett hotel which opened in December 2021 and 422 residential apartments with a total saleable floor area of approximately 300,000 sq. ft. and a total expected GDV of approximately HK$1.4 billion. All units of the first tower were completed and settled in FY2023.

Epsilon, which is the second tower of the development, will feature a 202-room five-star hotel and approximately 440 residential apartments with a total saleable floor area of approximately 327,000 sq. ft. and a total expected GDV of approximately HK$1.6 billion (attributable GDV of HK$537 million). All residential units were presold as at 31 March 2024 and completion of the development is expected in FY2026.

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

PRC

California Garden, Shanghai – a premier township development in Shanghai comprising a diversified portfolio of residences including low-rise apartments, high-rise apartments and townhouses. The development consists of two phases, namely King's Manor and Royal Crest II. As at 31 March 2024, the expected GDV of completed stocks available for sale was approximately HK$110 million. These units are expected to continue to make a contribution to the Group's revenue and profit.

Royal Riverside, Guangzhou – a five-tower residential development comprising 607 apartments situated at the riverside. The entire development has been completed. As at 31 March 2024, the expected GDV of completed stocks available for sale was HK$53 million. These units are expected to continue to make a contribution to the Group's revenue and profit.

Hong Kong

The Group built its development pipeline in Hong Kong over the years through acquisition of redevelopment sites, participating in government tender and bidding for projects with the Hong Kong Urban Renewal Authority.

Marin Point – a residential development at Sha Tau Kok which the Group acquired through a government tender. This development comprises 261 low-rise apartments with approximately 103,000 sq. ft. in total saleable floor area. The development has been completed. As at 31 March 2024, the expected GDV of completed stocks available for sale was approximately HK$527 million. The remaining units will be sold on a completed basis.

Manor Parc – a residential development at Tan Kwai Tsuen consisting of 24 town houses with approximately 50,000 sq. ft. in total saleable floor area and a total expected GDV of HK$716 million. The development has been completed. As at 31 March 2024, the expected GDV of completed stocks available for sale was HK$648 million, of which approximately HK$535 million has been secured as contracted sales and is expected to be settled in FY2025. The remaining units will be sold on a completed basis.

Mount Arcadia – a residential development at Tai Po Road. The project comprises 62 apartments and four houses and has a total saleable floor area of approximately 84,000 sq. ft. The expected GDV of the 62 apartments is approximately HK$1.4 billion. Construction of the project has been completed. As at 31 March 2024, the expected GDV of completed stocks available for sale for apartments was approximately HK$1.0 billion, of which approximately HK$724 million secured as contracted sales and expected to be settled in FY2025. The remaining apartments will be sold on a completed basis.

The Pavilia Forest – a residential development which the Group acquired 50 per cent. ownership through a joint venture in November 2021. It will feature 1,305 residential apartments, with a total saleable floor area of approximately 460,000 sq. ft. and a total expected GDV of approximately HK$12.7 billion. Subject to the market conditions, the development is expected to launch for presales in FY2025 and is slated to complete in FY2026.

Site at Lam Tei, Tuen Mun – a site at Lam Tei, Tuen Mun which the Group acquired in June 2021 for residential development with a total saleable floor area of approximately 383,000 sq. ft. and a total expected GDV of HK$6.3 billion. The project is currently under planning, with overall strategies and timeline under review. It is subject to planning approval.

Site at Ho Chung, Sai Kung – a residential site located in Ho Chung, Sai Kung which the Group acquired 33.3 per cent. ownership through a joint venture in September 2021. The residential development will feature 26 high-end houses with total saleable floor area of approximately 58,000 sq. ft. and a total expected GDV of approximately HK$1.4 billion (attributable GDV of HK$472 million). Construction of this development has begun and is slated to complete in FY2027.

Site at Sai Ying Pun, Hong Kong – a site at Sai Ying Pun which the Group acquired development rights through a tender conducted by the Urban Renewal Authority. The land covers a site area of about 1,077.3 sq. m. at Sai Ying Pun, Hong Kong. The Group intends to develop the land into a mixed residential and commercial development with expected saleable floor area of approximately 75,000 sq. ft. and 2,800 sq. ft. respectively. The development obtained its building plan approval and started foundation works.

UK

Hornsey Town Hall, London – a mixed-use redevelopment project located in North London, which involves the conversion of an existing town hall into a hotel/serviced apartment tower with communal areas, as well as a residential segment. It comprises 135 residential units spanning a total saleable floor area of approximately 108,000 sq. ft. along with 11 social/affordable units. This development also encompasses a commercial and office component, occupying approximately 84,000 sq. ft. Construction of the development is completed and handover process was initiated in FY2023. As at 31 March 2024, the expected GDV of completed stocks available for sale was approximately HK$117 million, of which approximately HK$7 million have been secured as contracted sales. The handover process is slated to continue in FY2025.

Aspen at Consort Place, London – a mixed-use development site at Marsh Wall, Canary Wharf, London. It comprises 502 residential units, 139 affordable housing units, a 231-room hotel, and commercial spaces, spanning a total saleable floor area of approximately 481,000 sq. ft. As at 31 March 2024, the total presold value of residential units amounted to approximately HK$1.9 billion, whereas the affordable housing units were presold for approximately GBP43 million in FY2022. The handover process is set to commence for the lower floor residential units in the first half of FY2025, progressing to higher floors, with phased completion expected.

Ensign House, London – the Group continued to grow its business footprint and strengthen its development presence in the UK. In February 2020, an agreement was executed for the acquisition of Ensign House in Canary Wharf, London, which is adjacent to the Group's Aspen at Consort Place. Ensign House is intended to evolve into a residential tower comprising around 390 residential units, featuring a total saleable floor area of approximately 290,000 sq. ft., with a total expected GDV of approximately HK$3.3 billion. The project has successfully secured planning approval.

Victoria North, Manchester – a mega-scale regeneration development project in Manchester which spans across an area of more than 390 acres (equivalent to 17 million sq. ft.), sweeping north from Victoria Station and covering the neighbourhoods of New Cross, the Lower Irk Valley and Collyhurst. This project is expected to deliver approximately 20,000 new homes over the next decade, providing an optimal mix of high-quality housing and social infrastructure, while allowing the city centre to expand. The vision of this project is to create a series of distinct yet clearly connected communities that make the most of the area's natural resources.

The strategic regeneration framework ("**SRF**") of the Victoria North development was approved by the MCC in February 2019 providing an illustrative masterplan in order to outline how development proposals within Victoria North will come forward.

Since entering into the development agreement with MCC in April 2017, the Group has acquired various land plots within the Victoria North area investing over GBP30 million in assets, which will be developed into individual projects as the overall masterplan evolves. This includes the acquisition of 20 acres of land from Network Rail in July 2019.

The Victoria North project is expected to provide the Group with a significant and stable, long-term pipeline within the UK. As at 31 March 2024, the Group has already secured planning consent for several land plots within the Victoria North district, providing a pipeline with a saleable floor area of more than three million sq. ft., which is expected to deliver approximately 4,500 new homes over the next five to eight years.

New Cross Central, Manchester – The Group completed New Cross Central, the first development under Victoria North within the New Cross neighbourhood in February 2023, comprising of 80 residential units with a total saleable area of approximately 62,000 sq. ft. and a total expected GDV of approximately HK$256 million. Construction of the development is completed, with handovers initiated in FY2023. As at 31 March 2024, the expected GDV of completed stocks available for sale was approximately HK$21 million, or which approximately HK$4 million has been secured as contracted sales. Handover of the remaining homes is expected to continue in FY2025.

Victoria Riverside, Manchester – a development situated within the Red Bank neighbourhood of Victoria North and is in close proximity to major transport links including Victoria Station and Manchester City Centre. It is a key gateway into the Victoria North masterplan area and expands the city centre northwards from MeadowSide. Currently on site and being delivered, it will be a predominantly residential development, incorporating a high-quality public realm with commercial and leisure use at ground floor and will become a set of new landmark buildings for the area. The development features three towers comprising approximately 596 units and 38 townhouses, with total saleable floor area of approximately 495,000 sq. ft. and a total expected GDV of approximately HK$1.9 billion.

Crown View features 275 residential units with a total saleable floor area of approximately 223,000 sq. ft. and a total expected GDV of approximately HK$992 million. It was launched in late September 2022 and total presold value of HK$921 million was recorded as at 31 March 2024. City View comprises 128 affordable housing units and has been presold to Trafford Housing Trust, which is part of L&Q, one of the largest housing associations in England for a consideration of approximately GBP26 million. Park View features 193 residential units with a total saleable floor area of approximately 149,000 sq. ft. and a total expected GDV of approximately HK$568 million. All units have been presold as at 31 March 2024. The project is expected to be completed in FY2025. Bromley Street consists of 38 townhouses with a total saleable floor area of approximately 39,000 sq. ft. and a total expected GDV of approximately HK$167 million. It was launched in March 2023 and total presold value of HK$77 million was recorded as at 31 March 2024.

Collyhurst Village, Manchester – a development at the initial phases of the Victoria North masterplan. This development consists of 144 private residential units with approximately 153,000 sq. ft. in total saleable floor area and a total expected GDV of HK$419 million. It also includes 130 affordable housing units with approximately 104,000 sq. ft. in total saleable floor area and a total expected GDV of HK$342 million. The development was launched in FY2023 and is expected to be completed over a series of phased handovers between FY2025 to FY2027.

Red Bank Riverside, Manchester – the vision for the Red Bank centres around a "Wild Urbanism" concept which promotes the benefits of high-density living within the nature of the River Irk Valley to create a unique city neighbourhood. Over 12 acres of new and improved river parkland, green space and public realm will be created to support an inclusive, sustainable urban neighbourhood. The buildings are designed to meet a high sustainability standard, with the proposals outlining plans for the installation of solar panels, heat pumps and green and brown roofs. The Group has acquired over 30 acres of land in Red Bank and, alongside the two secured planning consents, consolidates the Group's development pipeline in the neighbourhood for the next ten years. The first, an outline planning approval, is for the delivery of up to 3,250 homes and more than 160,000 sq. ft. of non-residential floor space to be earmarked for commercial uses, a health centre, primary school, residential amenities and community spaces. The outline approval has a total expected GDV of approximately HK$9.8 billion.

The second approval is for a full planning application for the Group's next phase of delivery on Red Bank Riverside adjacent to the 634-home Victoria Riverside scheme. This will see the delivery of seven buildings varying in height between six and 34 storeys and comprising 1,551 homes covering approximately 1,208,000 sq. ft. and with an expected GDV of approximately HK$6.0 billion, as well as a new high street that will include approximately 20,000 sq. ft. of commercial and retail space. Red Bank

Riverside is expected to commence ground works in FY2025, with phased completions of the plots from FY2027 through to FY2030. Falcon, one of the residential towers within the Red Bank Riverside, has been launched in March 2024 which features 189 residential units with total saleable floor area of approximately 131,000 sq. ft. and a total expected GDV of HK$653 million.

Elsewhere within the Manchester regional business, the Group has continued to see completions at MeadowSide which is the Group's first major residential development in Manchester. The project is located adjacent to NOMA which is one of the major Grade A commercial office and employment areas of the city and sits on the doorstep of the Group's Victoria North development. The development features 4 Plots (Plots 2, 3, 4 and 5) comprising approximately 756 apartments with approximately 560,000 sq. ft. of total saleable floor area and residential amenities, arranged around the historic Angel Meadow Park near Victoria Station, one of the major transportation hubs of the city.

Plot 2 – The Gate and Plot 3 – The Stile have a total saleable floor area of approximately 217,000 sq. ft. and a total expected GDV of approximately HK$927 million. Handover was initiated smoothly in March 2022. As at 31 March 2024, the expected GDV of completed stocks available for sale was approximately HK$99 million, of which approximately HK$14 million has been secured as contracted sales.

Plot 5 – Mount Yard has a total saleable area of approximately 99,000 sq. ft. and a total expected GDV of approximately HK$403 million. All units of the development were completed and settled.

Plot 4 has been granted planning permission to build a 40-storey residential building. The Group is currently assessing and exploring opportunities to increase gross floor area and enhance GDV given the location's ever evolving nature.

The former Greater Manchester Police Headquarters Site, Manchester – the former Greater Manchester Police Headquarters site on Chester Road in Old Trafford. In August 2023, the Group was selected by public sector partners, the Greater Manchester Combined Authority and Trafford Metropolitan Borough Council, as their development partner. Situated in a high-profile location, the nine-acre site is close to the home of Manchester United football club and other regional sports stadiums including Old Trafford Cricket Ground. With an estimated GDV of approximately GBP322 million, the site has the potential to deliver approximately 750 new homes including affordable housing units, a 250-room hotel, a multi storey car park and around 30,000 sq. ft. of ground floor commercial space, along with new public open space to support the new community and match day spikes in visitor footfall to the area. The project therefore has the potential to enhance a range of complementary Group business units.

The site is close to key existing public transport nodes including the Trafford Bar Metrolink stop and is less than ten minutes from Manchester City Centre and the employment and media hub of Salford Quays, which are both less than ten minutes away by tram. The Group is currently in the process of completing the relevant formalities which should conclude in early FY2025.

Singapore

Hyll on Holland – a premium development of 319 residential units at Holland Road and a highly attractive and reputable neighbourhood in Singapore. The Group has an 80 per cent. interest in the project. The development has a saleable floor area attributable to the Group of approximately 194,000 sq. ft. The sales of this project have been recognised according to the progress of development. As at 31 March 2024, all 319 residential units were sold out with the attributable unbooked presale amounting to approximately HK$526 million. In June 2024, the development initiated the handover process.

Cuscaden Reserve – a residential development site at the prime area of District 9 in Singapore. The Group has a 10 per cent. interest in the project. It is expected to comprise approximately 17,000 sq. ft. in attributable saleable floor area and completion of the development is expected in FY2025.

Malaysia

Dorsett Bukit Bintang – a residential development adjacent to the Group's Dorsett Kuala Lumpur. The development consists of 252 high-rise apartments with approximately 215,000 sq. ft. in total saleable floor area. The Group signed a contract to sell the remaining stock of 130 units for approximately MYR120 million in May 2023 and completed the transaction in September 2023.

Dorsett Place Waterfront Subang – adjacent to the esteemed 5-star hotel Dorsett Grand Subang, is a development in which the Group holds a 50 per cent. interest. The development consists of three blocks and will offer 1,989 fully-serviced suites. The revenue of this project have been recognised according to the progress of development. As at 31 March 2024, total presold value of HK$545 million (attributable GDV of HK$272 million) was recorded and the completion of the development is expected in FY2025 to FY2026.

Property Investment

The investment property portfolio of the Group comprises investments in retail and office buildings primarily situated in Hong Kong, Mainland China, Singapore, the UK and Australia. In FY2024, a fair value gain on investment properties of approximately HK$455 million was recorded. As at 31 March 2024, the carrying amounts of investment properties was approximately HK$6.1 billion (as at 31 March 2023: approximately HK$8.1 billion).

The Group acquired a piece of land in Kai Tak, Hong Kong, adjacent to the Kai Tak Sports Park, for mixed-used development through a government tender in August 2019. It comprises an office portion, a hotel portion that will house a flagship Dorsett hotel with 373-room, namely Dorsett Kai Tak, Hong Kong, as well as some retail space. The office portion of the development was disposed of for HK$3.38 billion and the transaction was completed in March 2024. As a result of receipt of the sale proceeds at completion along with the add-on costs as stipulated in the sales and purchase agreement of the disposal, debt level has reduced.

Previously, the Group acquired two sites in Baoshan, Shanghai slated for the development of residential blocks for leasing purposes. Construction work has been initiated on one of the sites in December 2021, which, with a lettable floor area of approximately 573,000 sq. ft., is set to offer approximately 1,200 units. Completion of this development is anticipated to be in FY2025. The other site is awaiting construction commencement and is expected to offer approximately 2,600 accommodation units. The Group is considering divesting the residential blocks as part of its non-core assets disposal strategy.

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

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

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

The following table sets forth the Group's current major property development and investment properties (excluding hotel properties) as at 31 March 2024:

	Name of property and location	Group interest	Approximate GFA	Purpose(1)
		(per cent.)	(m^2)	
Shanghai				
1	133 units of shoplots in Jinqiu Xintiandi, Lane 809, Jinqiu Road, Baoshan District	98.2	23,446	S
2	Jinqiu School, Club House, Kindergarten and Ancillary portion of Area 17I, California Garden, Jinqiu Road, Baoshan District	98.2	21,943	F
3	1 car parking bay, Area 16, California Garden, Jinqiu Road, Baoshan District	98.2	24	CP
4	271 car parking bays, California Garden, Jinqiu Road, Baoshan District	98.2	11,105	CP
5	King's Manor, Area 16, California Garden, Jinqiu Road, Baoshan District	98.2	962	R
6	The Royal Crest II, Area 17 II, California Garden, Jinqiu Road, Baoshan District	98.2	207	R
7	Area 17A, California Garden, Jinqiu Road, Baoshan District	98.2	477	R
8	Land parcel no. E1B-01, Lot 47/6 Block 3, Qilian Town, Baoshan District	98.2	53,301	R
9	Land parcel no. E2A-01, Lot 93/8, Block 3, Qilian Town, Baoshan District	98.2	73,013	R
Guangzhou				
1	New Times Plaza, Jian She Heng Road, Yue Xiu District	50	21,343	R
2	Royal Riverside, 10 Miaoqianjie North, Chajiao, Li Wan District	100	5,803	R&S
3	178 car parking bays, 10 Miaoqianjie North, Chajiao, Li Wan District	100	2,247	CP
Hong Kong				
1	Star Ruby, Ground and 1st Floors, No. 1 San Wai Street, Hung Hom	100	1,230	S
2	16th, 18th, 19th, 20th and 24th Floors, (including lavatories on 16th, 18th, 19th, 20th and 24th Floors, Flat Roof on 24th Floor), Far East Consortium Building, 121 Des Voeux Road Central	100	2,474	O
3	Far East Consortium Building, 204–206 Nathan Road, Tsim Sha Tsui	100	3,597	S&O
4	Fung Lok Wai, Yuen Long	25.33	–	R
5	Various shops on LG/F and UG/F, Tsuen Wan Gardens Phase 1, 15-23 Castle Peak Road, Tsuen Wan	100	3,822	S
6	Route TWISK, Chuen Lung, Tsuen Wan	100	5,232	Planning
7	Manor Parc, No. 3 Tan Kwai Tsuen Lane, Yuen Long	100	4,273	R
8	Various lots, Pak Kong, Sai Kung	100	–	A
9	Yau Kam Tau, Tsuen Wan	100	–	A

	Name of property and location	Group interest	Approximate GFA	Purpose[(1)]
		(per cent.)	(m^2)	
10	Basement to 5th Floor, Nos. 135–143, Castle Peak Road, Tsuen Wan	100	3,469	S&O
11	Aspen Crest, Nos. 68-86A Wan Fung Street, Wong Tai Sin, Kowloon	100	923	S
12	The Garrison, Mei Tin Road, Tai Wai, Shatin, New Territories	100	516	S
13	Marin Point, No. 31 Shun Lung Street, Sha Tau Kok, New Territories	100	5,189	R&S
14	Mount Arcadia, 8388 Tai Po Road, Sha Tin Heights, New Territories	100	5,837	R
15	Bakerview, 66 Baker Street, Hung Hom, Kowloon	100	578	S
16	Kai Tak Commercial Plot, Shing Kai Road, Kai Tak, New Kowloon Inland Lot No. 6607	100	1,520	S
17	Lots in D.D. 130 San Hing Tsuen, Lam Tei, Tuen Mun	100	19,650[(2)]	R
18	Lot No. 2195 in D.D. 244, Ho Chung, Sai Kung	33.3	5,262	R
19	The Pavilia Forest, 2 Shing King Street, Kai Tak	50	47,220	R
20	1L 9081, Des Voeux Road West and Kwai Heung Street, Sai Ying Pun	100	7,273	R&S
Australia				
1	The FIFTH, 605–611 Lonsdale Street, Melbourne, Victoria	100	286	S
2	The Towers at Elizabeth Quay, Edge of CBD and Swan River along the Eastern Promenade on Barrack Street, Perth, Western Australia	100	8,032	R
3	West Side Place, 250 Spencer Street, Melbourne, Victoria	100	65,957	R&S
4	Perth Hub, 600 Wellington Street, Perth, Western Australia	100	22,018	R&S
5	Queen's Wharf Brisbane, Brisbane, Queensland		146,090	
	Tower 4	50		R&S
	Tower 5	50		R&S
	Tower 6	50		O&S
6	The Star Residences Casino Drive, Broadbeach Island, Gold Coast, Queensland		134,633	
	Tower 2 – Epsilon	33.3		R
	Towers 3 to 5	33.3		R
7	640 Bourke Street, Melbourne	100	52,257	R&S
8	Rebecca Walk, Flinders Street, Melbourne, Victoria	100	512	S
9	Upper West Side, 313–349 Lonsdale Street, Melbourne, Victoria	100	2,751	S
10	Northbank, Flinders Street, Melbourne, Victoria	100	45	S
Malaysia				
1	Mukim of Kerling, District of Hulu Selangor, Selangor, Darul Ehsan	90	422,896[(2)]	A
2	Dorsett Place Waterfront Subang, Jalan SS 12/1, 47500 Subang Jaya, Selangor	50	97,882	R

Name of property and location	Group interest	Approximate GFA	Purpose[(1)]
	(per cent.)	(m^2)	
Singapore			
1 Hyll on Holland, District 10, Singapore	80	22,476	R
2 Cuscaden Road, District 9, Singapore	10	15,835	R
UK			
1 Aspen at Consort Place, 50 Marsh Wall, London	100	45,037	R&S
2 Hornsey Town Hall, The Broadway, Crouch End, London	100	9,697	R&O
3 MeadowSide, Angel Meadows, Aspin Lane, Manchester		25,459	
– The Gate and The Stile	100		R&S
– Plot 4	100		R&S
4 Victoria North, Manchester			
– New Cross Central	100	433	R
– Victoria Riverside	100	47,068	R&S
– Collyhurst	100	23,841	R
– Red Bank Riverside – Falcon	100	12,143	R
– Red Bank Riverside	100	100,057	R
– Network Rail	100	142,328	Planning
– Others	100	89,866	Planning
5 Ensign House, Admirals Way, Isle of Dogs, London	100	37,653	R&S

Notes:

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

(2) This represents site area.

Hotel Operations and Management

The Group diversified into the hotel operations business in Hong Kong in 2000 by acquiring two three-star hotels, namely, the Dorsett Garden Hotel and Dorsett Seaview Hotel. As at 31 March 2024, the Group owns and operates its hotel portfolio through four distinct lines of business, which focuses on three- to four-star hotel segment. These include the Dorsett Hotel and Resorts, which features the upscale "Dorsett", the newly launched upper upscale "Dao by Dorsett", the upscale "d.Collection" which features boutique hotels with unique identities, as well as mid-scale "Silka" brand for streamlined, cost efficient stays.

As at 31 March 2024, the Group owned 32 hotels with approximately 8,400 rooms in operations and had eight hotels with approximately 2,000 rooms in the development pipeline. The 32 operating hotels, including the wholly-owned Dorsett Group and the Ritz-Carlton hotels in Perth and Melbourne as well as the partially-owned Dorsett Gold Coast on the Gold Coast, Dao by Dorsett AMTD in Singapore and hotels under Palasino Group in Germany, Austria and Czech Republic, spread over Hong Kong, the PRC, Singapore, Malaysia, Australia, the UK and Europe. Moreover, the Group also manages three other hotels in Malaysia with approximately 879 rooms.

On 23 March 2023, the Group opened Ritz-Carlton Melbourne, a 257-room luxury hotel, which represents the second Ritz-Carlton developed and opened by the Group in Australia. The Group then opened the Dorsett Melbourne with 316 rooms on 18 April 2023, marks the second Dorsett branded hotel in Australia. Both hotels are located within the West Side Place development, a mixed-use development in the CBD of Melbourne.

As part of the Group's commitments to reduce debt level and gearing ratio and divest some of its non-core assets, the Group, through its 25 per cent. owned joint venture completed the sale of Sheraton Grand Mirage Resort on the Gold Coast, Australia for AUD192 million.

For FY2022, FY2023 and FY2024, revenues from the hotel operations and management division amounted to HK$1,405.4 million, HK$1,548.0 million and HK$2,031.1 million, respectively, or approximately 23.8 per cent., 23.9 per cent. and 19.9 per cent. of the Group's total revenues for the respective periods.

The occupancy rates of the Group's owned hotels, categorised by region and by brand, are as follows:

	For the year ended 31 March		
	2022	**2023**	**2024**
		(per cent.)	
Region			
Hong Kong	77.1	64.7	88.1
Malaysia	44.1	50.3	56.6
PRC	44.3	44.7	62.8
Singapore(1)	90.8	78.9	83.8
UK	45.7	71.8	78.8
Australia(2)	49.6	73.7	61.0
Dorsett Group Total(3)	61.6	58.8	73.5
Palasino Group Total(4)	28.3	49.0	51.7

Notes:

(1) Excludes Dao by Dorsett AMTD Singapore which is equity accounted.

(2) Excludes Sheraton Grand Mirage Resort and Dorsett Gold Coast which are equity accounted.

(3) Excludes hotels under Palasino Group but includes Ritz-Carlton Perth and Ritz-Carlton Melbourne.

(4) Restated the statistic to include Hotel Savannah for FY2023.

The average room rates (total room revenue divided by number of paid and occupied rooms for the year) of the Group's owned hotels, categorized by region and by brand, are as follows:

	For the year ended 31 March		
	2022	**2023**	**2024**
Region			
Hong Kong (HK$)	892	916	730
Malaysia (MYR)	183	231	225
PRC (RMB)	307	265	360
Singapore (SGD)[(1)]	125	200	209
UK (GBP)	85	122	129
Australia (AUD)[(2)]	425	399	369
		(HK$)	
Dorsett Group Total[(3)]	764	820	783
Palasino Group Total[(4)]	638	659	710

Notes:

(1) Excludes Dao by Dorsett AMTD Singapore which is equity accounted.

(2) Excludes Sheraton Grand Mirage Resort and Dorsett Gold Coast which are equity accounted.

(3) Excludes hotels under Palasino Group but includes Ritz-Carlton Perth and Ritz-Carlton Melbourne.

(4) Restated the statistic to include Hotel Savannah for FY2023.

The following table sets forth the Group's owned hotels that are currently in operation or under development.

	Name of hotel /casino	Location	Group Interest
			(per cent.)
Hong Kong			
1	Dorsett Wanchai, Hong Kong	Nos. 387–397 Queen's Road East, Wan Chai	100
2	Cosmo Hotel Hong Kong	Nos. 375–377 Queen's Road East, Wan Chai	100
3	Lan Kwai Fong Hotel@Kau U Fong	No. 3 Kau U Fong, Central	100
4	Silka Far East, Hong Kong	Nos. 135–143 Castle Peak Road, Tsuen Wan	100
5	Silka Seaview, Hong Kong	No. 268 Shanghai Street, Yau Ma Tei	100
6	Dorsett Mongkok, Hong Kong	No. 88 Tai Kok Tsui Road, Tai Kok Tsui	100
7	Dorsett Kwun Tong, Hong Kong	No. 84 Hung To Road, Kwun Tong	100
8	Dorsett Tsuen Wan, Hong Kong	No. 28 Kin Chuen Street, Kwai Chung	100
9	Silka Tsuen Wan, Hong Kong	No. 119 Wo Yi Hop Road, Kwai Chung	100
10	Dorsett Kai Tak	Shing Kai Road, Kai Tak, New Kowloon Inland Lot No. 6007	100

	Name of hotel /casino	Location	Group Interest
			(per cent.)
PRC			
1	Dorsett Chengdu	No. 168 Xiyulong Street, Qingyang District, Chengdu, Sichuan Province	100
2	Dorsett Wuhan	Hong Kong & Macao Centre, No. 118 Jianghan Road, Hankou, Wuhan, Hubei Province	100
3	Dorsett Shanghai	No. 800 Hua Mu Road, Pudong New Area, Shanghai	100
4	Lushan Resort	Wenquan Zhen, Xingzi Xian, Jiujiang City, Jiangxi Province	100
Malaysia			
1	Dorsett Kuala Lumpur	172, Jalan Imbi, 55100 Kuala Lumpur, Malaysia	100
2	Dorsett Grand Subang	Jalan SS 12/1, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia	100
3	Dorsett Grand Labuan	462, Jalan Merdeka, 87029 Federal Territory of Labuan, Malaysia	100
4	Silka Maytower Kuala Lumpur	No. 7 Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia	100
5	Silka Johor Bahru	Lot 101375 Jalan Masai Lama, Mukim Plentong, 81750 Johor, Malaysia	100
6	J-Hotel by Dorsett	Jalan Jati, Off Jalan Imbi, 55100 Kuala Lumpur, Malaysia	100
Singapore			
1	Dorsett Singapore	333 New Bridge Road, 088765 Singapore	100
2	Dao by Dorsett AMTD Singapore	6 Shenton Way, OUE Downtown #07-01, 068809 Singapore	49
UK			
1	Dorsett Shepherds Bush, London	58 Shepherd's Bush Green, London	100
2	Dao by Dorsett West London	56 Shepherd's Bush Green, London	100
3	Dorsett Canary Wharf, London	63-69 Manilla Street & 50 Marsh Wall, London	100
4	Dao by Dorsett Hornsey	The Broadway, Crouch End, London	100
Australia			
1	The Ritz-Carlton, Melbourne	650 Lonsdale Street, Melbourne, Australia	100
2	The Ritz-Carlton, Perth	1 Barrack Street, Perth, Australia	100
3	Queen's Wharf	Brisbane, Australia	25
4	Dorsett Melbourne	615 Little Lonsdale Street, Melbourne, Australia	100
5	Dorsett at Perth City Link	City Link, Perth, Australia	100

Name of hotel /casino		Location	Group Interest
			(per cent.)
6	Dorsett Gold Coast	Casino Drive, Broadbeach, Queensland, Australia	33.3
7	The Star Residences – Epsilon	Casino Drive, Broadbeach Island, Broadbeach, Queensland	33.3
Europe			
1	Hotel Columbus	Seligenstadt, Germany	73.21
2	Hotel Freizeit Auefeld	Hann Münden, Germany	73.21
3	Hotel Kranichhöhe	Much, Germany	73.21
4	Hotel Donauwelle	Linz, Austria	73.21
5	Palasino Savannah Resort	Czech-Austrian Border	73.21
6	Palasino Furth im Wald	Czech-Austrian Border	73.21
7	Palasino Wullowitz	Czech-Austrian Border	73.21
8	Palasino Excalibur City	Czech-Austrian Border	73.21

Hong Kong

Throughout FY2024, the performance of the Group's hotels in Hong Kong has gradually stabilised and improved. This positive trend can be attributed to the full reopening of borders with Mainland China and the removal of all anti-pandemic measures at the beginning of the calendar year 2023. In FY2024, revenues from Hong Kong hotel operations increased by 9.3 per cent. to HK$715 million, which is especially noteworthy given the unique revenue structure of FY2023, when hotels served primarily as quarantine facilities under government schemes. It contributed approximately 35.2 per cent. of the Group's total hotel revenue. OCC in Hong Kong increased 23.4 percentage points to 88.1 per cent. while ARR decreased by 20.3 per cent. to HK$730 as compared with FY2023, resulting in an increase of 8.4 per cent. in RevPAR to HK$643.

According to the tourism data from the Hong Kong Tourism Board, the total number of visitors to Hong Kong in FY2024 reached 40.8 million, with 32.1 million arrivals from Mainland China, reflecting a substantial 715 per cent. and 761 per cent. increase as compared with FY2023, respectively. With such notable growth, the Group anticipates that the continued recovery and expansion of tourism will bolster the performance of hotels in Hong Kong.

Dorsett Kai Tak, Hong Kong, the Group's flagship hotel in Hong Kong with 373 rooms, is expected to open and be operated by Dorsett Group in the latter half of 2024. Nestled in a parkland setting with panoramic views of the world-famous Victoria Harbour and Hong Kong's iconic Lion Rock, it will sit adjacent to Hong Kong's latest and largest world-class sports venue, the Kai Tak Sports Park, and offer a warm and sophisticated hospitality experience which echoes the marina lifestyle.

With the opening of this new hotel, as well as the ongoing recovery of Mainland China's tourism industry and the immense possibilities for deeper integration, the Group remains confident in the hospitality industry within Hong Kong's domestic market.

PRC

With the relaxation of travel restrictions and the resumption of international travel, the Group's hotels in Mainland China experienced a strong rebound in FY2024 after three years of suppressed performance due to the COVID-19 pandemic. In FY2024, the number of domestic tourist trips reached 5.09 billion, a year-on-year increase of 75 per cent. Furthermore, following the reopening of borders at the beginning of calendar year 2023, Mainland China welcomed a total of 82 million inbound tourists over the course of the full calendar year 2023. Driven by the recovery of the tourism and conference markets, the total hotel revenue in Mainland China reached RMB189 million in FY2024, with a year-on-year growth of 54.9 per cent. In terms of operating statistics, the OCC of hotels in Mainland China reached 62.8 per cent., showing an increase in 18.1 percentage points as compared with FY2023. ARR increased 35.8 per cent. to RMB360 in FY2024, and resulted in a 91.5 per cent. rise in RevPAR to RMB226 in FY2024 as compared with FY2023. Overall, the hotel industry in Mainland China has shown resilience and adaptability in the face of the COVID-19 pandemic. In the calendar year of 2023 and 2024, the Chinese government expanded its unilateral visa-free policies to include but not limited to eleven European countries such as France, Germany, Italy, the Netherlands, Spain, Switzerland and Ireland. At the same time, the Chinese government also signed mutual visa-free agreements with several Southeast Asian countries, including Malaysia, Singapore and Thailand. With the supportive measures from the Chinese government, including the relaxation of travel restrictions and the broadening of visa-free policies, hotel business in Mainland China are gradually rebounding and positioning themselves for long-term growth.

UK

With the opening of Dao by Dorsett West London in July 2022, the Group is currently offering two distinct types of accommodations in the UK, a stylish hotel and a serviced aparthotel. In FY2024, hotels in the UK saw good performance as compared with FY2023 or even the year pre-COVID-19. Total revenue from the UK operations grew to GBP16 million in FY2024 from GBP15 million in FY2023, OCC has climbed to 78.8 per cent. in FY2024 from 71.8 per cent. in FY2023 and ARR increased to GBP129 in FY2024 from GBP122 in FY2023. As a result, the RevPAR has increased by 17.2 per cent. to GBP102. The new serviced aparthotel has allowed us to expand our footprint and diversify our offerings within the vibrant British hospitality landscape. Looking forward, the Group will be opening our third Dao by Dorsett branded serviced aparthotel, Dao by Dorsett North London in the fourth quarter of calendar year 2024 and another Dorsett branded hotel, Dorsett Alpha Square Canary Wharf in the first quarter of calendar year 2025 in London. By introducing these two new hotels, the Group believes that it is able to cater to a wider range of guest preferences.

Europe

In March 2023, Palasino Group, which holds the Group’s hotels in Continental Europe, was successfully listed on the Hong Kong Stock Exchange. Hotels under Palasino Group in Continental Europe have benefited from the lifting of government travel restrictions and have been able to welcome international guests starting in FY2023. At the same time, the Group is seeking to mitigate the impact of inflation, rising energy costs and a shortage of labour in the hospitality industry in Continental Europe, all of which are important factors the Group has to take into account. Results from Hotel Savannah has been reclassified to hotel business from gaming business. As a result, overall OCC increased 2.7 percentage points to 51.7 per cent. and ARR increased 7.7 per cent. to HK$710, resulting in a 14.8 per cent. growth in RevPAR to HK$372. Total revenue from hotel operations and management of Europe increased to HK$162 million in FY2024 as compared with HK$137 million in FY2023.

Australia

With the new opening of Ritz-Carlton Melbourne in March 2023 and Dorsett Melbourne in April 2023, and the disposal of Sheraton Grand Mirage Resort in November 2023, the Group owned four hotels in Australia as at 31 March 2024, namely, the wholly-owned Ritz-Carlton Perth, Ritz-Carlton Melbourne, and Dorsett Melbourne, as well as the partially owned Dorsett Gold Coast. Throughout FY2024, Ritz-Carlton Perth maintained a stable performance, but the introduction of the two new hotel additions into the Group’s portfolio resulted in a dilution of its overall OCC and ARR, as both of the new hotels are still in a ramp-up period. This led to OCC decreasing to 61.0 per cent. in FY2024 and ARR decreasing to AUD369 in FY2024. As a result, the RevPAR has decreased by 23.5 per cent. to AUD225 in FY2024. Nevertheless, the total revenue generated by the hotels in Australia has witnessed impressive growth, increased by 153.8 per cent. to AUD99 million in FY2024 from AUD39 million in FY2023. Several new hotels will be opening in Australia in the near future, which presents an exciting opportunity. These additions will not only elevate the hospitality landscape but also enrich the travel experiences for both local residents and international visitors exploring the diverse and vibrant regions of this dynamic country.

Malaysia

As Malaysia continues to chart a path towards a post-pandemic recovery, the removal of COVID-19 restrictions has unleashed a pent-up demand for travel, both domestically and internationally, propelling the hospitality sector to new heights of success since the pandemic period. Total revenue from the Group's hotels in Malaysia (included Dorsett Residences Bukit Bintang) recorded of MYR97 million, representing a 31.1 per cent. increase in FY2024 as compared with FY2023. OCC increased from 50.3 per cent. in FY2023 to 56.6 per cent. in FY2024, while the ARR has experienced a slight dip from MYR231 to MYR225 over the same period. RevPAR has nevertheless seen a significant increase of 9.5 per cent. to MYR127 when compared to FY2023. With the implementation of the visa-free policy between Malaysia and China, as well as the gradual recovery of international flights, the Group expects its hotels in Malaysia to experience even stronger growth in the coming year.

Singapore

In FY2024, Dorsett Singapore, the Group's 285-room hotel in downtown Singapore, has recorded an increase in OCC to 83.8 per cent. from 78.9 per cent. as compared with FY2023. ARR has also experienced an uplift rising to SGD209 in FY2024 from SGD200 in FY2023 and resulted in a boost in the RevPAR to SGD175 in FY2024 from SGD158 in FY2023. As a result, the total revenue from Singapore hotel operations rose 15.8 per cent. to SGD22 million in FY2024 as compared with FY2023.

Car Park Operations and Facilities Management

The Group's car park operations and facilities management business, including car park operations that operate under the "Care Park" brand, with a portfolio of car park bays owned or managed amounting to approximately 124,000 car park bays as at 31 March 2024. Among the Group's 416 car parks, 23 were self-owned car parks with 8,173 car park bays. The remaining car park bays in Australia, New Zealand, the UK, Hungary and Malaysia remain under management contracts with third-party car park owners.

In FY2024, the Group's revenue from car park operations and facilities management amounted to approximately HK$732 million, marking a 3.0 per cent. decrease as compared with FY2023. This decline was primarily driven by the unfavourable movement in foreign currency exchange rates. Despite this, the core business witnessed a steady improvement in revenue. With the Group's continued commitment to improving operational efficiency and implementing cost-saving measures, it expects steady growth in car park revenues. Additionally, the Group's will continue its monetisation strategy to monetise mature car parks, enabling it to reallocate capital into opportunities with superior internal rates of return.

Gaming Operations

Czech Republic

The Group operates its portfolio of one integrated land-based casino and two full-service land-based casinos in the Czech Republic under Palasino Group which features slot machines and gaming tables. In March 2024, Palasino Group, which holds the Group's gaming operations and management business, was successfully listed on the Hong Kong Stock Exchange.

Revenue from the gaming operations and management was primarily generated from slot machines whilst the remaining revenue was generated from table games. The Group's gaming operations in the Czech Republic have shown continuous growth, with a loyal customer base and consistent attendance. Performance of gaming operations has continued its growth trajectory, delivering satisfactory returns. Revenue from the Group's gaming business for FY2024 and FY2023 has been restated as gross revenue, outlining figures before gaming tax and the revenue and results from Hotel Savannah has been reclassified from gaming business to hotel businesses, with revenue at HK$402 million and HK$390 million for FY2024 and FY2023 respectively, indicating a year-on-year increase of 3.1 per cent. This is primarily driven by the increase in revenue from the slot machine operations.

Palasino Group reactivated its online gaming licence in Malta in November 2023 and plans to conduct a soft launch of its service in Malta in FY2025. Looking ahead, the Group remains optimistic about its gaming business and ability to capitalise on growth opportunities in the region.

The following tables set forth certain operating data of Palasino Group's casinos for the three years ended 31 March 2024:

	As at 31 March 2022	**As at 31 March 2023**	**As at 31 March 2024**
Number of slot machines	446	560	568
Number of tables	65	59	62

	FY2022	**FY2023**	**FY2024**
Table game revenue *(HK$ million)*	55	90	81
Slots revenue *(HK$ million)*	145	300	322
Average slot win per machine per day *(HK$)*(1)	1,644	1,657	1,631
Table hold percentage(2)	20.9%	21.3%	22.8%

Notes:

(1) Average slot win per machine per day is defined as (x) dividing the total slot machine gross win by the average number of slot machines on opening and closing and (y) the result of (x) being subsequently divided by the number of days the machines were operational.

(2) Table hold percentage is defined as total gross win in table game divided by the table games drop.

Investments in QWB Project

In March 2018, the Group entered into a strategic alliance agreement with The Star and CTF. Currently the Group holds an approximately 2.81 per cent. equity stake in The Star, one of the two major casino operators in Australia, known for its dominant presence in Sydney, Gold Coast and Brisbane.

Strategic benefits to the Group from this investment and the strategic alliance agreement are:

- strengthening the Group's relationship with The Star;
- forging a partnership with The Star for potential mixed-use property projects, and adding to the Group's development pipeline in Australia; and
- allowing the Group to increase its exposure to the QWB Project and benefit from The Star's future growth.

The Group owns 25 per cent. of the integrated resort under construction in Brisbane. Together with The Star and CTF, the Group is building three world-class hotels, high-end gaming facilities with VIP rooms, food and beverage outlets and more than 6,000 sq. m. of retail and eatery space that will be operated by DFS Group ("**DFS**"), a global leader in retail operation.

The QWB Project is currently under construction, with its first stage expected to be completed and opened in mid-FY2025.

Provision of Mortgage Services

As an extension of its property development business, the Group established a mortgage lending platform under BC Invest that specialises in the provision of residential mortgages to non-resident international property buyers. BC Invest is highly synergistic to the Group's property development business and offers significant growth potential beyond it. BC Invest is building an asset management business (retail and institutional) to diversify its business model and financing sources. It is also extending its mortgage business to the domestic resident market.

Mortgageport Management Pty. Ltd., under BC Invest, is a leading non-bank lender in Australia, catering mostly to domestic borrowers. On 31 March 2023, BC Invest acquired the remaining portion of Mortgageport that it did not already own, resulting in full ownership.

BC Invest has strict lending rules, a highly diversified portfolio and a prudent weighted average loan-to-value ratio. BC Invest managed a total AUM of approximately AUD5.4 billion as at 31 March 2024. Net interest margin had slightly dropped to 1.19 per cent. in FY2024.

Though most of BC Invest's capital is provided by third parties, the Group has committed approximately AUD75 million and approximately GBP21 million as at 31 March 2024, which was classified as investment securities. Including interest income from funding, BC Invest contributed approximately HK$33.2 million to the Group's profit in FY2024.

On the funding side, BC Invest continued to diversify its funding sources by tapping into the residential mortgage-backed security (the "**RMBS**") market. In April 2023, it issued a RMBS that raised AUD507 million which is backed by first mortgage loans to Australian resident borrowers, including self-managed super fund ("**SMSF**") prime borrowers. This was followed by another RMBS transaction in August 2023 raising AUD456 million. These transactions featured a proportion of Australian domestic and SMSF prime borrowers. These issuances signal a shift towards a largely resident borrower RMBS program mix. In October 2023, BC Invest successfully issued its ninth RMBS and raised AUD507 million. This transaction was backed by first mortgage loans to prime Australian resident borrowers, secured by mortgages over Australian residential properties. In June 2024, BC Invest issued its tenth RMBS offering, raising AUD530 million which was supported by a range of international and Australian institutions and credit funds. This RMBS is backed by first mortgage loans to Australian resident and non-resident prime borrowers, secured by Australian residential properties.

Competition

The Group competes with other property developers in Hong Kong, the PRC, Australia, Malaysia, the UK and Singapore for the acquisition of suitable development sites and available investment properties. Competition in the hotel industry in the markets where the Group's hotels operate has been at times intense. Competition is based primarily on average room rates, quality of accommodation, brand recognition, service level, convenience of location and the quality and scope of other amenities. The Group's hotels generally compete with other three-star and four-star hotels in the cities where the Group's hotels are located. The Group also competes with other property developers to acquire existing hotels as well as to look for suitable sites to construct its hotels.

With respect to the car park operations and management division, concentration of car park facilities in the regions which the Group operates could heighten competition amongst them. In order to differentiate from its competition, the Group will continue to monitor the factors, such as quality of service offered to drivers and the location and parking rates as compared with other car park competitors near the chosen location.

With respect to gaming operations, the Group continues to face competition against those gaming operators in Continental Europe with well-established scale and market leading position.

Insurance

The Group is covered by insurance policies arranged with reputable insurance agents which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability. See "*Risk Factors – The Group has uninsured risks*" for risks relating to the Group's insurance coverage.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies in the relevant jurisdiction and with commercially reasonable deductibles and limits on coverage.

Government Regulations

The operations of the Group are subject to various laws and regulations in the jurisdictions in which it operates.

The success of the Group's strategy to expand its existing properties, acquire new properties or open newly-constructed properties and hotels is contingent upon, among others, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits, environmental, health and safety permits and (in the case of hotels) food and liquor licences. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing licence.

The Group believes that the Group in all material respects complies with government regulations currently in effect in the jurisdictions in which it operates. The Group has not experienced significant problems with government regulations with regard to these issues and is not aware of any pending government legislation that might have a material adverse effect on its property or hotel operations.

Legal Proceedings or Related Matters

On 27 July 2021, it was announced that the Group entered into a settlement agreement to wind up a joint venture company in Guangzhou and to withdraw from the legal proceedings surrounding a mandatory enforcement procedure regarding land use rights and the Group's subsequent appeal. Subject to the provision under the settlement agreement, a settlement consideration of RMB408 million should be paid to the Group.

On 11 January 2022, Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("**DBC**"), an associate of the Group, received a notification of a claim to be raised from Multiplex D&C Subcontractor ("**Multiplex**") which seeks significant extensions of time and additional charge of costs due to delay. On 22 December 2023, DBC has entered into a settlement deed with Multiplex to settlement the matters subject of the separate Supreme Court of Queensland proceedings and the adjudication application lodged with the Queensland Building and Construction Commission in relation to the Queen's Wharf Project. The directors of the Company are of the opinion that no legal or constructive obligation is required to be recognized in the Group's consolidated financial statements followed by the execution of settlement deed between DBC and Multiplex.

Other than the legal proceedings previously mentioned, neither the Guarantor nor any of its subsidiaries are involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Environmental and Safety Matters

The Group believes that the Group in all material respects complies with applicable environmental and safety laws and regulations in countries where it operates. As at the date of this Offering Circular, the Group was not aware of any material environmental or safety proceedings or investigations to which it was or might become a party.

Employees

As at 31 March 2024, a total of approximately 4,400 employees were engaged in the Group's operations. The Group provides its employees with comprehensive benefit packages and career development opportunities, including medical benefits, both internal and external training appropriate for various level of staff roles and functions. To the best knowledge of the Group, the Group has not experienced any strikes or disruptions due to labour disputes with its employees which has any material adverse impact to the Group. The Guarantor considers its relations with its employees to be good.

Corporate Governance and Corporate Social Responsibility

The Group believes that a high standard of corporate governance is key to facilitating sustainable development. The Group adopts an active approach to investors' communication and provides a high degree of transparency to its investors and is committed to continuing its efforts to enhance various areas of corporate social responsibility.

Corporate Governance

In order to enhance the quality of corporate governance, the Group engaged external consultants to analyse sustainability governance and risk management and to identify areas for improvement, and formulated action plans to refine existing sustainability governance structures.

Corporate Social Responsibility

As part of the Group's efforts to contribute to the communities in which it operates, the Group entered into agreements to sell 128 affordable housing units at Victoria Riverside, Manchester and 139 affordable housing units at Consort Place, London and participates in employee volunteering and strategic giving.

Environmental Responsibility

The Group has integrated green building elements into its property designs and implemented building material control and waste monitoring and reduction policies at construction sites. The Group's hotels have also implemented sustainable practices such as replacing single-use items with reusable items, sustainable purchasing, energy conservation and efficiency initiatives. The Group continues to explore the feasibility of solar energy use and energy efficient technologies in its hotel operations.

As part of the Group's goal to move towards a sustainable future and turn climate change initiative into sustainable business opportunities, the Group is developing a net zero strategy roadmap in line with the latest science around climate change. The Group will ensure the strategy aligns with internationally recognised standards and best practices and develop business-as-usual emission projections for the purpose of short- and long-term goal setting.

Furthermore, to strengthen its efforts in climate-related financial disclosures, the Group has engaged a professional party with expertise in the Task Force on Climate-Related Financial Disclosures framework. This partnership will help ensure robust reporting and disclosure of climate-related risks and opportunities, enabling the Group to make informed decisions and transparently communicate its actions to stakeholders. Through these collective efforts, the Group strives to create a lasting impact and inspire others to join the journey towards a more sustainable and resilient future.

In March 2023, the Group arranged its first sustainability-linked loan facility, marking a significant milestone in the Group's commitment to sustainability and responsible business practices. This achievement represents a great step forward in the Group's efforts to raise green financing. Sustainability and responsible business practices have always been a core belief of the Group.

In July 2023, the Group obtained its second sustainability-linked loan facility for a tenor of three years, raising HK$300 million in Hong Kong. In addition, the Group obtained a green facility in December 2023, raising HK$600 million development-related green loan for its residential development located in Sai Ying Pun, Hong Kong. The Group anticipates the possibility of securing more green financing in the future.

Intellectual Property

As at the date of this Offering Circular, the Group is the registered owner of its material domain names, including www.fecil.com.hk and www.dorsett.com, and has registered, its material trademarks in several countries, including Hong Kong, the PRC, Malaysia, Singapore and Macau. Its material registered trademarks are set out in the table below:

Material trademarks indirectly held by the Guarantor:

Proprietor	Word marks/Logo marks	Countries in which the trademark is registered
Far East Consortium (IP) Holding Limited		Australia New Zealand Singapore UK PRC
	(A) (B)	Hong Kong Malaysia
	Far East Consortium	Australia New Zealand Singapore UK PRC
	FEC	Australia New Zealand Singapore UK PRC
	(A) FEC (B) FEC	Australia Hong Kong Malaysia
	远东发展	Australia New Zealand UK Singapore PRC
	遠東發展	Australia New Zealand UK Singapore PRC

Proprietor	Word marks/Logo marks	Countries in which the trademark is registered
	(A) 遠東發展 (B) 遠東發展 (C) 远东发展 (D) 远东发展	Malaysia
	(A) Far East Consortium (B) Far East Consortium	Hong Kong Malaysia
	遠東發展 遠東發展 远东发展 远东发展	Hong Kong

Material trademarks held within the hotel operations and management segment:

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
Dorsett	DORSETT	Australia Malaysia Singapore Taiwan Hong Kong Europe Macau PRC Indonesia UK Saudi Arabia
Dorsett Grand	DORSETT GRAND	Australia Malaysia Singapore Taiwan Hong Kong Europe Macau PRC Indonesia UK

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
帝盛	帝盛	PRC Singapore Taiwan Hong Kong Macau
帝盛君豪	帝盛君豪	Australia Hong Kong Indonesia Macau Malaysia Singapore Taiwan PRC UK
Dorsett	Dorsett Dorsett	Hong Kong Singapore
	Dorsett	Malaysia (*Owner: Dorsett International Sdn. Bhd.)
	Grand Dorsett	Malaysia (*Owner: Dorsett International Sdn. Bhd.)
		Malaysia (*Owner: Dorsett International Sdn. Bhd.) Saudi Arabia
	A B	Hong Kong

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
	A B C	Hong Kong
		Singapore
		Macau PRC Taiwan
		PRC Macau Taiwan
Silka		Malaysia Macau Australia Taiwan Indonesia PRC
		Hong Kong Singapore
	Silka	Hong Kong Malaysia Singapore Taiwan Australia Indonesia PRC Macau

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
絲麗	絲麗	Australia Hong Kong Indonesia Macau Malaysia Taiwan Singapore
d.COLLECTION	d. COLLECTION d. COLLECTION	Hong Kong Malaysia Singapore
D.COLLECTION	d. COLLECTION	Australia Europe Indonesia Taiwan Macau PRC UK
Stay Vibrant	A Stay Vibrant B STAY VIBRANT C stay vibrant D Stay vibrant	Hong Kong Malaysia
Stay Vibrant	Stay Vibrant	Australia Europe Japan PRC UK
Dao by Dorsett	d a O BY DORSETT	Hong Kong Singapore UK Saudi Arabia

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
	d a O BY DORSETT	Hong Kong Singapore UK
麗悅	麗悅	Australia Hong Kong Singapore Taiwan Macau Malaysia PRC Indonesia
帝軒	帝軒	Hong Kong Singapore Taiwan
COSMOPOLITAN	COSMOPOLITAN	Taiwan
帝豪	帝豪	Hong Kong Taiwan
KOSMOPOLITO	KOSMOPOLITO KOSMOPOLITO	Macau
Cosmo Hotel	A Cosmo Hotel B Cosmo Hotel C COSMO HOTEL	Hong Kong
Kosmo Hotels	Kosmo Hotels	Hong Kong
Dorsett	Dorsett	Macau PRC Taiwan

Brand name	Word marks/Logo marks	Countries in which the trademark has been registered
Care Park	CARe PARK	Australia PRC Hong Kong
		Australia Hong Kong Malaysia
	CARE GROUP	Australia
	CARe PARK	Australia Bosnia and Herzegovina Croatia Hungary Montenegro Serbia UK
	CARe PARK	New Zealand
	My CAREPARK .com.au	Australia
	APM AUSTRALIAN PROPERTY MANAGEMENT	Australia
	UNIHOUSE	Australia
	CARE PARK	New Zealand

Capital Commitments

	As at 31 March		
	2022	2023	2024
		(audited) (HK$'000)	
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:	2,333,820	1,205,724	403,711
– Acquisition, development and refurbishment of:			
– *hotel properties*	1,390,056	787,354	98,302
– *investment properties*	718,902	319,305	235,829
– Capital injection to investment funds	144,282	99,065	69,580

Financial Condition and Liquidity

Property and hotel development and investment activities are capital intensive, in which the Group has contracted substantial commitments over the next few years. The Group has historically funded its capital needs primarily through internally generated funds from operations (including pre-sale deposits and recurring hotel, car park and rental income), supplemented by external lines of credit, term loans and, to a lesser extent, equity issues. Working capital and capital expenditure requirements in FY2024 were financed through a combination of funds generated from operations and external borrowings.

As at 31 March 2024, the Group's total bank and other borrowings were HK$27.3 billion, of which HK$12,674 million was repayable within one year or on demand and HK$14,612 million was repayable after one year. The Group's borrowings are primarily denominated in Hong Kong dollars, Singapore dollars, Australian dollars and Sterling.

As at 31 March 2024, the Group maintained a comfortable level of total liquidity position of HK$4.9 billion, comprising bank and cash balances[7] of HK$3.2 billion and total investment securities of HK$1.7 billion. The Group had approximately HK$65.9 billion of total assets (adjusted for hotel revaluation surplus[8]) and HK$22.8 billion of net debts[9] as at 31 March 2024. The ratio of the net debts to total assets (adjusted for hotel revaluation surplus[10]) was approximately 34.6 per cent. as at 31 March 2024. Although the Group has significant capital commitments for its projects under development, the Group believes that, with existing bank balances and cash, the proceeds from pre-sales of its development properties and external financing, it will have adequate sources of capital for its continuing operations.

7 The amount represents total restricted bank deposits, pledged deposits and cash and cash equivalents.

8 Based on the independent valuation carried out as at 31 March 2024, except Dorsett Melbourne carried out its valuation in November 2023.

9 Net debts represent total bank and other borrowings and notes less investment securities, bank and cash balances.

10 Based on the independent valuation carried out as at 31 March 2024, except Dorsett Melbourne carried out its valuation in November 2023.

DIRECTORS AND MANAGEMENT

The members of the board (the "**Board**") of directors of the Guarantor (the "**Directors**") as at the date of this Offering Circular are as follows:

Executive Directors

Tan Sri Dato' David CHIU, B.Sc. *(Chairman and Chief Executive Officer)*
Cheong Thard HOONG, B.ENG., ACA
Dennis CHIU, B.A.
Craig Grenfell WILLIAMS, B.ENG. *(CIVIL)*
Wing Kwan Winnie CHIU, BBS, JP *(Joint Managing Director)*
Jennifer Wendy CHIU *(Joint Managing Director)*

Independent Non-executive Directors

Kwong Siu LAM
Wai Hon Ambrose LAM
Lai Him Abraham SHEK

The biographies of the Executive Directors, Independent Non-executive Directors and Senior Management at the date of this Offering Circular are as follows:

Tan Sri Dato' David CHIU, B.Sc.
(Executive Director, Chairman and Chief Executive Officer)

Tan Sri Dato' David CHIU, aged 70, holds a double degree of Bachelor of Science in Business Administration and Economics at the University of Sophia, Japan. He is a prominent businessman with over 40 years' experience in the property development and extensive experience in the hotel development. In his business career, he established a number of highly successful business operation through organic growth and acquisitions, covering the PRC, Hong Kong, Japan, Malaysia, Singapore and Australia. Since 1978, Tan Sri Dato' David CHIU had been the Managing Director of Far East Consortium Limited (the predecessor of the Guarantor). He was appointed as Deputy Chairman and Chief Executive Officer of the Guarantor on 8 December 1994 and 8 October 1997 respectively. On 8 September 2011, Tan Sri Dato' David CHIU has been appointed as the Chairman of the Guarantor. He is also a director of various subsidiaries of the Guarantor. In August 2023, Tan Sri Dato' David CHIU has been appointed as the chairman and a non-executive director of Palasino. Tan Sri Dato' David CHIU was the vice-chairman and a non-executive director of i-CABLE Communications Limited (stock code: 1097) until May 2023.

In regard to Tan Sri Dato' David CHIU's devotion to community services in the PRC and Hong Kong, he was appointed as the member of the 12th and 13th, the standing committee member of the 14th Chinese People's Political Consultative Conferences and the vice chairman of All-China Federation of Industry and Commerce (from 2017 to 2022). Currently, he is a trustee member of The Better Hong Kong Foundation, an honorary chairman of Mid-Autumn Festival Celebration-People and Forces' Committee, a director and a member of Concerted Efforts Resource Centre, a patron of China-United States Exchange Foundation, an honorary chairman of Guangdong Chamber of Foreign Investors, an honorary chairman of the Association of Chinese Culture of Hong Kong, the ninth board member of Friends of Hong Kong Association, a member of Hong Kong General Chamber of Commerce, a member of the Constitutional Reform Synergy, a member of The Real Estate Developers Association of Hong Kong, a director of Pacific Basin Economic Council, a director of three Ju Ching Chu Schools in Hong Kong and the vice chairman of Guangdong-Hong Kong-Macao Greater Bay Area Radio and Television Union. In Malaysia, Tan Sri Dato' David CHIU was awarded an honorary award which carried the title "Dato" and a more senior honorary title of "Tan Sri" by His Majesty, King of Malaysia in 1997 and 2005 respectively. He was also awarded the WCEF Lifetime Achievement Awards by Asian Strategy & Leadership Institute in

2013. He is the father of Ms. Wing Kwan Winnie CHIU (Executive Director and Joint Managing Director of the Guarantor) and Ms. Jennifer Wendy CHIU (Executive Director and Joint Managing Director of the Guarantor) and the brother of Mr. Dennis CHIU (Executive Director of the Guarantor).

Mr. Cheong Thard HOONG, B.ENG., ACA
(Executive Director)

Mr. HOONG, aged 55, was appointed as an Executive Director of the Guarantor in August 2012. He joined the Group in September 2008 as the Managing Director. He is responsible for the formulation and implementation of the Group's overall strategies for development. He brings with him a wealth of knowledge in corporate development and extensive experience in mergers and acquisitions as well as international capital markets.

Prior to joining the Group, Mr. HOONG was the chief executive officer of China LotSynergy Holdings Limited, a listed company in Hong Kong. He was instrumental in implementing a number of important initiatives which established international relationships for the company and built solid foundations for business expansion whereas he has retired as a non-executive director of the company with effect from 1 June 2017. Mr. HOONG was an investment banker for over 12 years and had held senior positions at Deutsche Bank and UBS where he was responsible for corporate finance business in Asia. Mr. HOONG is also a director of various subsidiaries of the Guarantor. Besides, he is a non-independent and non-executive director of Land & General Berhad, a company listed on the Bursa Malaysia. Mr. HOONG was a director of AGORA Hospitality Group Co., Ltd., a company listed on the Tokyo Stock Exchange ("**AGORA**"), until March 2017 and a non-executive director of i-CABLE Communications Limited (stock code: 1097) until May 2023. In August 2023, Mr. HOONG was appointed as a non-executive director of Palasino.

Mr. HOONG is a member of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Mechanical Engineering from Imperial College, University of London.

Mr. Dennis CHIU, B.A.Z
(Executive Director)

Mr. CHIU, aged 65, was appointed as an Executive Director of Far East Consortium Limited (the predecessor of the Guarantor) in 1978. He has been actively involved in the business development in the PRC, Singapore and Malaysia. He is also a director of various subsidiaries of the Guarantor.

Mr. CHIU is the immediate past chairman (chairman from 2018 and 2021) of The Federation of Hong Kong Business Worldwide of 47 Hong Kong Business Associations in 36 countries and regions with over 11,000 individual associates; and the chairman of Hong Kong Singapore Business Association ("**HSBA**"). He was the president of HSBA from 2014 to 2018. In addition, he is a patron and Adviser of Ayer Rajah-Gek Poh, West Coast Group Representation Constituency Singapore; and the governor of Harrow International School Bangkok since 2004. He was also involved in other charitable organisations, including Yan Chai Hospital and Ju Ching Chu English College Limited, previously. In 2022, he has been awarded The Public Service Medal (PBM) for his contribution to the community.

Mr. CHIU was a director of AGORA until March 2017. He is the brother of Tan Sri Dato' David CHIU (Executive Director, Chairman and Chief Executive Officer of the Guarantor) and the uncle of Ms. Wing Kwan Winnie CHIU (Executive Director and Joint Managing Director of the Guarantor) and Ms. Jennifer Wendy CHIU (Executive Director and Joint Managing Director of the Guarantor).

Mr. Craig Grenfell WILLIAMS, B.ENG. (CIVIL)
(Executive Director)

Mr. WILLIAMS, aged 72, was appointed as an Executive Director of the Guarantor in 2000. He is responsible for all property developments in Australia. He resides in Melbourne, Australia. He holds a degree of Bachelor of Civil Engineering from Melbourne University. Before joining the Australian operations of the Guarantor, he was a director of all development companies of the Lend Lease Group, Australia's largest property developer. Mr. WILLIAMS has extensive experience in all facets of property development and is the past president of the St. Kilda Road Campaign Inc. He is also a director of various subsidiaries of the Guarantor.

Ms. Wing Kwan Winnie CHIU, BBS, JP
(Executive Director and Joint Managing Director)

Ms. Winnie CHIU, aged 44, was appointed as an Executive Director of the Guarantor in June 2019 and Joint Managing Director of the Guarantor in January 2024. She obtained a Bachelor of Science in Business Management from King's College London, University of London in 2003. She was awarded Bronze Bauhinia Star in July 2024 and was appointed Justice of the Peace of Hong Kong in July 2016. She became an honorary fellow of The Hong Kong Academy for Performing Arts and Vocational Training Council respectively in 2017.

Ms. Winnie CHIU first joined the Group in 2005 as a director of property development, a position she held until 2008. She was appointed as the president and executive director of Dorsett in November 2011 and June 2010, respectively, to oversee its overall business operations, strategic growth and development. She was appointed as the chairperson of Dorsett in January 2024. She is currently also the chairman of AGORA and an independent director of Prenetics Global Limited (PRE), listed on Nasdaq.

Ms. Winnie CHIU's extensive community and professional involvement includes being a member of the electoral college for the election of Hong Kong deputies to the 12th National People's Congress in 2012; a member of the 2017 and 2021 Chief Executive Election Committees (representing Hotel, First Sector); an advisor to The Federation of Hong Kong Hotel Owners since 2012; an honorary vice president of GHM (Guangdong Hong Kong Macao) Hotel General Managers Society since 2013; a committee member of the Betting and Lotteries Commission from 2017 to 2019; a Business Facilitation Advisory Committee member from 2018 to 2020; and the primary company representative of the Hong Kong General Chamber of Commerce.

Ms. Winnie CHIU has been the vice chairman of the Greater Bay Area Homeland Youth Community Foundation since 2019; a council member of The University of Hong Kong, and a member of the Election Complaint Committee and Information Technology Committee since 2022; a founding member of the Committee of Overseers of Wu Yee Sun College, The Chinese University of Hong Kong, since 2014; a council member of the Vocational Training Council and Board Member of VTC Enterprises since 2023; a member of the International Advisory Council in China of the Singapore Management University since 2024; and an observer of the University of Manchester's Global Advisory Board since 2024.

Ms. Winnie CHIU was the chairman of the council of Hong Kong Art School from 2016 to 2023; a joint-president of The Society of The Academy for Performing Arts from 2014 to 2023; a vice chairperson of The Friends of the Hong Kong Arts Centre from 2015 to 2024; a board member of the Hong Kong Philharmonic Orchestra from 2010 to 2019 and the chair of the Hong Kong Philharmonic 50th Anniversary Gala in 2024; a board member of the Hong Kong Arts Centre from 2013 to 2023; a board member of the Hong Kong Arts Festival Society from 2016 to 2019; and a director of the Asian Youth Orchestra from 2011 to 2024.

Ms. Winnie CHIU has been a member of the Mega Arts and Cultural Events Committee since 2023; a member of the Advisory Committee on Built Heritage Conservation since 2023; a council member of The Better Hong Kong Foundation since 2013; an advisor to Our Hong Kong Foundation since 2015; an advisory board member of the Hong Kong Academy for Wealth Legacy since 2023; a member of the Hospital Governing Committee of Hong Kong Children's Hospital since 2024; a board member and vice patron of The Community Chest from 2018 to 2024 and since 2024, respectively; a member of Y. Elites Association Limited; a member of the Hong Kong United Youth Association; and a board member of the Hong Kong Committee for UNICEF from 2016 to 2018.

Ms. Winnie CHIU is a strong supporter of the Greater Bay Area's new economy ecosystem. She has been a management team member of Beyond Ventures since September 2021 and an advisory committee member of Alibaba Entrepreneurs Fund (Greater Bay Area) since July 2021.

Previously, Ms. Winnie CHIU worked at Credit Suisse and Malaysia Land Properties Sdn. Bhd.

Ms. Winnie CHIU is the daughter of Tan Sri Dato' David CHIU (Executive Director, Chairman and Chief Executive Officer of the Guarantor), sister of Ms. Jennifer Wendy CHIU (Executive Director and Joint Managing Director of the Guarantor) and the niece of Mr. Dennis CHIU (Executive Director of the Guarantor). She is also a director of various subsidiaries of the Guarantor.

MS. Jennifer Wendy CHIU
(Executive Director and Joint Managing Director)

Ms. Wendy CHIU, aged 41, was appointed as an Executive Director and a Joint Managing Director of the Guarantor in January 2024. She joined the Group in September 2005, establishing the Group's inaugural interior design department and subsequently taking the helm as project director of all major property developments in June 2016. Currently, Ms. Wendy CHIU is the Managing Director, Global Project of the Guarantor, where she oversees all pipeline property developments within the Group's global portfolio while managing the Guarantor's construction companies in the UK and Australia. She is also a director of various subsidiaries of the Guarantor.

During her tenure with the Group, Ms. Wendy CHIU has led the successful delivery of numerous residentials, hotels and large scale mixed-use developments across PRC, Hong Kong, the UK, Australia, Malaysia and Singapore. Ms. Wendy CHIU has also delivered a number of widely-recognised hotels including Ritz-Carlton Melbourne, Ritz-Carlton Perth and numerous Dorsett hotels. She brings 18 years of extensive experience, including greenfield, brownfield, conversion and renovation, alteration and addition, adding substantial value to the Group. She is actively involved in all stages of each development project – from inception and feasibility studies through to project design, statutory submissions, construction and final completion, licensing and handover.

Ms. Wendy CHIU graduated from the University of Southern California, she holds a bachelor's degree in Business Management with a focus in entrepreneurship. Ms. Wendy CHIU is a director of various subsidiaries of the Guarantor.

Ms. Wendy CHIU is the daughter of Tan Sri Dato' David CHIU (Executive Director, Chairman and Chief Executive Officer of the Guarantor), sister of Ms. Wing Kwan Winnie CHIU (Executive Director and Joint Managing Director of the Guarantor) and the niece of Mr. Dennis CHIU (Executive Director of the Guarantor).

Mr. Kwong Siu LAM
(Independent Non-executive Director)

Mr. LAM, aged 90, was appointed as an Independent Non-executive Director of the Guarantor in September 2011. He was the delegate of the 10th National People's Congress. Mr. LAM currently serves as the vice chairman of BOC International Holdings Limited, the honorary chairman of Hong Kong Federation of Fujian Association, the life honorary chairman of Hong Kong Fukien Chamber of Commerce, the vice chairman of Fujian Hong Kong Economic Co-operation, the life honorary chairman of the Chinese General Chamber of Commerce, an adviser of the Hong Kong Chinese Enterprises Association, the honorary president of the Chinese Bankers Club of Hong Kong, and appointed as the director and chairman of the board of governors of Chu Hai College of Higher Education Limited in November 2021 and December 2021, respectively. In addition, Mr. LAM has been a non-executive director of Bank of China International Limited (formerly known as "BOCI Capital Limited") since July 2002. Currently, he is an independent non-executive director of Fujian Holdings Limited (stock code: 181), Xinyi Glass Holdings Limited (stock code: 868) and Yuzhou Group Holdings Company Limited (formerly known as "Yuzhou Properties Company Limited", stock code: 1628). Mr. LAM was an independent non-executive director of Skymission Group Holdings Limited (stock code: 1429) until September 2021. Mr. LAM was awarded Hong Kong Gold Bauhinia Star in 2016 and Silver Bauhinia Star in 2003. He has more than 50 years of banking experience.

Mr. Wai Hon Ambrose LAM
(Independent Non-executive Director)

Mr. Ambrose LAM, aged 71, was appointed as an Independent Non-executive Director of the Guarantor in August 2022. He is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Arts (Honours) degree in Economics & Accounting from University of Newcastle Upon Tyne in England.

Mr. Ambrose LAM has over 40 years of experience in professional accounting, merchant banking and financial services and has served in senior management roles in a number of major international banking and financial institutions.

Mr. Ambrose LAM is currently an executive director of Quam Plus International Financial Limited (formerly known as "China Tonghai International Financial Limited", stock code: 952); a non-executive director of Sunac China Holdings Limited (stock code: 1918); and an independent non-executive director of Pacific Online Limited (stock code: 543) and Playmates Toys Limited (stock code: 869). During the previous three years, Mr. Ambrose LAM served as an independent non-executive director of Genting Hong Kong Limited (stock code: 678) and resigned on 18 January 2022.

Mr. Lai Him Abraham SHEK (Alias: Abraham Razack)
(Independent Non-executive Director)

Mr. SHEK, aged 79, was appointed as an Independent Non-executive Director of the Guarantor in June 2019. He obtained a bachelor degree of arts and a diploma in education in the University of Sydney in May 1969 and March 1970, respectively. He obtained a Juris Doctor degree in the City University of Hong Kong in June 2022. He became the honorary fellow of Lingnan University, The Hong Kong University of Science and Technology, The University of Hong Kong and The Education University of Hong Kong in November 2008, June 2014, September 2016 and March 2018, respectively. In addition to his achievements in the academic field, Mr. SHEK has also earned certain honorary titles in various ambits. He was appointed as Justice of the Peace in July 1995 and awarded the Silver Bauhinia Star and Gold Bauhinia Star in Hong Kong 2007 and 2013 Honors Lists, respectively. He has also been a member of the advisory committee board of the Independent Commission Against Corruption from January 2017 to December 2022. He has been a non-executive director of Mandatory Provident Fund Schemes Authority of Hong Kong until March 2021. He has also been the chairman and an independent member of the board of governors of English Schools Foundation until May 2021 and a member of the Legislative

Council for Hong Kong from 2000 to 2021. Mr. SHEK is currently the honorary member of court of The Hong Kong University of Science and Technology, the court and the council member of The University of Hong Kong, the court member of City University Hong Kong, the court member of Hong Kong Metropolitan University, a member of the executive committee of Hong Kong Sheng Kung Hui Welfare Council Limited, and St. Simon's social services, the first director (non-remunerated) of Construction Charity Fund Integrated Service Centre Limited and an executive committee member (non-remunerated) of Chinese-Italian Cultural Society Limited.

In addition, Mr. SHEK is an independent non-executive director of the following listed companies and collective investment schemes, all of which are listed on the Hong Kong Stock Exchange: (a) Paliburg Holdings Limited (stock code: 617); (b) Chuang's Consortium International Limited (stock code: 367); (c) NWS Holdings Limited (stock code: 659); (d) Chuang's China Investments Limited (stock code: 298); (e) ITC Properties Group Limited (stock code: 199); (f) China Resources Building Materials Technology Limited (formerly known as "China Resources Cement Holdings Limited", stock code: 1313); (g) Lai Fung Holdings Limited (stock code: 1125); (h) Cosmopolitan International Holdings Limited (stock code: 120); (i) Everbright Grand China Assets Limited (stock code: 3699); (j) CSI Properties Limited (stock code: 497); (k) Regal Portfolio Management Limited, the manager of Regal Real Estate Investment Trust (stock code: 1881); (l) Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (stock code: 2778); (m) Shin Hwa World Limited (formerly known as "Landing International Development Limited", stock code: 582); (n) Hao Tian International Construction Investment Group Limited (stock code: 1341); and (o) Alliance International Education Leasing Holdings Limited (formerly known as "International Alliance Financial Leasing Co., Ltd.", stock code: 1563).

Mr. SHEK also served as an independent non-executive director of Dorsett from September 2010 to October 2015. Mr. SHEK was also an independent non-executive director of the following companies, all of which are listed on the Hong Kong Stock Exchange: SJM Holdings Limited (stock code: 880, until May 2021), Lifestyle International Holdings Limited (stock code: 1212, which the company has been privatised with its listing status voluntary withdrawn in December 2022) and Country Garden Holdings Company Limited (stock code: 2007, until March 2024). He has been the independent non-executive director, was appointed as vice chairman and re-designated to executive director in March 2021, and was re-designated from vice chairman to chairman of the board of Goldin Financial Holdings Limited (stock code: 530) (In Liquidation) which the company has been cancelled listing on 31 October 2023.

Mr. Wai Hung Boswell CHEUNG
(Chief Financial Officer and Company Secretary)

Mr. CHEUNG has served as Chief Financial Officer and Company Secretary of the Guarantor for over 10 years. He is responsible for financial management, investor and banking relations, and company secretarial matters of the Group. He is also a director of various subsidiaries of the Guarantor. Mr. CHEUNG is an independent non-executive director of Capinfo Company Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1075) and an audit committee member of AGORA.

Mr. CHEUNG graduated in Scotland with a Bachelor of Arts in Accounting in 1992. He obtained a Master degree of Business Administration from University of Leicester in England in 1995 and a Master degree of Professional Accounting in 2007. Mr CHEUNG is a non-practicing member of the Hong Kong Institute of Certified Public Accountants and a qualified accountant of CPA Australia.

Board Committees

As at the date of this Offering Circular, the Board has established five Board committees, namely the Executive Committee, the Environmental, Social and Governance ("**ESG**") Steering Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the affairs of the Group. All the Board committees should report to the Board on their decisions or recommendation made.

Executive Committee

The Executive Committee comprises a total of seven members, namely Tan Sri Dato' David CHIU, Mr. Cheong Thard HOONG, Mr. Dennis CHIU, Mr. Craig Grenfell WILLIAMS, Ms. Wing Kwan Winnie CHIU, Ms. Jennifer Wendy CHIU and Mr. Wai Hung Boswell CHEUNG. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Guarantor's strategic plans and operations of all business units of the Guarantor and discusses and makes decisions on matters relating to the management and day-to-day operations of the Guarantor.

ESG Steering Committee

The ESG Steering Committee comprises a total of three members, namely Ms. Wing Kwan Winnie CHIU, Mr. Cheong Thard HOONG and Mr. Wai Hung Boswell CHEUNG. The primary duties of the ESG Steering Committee include overseeing and providing recommendations on the Guarantor's sustainability strategies, policies and practices; and reviewing the advising the Board on the Guarantor's ESG performance, reporting and compliance issues.

Audit Committee

The Audit Committee comprises a total of three members, being the three Independent Non-executive Directors, namely Mr. Wai Hon Ambrose LAM, Mr. Kwong Siu LAM and Mr. Lai Him Abraham SHEK. The chairman of the Audit Committee is Mr. Wai Hon Ambrose LAM who possesses the appropriate professional qualifications and accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Guarantor's existing external auditor.

The primary duties of the Audit Committee include monitoring the Group's financial reporting system, reviewing financial statements, risk management and internal control procedures. It also acts as an important link between the Board and the Guarantor's auditor in matters within the terms of reference of the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises a total of three members, being one Executive Director, namely Tan Sri Dato' David CHIU, and two Independent Non-executive Directors, namely Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK. The chairman of the Remuneration Committee is Mr. Wai Hon Ambrose LAM. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for the overall remuneration of the Directors and the senior management, and to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management (i.e. the model described in the Code Provision E.1.2(c)(i) is adopted). The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

Nomination Committee

The Nomination Committee comprises a total of four members, being one Executive Director, namely Tan Sri Dato' David CHIU, and three Independent Non-executive Directors, namely Mr. Kwong Siu LAM, Mr. Wai Hon Ambrose LAM and Mr. Lai Him Abraham SHEK. The chairman of the Nomination Committee is Tan Sri Dato' David CHIU. Accordingly, the majority of the members are Independent Non-executive Directors.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and to make relevant recommendations to the Board; to consider the retirement and re-election of the directors of the Guarantor and to make relevant recommendations to the Board; and to assess the independence of Independent Non-executive Directors of the Guarantor.

In selecting candidates for directorship of the Guarantor, the Nomination Committee may make reference to certain criteria such as the Guarantor's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

The Guarantor also recognises and embraces the benefit of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Guarantor's competitive advantage, to enhance the quality of its performance and hence the purpose of the Board diversity. To comply with the Corporate Governance Code to the Listing Rules, a Board diversity policy has been adopted by the Guarantor, pursuant to which the Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional qualifications, skills, knowledge, and regional and industry experience). The Nomination Committee shall report its findings and make recommendation to the Board, if any. Such policy and objectives will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The Guarantor has also established a Director Nomination Policy setting out the approach and procedures adopted for the nomination and selection of Directors. The policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Guarantor's business and corporate strategy; diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; requirements of independent non-executive directors on the Board and independence of the proposed Independent Non-executive Directors in accordance with the Listing Rules; and commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Guarantor.

As at 31 March 2024, female representative at the Board stands at approximately 22.2 per cent. As at 31 March 2024, the Group had a total of 2,010 female staff, representing approximately 45.3 per cent. of the employees of the Group. The Group will continue to take opportunities to increase the proportion of female Board members and workforce over time as and when suitable candidates are identified. For further details on the gender ratio of the Group, please refer to the independent "Environmental, Social and Governance Report", which is available on the websites of the Hong Kong Stock Exchange and the Guarantor. The Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy and considered it to be effective for the year ended 31 March 2024.

SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES, DEBENTURES AND SHARE OPTIONS

SUBSTANTIAL SHAREHOLDERS

As at the date of this Offering Circular, according to the register of interests in shares and short positions in shares and underlying shares or debentures of the Guarantor, required to be kept under Section 336 of the SFO (other than the interests of directors as set out below) and as far as the Guarantor is aware, the following persons had interests of five per cent. or more or short positions in the shares of the Guarantor:

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Guarantor's issued share capital[(3)]
Sumptuous Assets Limited	Beneficial owner	1,489,094,213[(1)] (long position)	52.85
Deacon Te Ken CHIU	Beneficial owner	13,022,647 (long position)	0.46
	Interest of controlled corporations	140,942,693[(2)] (long position)	5.00
	Interest of spouse	1,624,301[(2)] (long position)	0.06

Notes:

(1) The interests of Sumptuous Assets Limited were also disclosed as the interests of Tan Sri Dato' David CHIU in the section below headed "*Directors' Interests*". Tan Sri Dato' David CHIU is a director of Sumptuous Assets Limited.

(2) 140,942,693 shares were held by various companies under Mr. Deacon Te Ken CHIU's estate and 1,624,301 shares were held by Mrs. Ching Lan JU CHIU, spouse of Mr. Deacon Te Ken CHIU. Mr. Deacon Te Ken CHIU passed away on 17 March 2015 and his interests in the ordinary shares of the Guarantor forms part of his estate.

(3) The percentage represents the number of ordinary shares interested divided by the Guarantor's issued shares as at the date of this Offering Circular.

Save as disclosed above, as at the date of this Offering Circular, the Guarantor was not notified of any persons (other than its directors or the chief executive officer) who had an interest or short positions in the shares or underlying shares of the Guarantor as recorded in the register required to be kept by the Guarantor pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS

As at the date of this Offering Circular, the interests and short positions of the directors and chief executive of the Guarantor in the shares, underlying shares or debentures of the Guarantor and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Guarantor under Section 352 of SFO; or as otherwise notified to the Guarantor and the Model Code were as follows:

(a) The Guarantor

I Long position in ordinary shares

Name of Director	Capacity	Number of ordinary shares held	Approximate percentage of the Guarantor's issued share capital(6)
David CHIU	Beneficial owner	27,563,478	0.98
	Interest of spouse	20,789,895(1)	0.74
	Interest of controlled corporations	1,489,112,937(1)	52.85
Cheong Thard HOONG	Beneficial owner	13,283,692	0.47
	Joint interest	802(2)	0.00
Dennis CHIU	Beneficial owner	6,517	0.00
	Interest of controlled corporations	4,282,932(3)	0.15
	Joint interest	2,564,502(4)	0.09
Wing Kwan Winnie CHIU . . .	Beneficial owner	895,129	0.03
Jennifer Wendy CHIU	Beneficial owner	2,218,965	0.08
	Interest of spouse	1,231,189(5)	0.04

Notes:

(1) 1,489,094,213 shares were held by Sumptuous Assets Limited and 18,724 shares were held by Modest Secretarial Services Limited, companies controlled by Tan Sri Dato' David CHIU and 20,789,895 shares were held by Ms. Nancy CHIU NG, spouse of Tan Sri Dato' David CHIU.

(2) 802 shares were held by Mr. Cheong Thard HOONG jointly with his spouse, Ms. Pei Chun TENG.

(3) 4,282,932 shares were held by Max Chain Holdings Limited, a company controlled by Mr. Dennis CHIU and his brother Mr. Daniel Tat Jung CHIU.

(4) 2,564,502 shares were held by Mr. Dennis CHIU jointly with his spouse, Ms. Lee Keng LEOW.

(5) 1,231,189 shares were held by Mr. Ching Chi HUI, spouse of Ms. Jennifer Wendy CHIU.

(6) The percentage represents the number of ordinary shares interested divided by the number of the Guarantor's issued shares as at the date of this Offering Circular.

II Debentures

As at the date of this Offering Circular, Tan Sri Dato' David CHIU was deemed to have an interest in the 7.375 per cent. U.S.$ Senior Guaranteed Perpetual Capital Notes issued by the Issuer in the principal amount of U.S.$9,000,000, of which U.S.$5,000,000 was held by Tan Sri Dato' David CHIU and U.S.$4,000,000 was held by his spouse, Ms. Nancy CHIU NG.

As at the date of this Offering Circular, Ms. Wing Kwan Winnie CHIU has an interest in the 7.375 per cent. U.S.$ Senior Guaranteed Perpetual Capital Notes issued by the Issuer in the principal amount of U.S.$1,000,000.

(b) Associated corporations – Long position in the ordinary shares

Name of Director	Name of associated corporation	Capacity	Number of ordinary share(s) interested	Approximate percentage of the relevant issued share capital
David CHIU	Palasino	Interest of controlled corporations	582,462,662[1]	72.21[2]
	Sumptuous Assets Limited	Interest of controlled corporations	1[3]	100[4]
Cheong Thard HOONG	Palasino	Beneficial owner	579	0.0001[2]
	BC Invest	Beneficial owner	792,383	3.47[5]
Craig Grenfell WILLIAMS	BC Invest	Beneficial owner	254,112	1.11[5]
	Care Park	Beneficiary of a discretionary trust	959[6]	9.59[7]

Notes:

(1) 1,144,662 shares in Palasino were held by Sumptuous Assets Limited, a company controlled by Tan Sri Dato' David CHIU. 581,318,000 shares in Palasino were held by Ample Bonus Limited, a wholly-owned subsidiary of the Guarantor in which Tan Sri Dato' David CHIU owned approximately 54.57 per cent. interest in the share capital of the Guarantor and was therefore deemed to have an interest in the shares.

(2) The percentage represents the number of ordinary shares interested divided by Palasino's issued shares as at the date of this Offering Circular.

(3) 1 share was held by Far East Organization (International) Limited, a company controlled by Tan Sri Dato' David CHIU.

(4) The percentage represents the number of ordinary shares interested divided by Sumptuous Assets Limited's issued shares as at the date of this Offering Circular.

(5) The percentage represents the number of ordinary shares interested divided by BC Invest's issued shares as at the date of this Offering Circular.

(6) These shares in Care Park were held by Chartbridge Pty. Ltd. in its capacity as the trustee of the Craig Williams Family Trust, and Mr. Craig Grenfell WILLIAMS, as a beneficiary of the Craig Williams Family Trust, was deemed to be interested in these shares.

(7) The percentage represents the number of ordinary shares interested divided by Care Park's issued shares as at the date of this Offering Circular.

(c) Associated corporations – Long position in the underlying shares of BC Invest

Name of Director	Capacity	Number of underlying shares in respect of the purchase rights granted	Approximate % of BC Invest's issued share capital[(1)]
Cheong Thard HOONG	Beneficial owner	457,502	2.00
Wing Kwan Winnie CHIU	Beneficial owner	114,376	0.50

Note:

(1) The percentage represents the number of underlying shares interested divided by BC Invest's issued shares as at the date of this Offering Circular.

Save as disclosed above, as at the date of this Offering Circular, none of the Directors or chief executive of the Guarantor had or is deemed to have any interests and short positions in the shares, underlying shares or debentures of the Guarantor or any of its associated corporations within the meaning of Part XV of the SFO, which (a) were required to be notified to the Guarantor and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Guarantor and the Hong Kong Stock Exchange.

Share Options

The Guarantor Share Option Schemes

The Guarantor's share option schemes (the "**Share Option Schemes**") were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Guarantor or any of its subsidiaries (including Executive and Non-executive Directors of the Guarantor) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Guarantor or any of its subsidiaries. Under the Share Option Schemes, the directors of the Guarantor may grant options to eligible employees including directors of the Guarantor and its subsidiaries, to subscribe for shares of the Guarantor.

The Guarantor's first and second share option schemes expired on 28 August 2012 and 31 August 2022 respectively. In order to continue to provide incentives and rewards to the eligible employees and participants, the Guarantor adopted its third share option scheme pursuant to a resolution passed by the Guarantor's shareholders on 30 August 2022 for a period of 10 years commencing on the adoption date.

As at the date of this Offering Circular, there were no outstanding share options under the Share Option Schemes. No share options under the Share Option Schemes were granted, exercised, cancelled or lapsed during FY2024. The number of share options available for grant under the Share Option Schemes as at 1 April 2023 and 31 March 2024 were both 241,961,867.

TAXATION

The following is a general description of certain tax considerations relating to the Notes and is based on law, published practice and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change (which could be made on a retroactive basis), and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations which may be relevant to a decision to purchase, own or dispose of any Notes.

Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in any jurisdiction are advised to consult their own professional advisers.

Cayman Islands

Under the laws of the Cayman Islands, payments of interest and principal on the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest or principal to any holder of the Notes, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax.

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Guarantor obtained an undertaking from the Governor in Cabinet:

(1) that no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Guarantor or its operations; and

(2) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

   (i) on or in respect of the shares, debentures or other obligations of the Guarantor; or

   (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking is for a period of 20 years from 12 July 2011.

The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. No stamp duty is payable in respect of the issue or transfer of the Notes. An instrument of transfer in respect of a Note is stampable if executed in or brought into the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made to or by the Guarantor.

There is no exchange control legislation under Cayman Islands law and accordingly there are no exchange control regulations imposed under Cayman Islands law.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(a) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(b) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(d) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Notes will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the "**FSIE Amendments**"), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

(a) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong) (the "**SDO**").

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3 per cent. of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

(a) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or

(b) such Registered Notes constitute loan capital (as defined in the SDO).

With effect from 17 November 2023, if stamp duty applies to the transfer of Registered Notes required to be registered in Hong Kong and which are not otherwise exempt it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional notes (as described under "*Terms and Conditions – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

PRC CURRENCY CONTROLS

The following is a general description of certain currency controls in the PRC and is based on the law and relevant interpretations thereof in effect as at the date of this Offering Circular, all of which are subject to change, and does not constitute legal advice. It does not purport to be a complete analysis of all applicable currency controls in the PRC relating to the Notes. Prospective holders of Notes who are in any doubt as to PRC currency controls are advised to consult their own professional advisers.

Remittance of Renminbi into and outside the PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010, August 2011 and February 2012 respectively, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades, the Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement and the Notice on Matters Relevant to the Administration of Enterprises Engaged in Renminbi Settlement of Export Trade in Goods, circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover all provinces and cities in the PRC, (iii) the restriction on designated offshore districts has been lifted and (iv) any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the "**Six Authorities**") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "**Supervision List**"). On 8 May 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the "**2013 PBOC Circular**") with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. For example, PRC banks may conduct settlement for PRC enterprises upon the PRC enterprises presenting the payment instruction, with certain exceptions. PRC banks may also allow PRC enterprises to make/receive payments under current account items prior to the relevant PRC bank's verification of underlying transactions (noting that verification of underlying transactions is usually a precondition for cross border remittance).

On 1 November 2014, the PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the "**2015 PBOC Circular**"), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone ("**Shanghai FTZ**"), may establish an additional cash pool in the local scheme in such pilot free trade zone but each onshore company within the group may only elect to participate in one cash pool.

On 31 December 2020, the PBOC and five other PRC authorities promulgated the Circular on Further Optimizing the Cross-border Renminbi Policy to Support the Stabilization of Foreign Trade and Foreign Investment (關於進一步優化跨境人民幣政策支持穩外貿穩外資的通知), effective from 4 February 2021, which, among others, further simplified the cross-border Renminbi settlement process and optimized the management of cross-border Renminbi investment and financing.

On 6 January 2023, the MOFCOM and the PBOC promulgated the Circular on Further Supporting Foreign Trade Enterprises to Expand the Cross-border Use of Renminbi and Promoting the Facilitation Trade and Investment (關於進一步支援外經貿企業擴大人民幣跨境使用促進貿易投資便利化的通知), which, among others, encourages banks to meet the needs of enterprises for the centralized processing, pooling and management and balance adjustments in relation to RMB funds through cross-border RMB centralized receipts and payments on current account, cross-border bilateral Renminbi cash pooling business and other services.

These circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for the settlement of Renminbi current account items. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such regulations.

Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. That said, the relevant PRC authorities may grant approval for a foreign entity to make a capital contribution or a shareholder's loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may be required to complete registration and verification processes with the relevant PRC authorities before such Renminbi remittances.

On 7 April 2011, SAFE promulgated the SAFE Circular, which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies. According to the 2013 PBOC Circular, upon enforcement of external guarantees in Renminbi provided by onshore non-financial enterprises, PRC banks may provide Renminbi settlement services (i.e. remittance of enforcement proceeds) directly, which seems to indicate that SAFE approval for enforcement (which would be required in the case of the external guarantees in foreign currencies) is no longer required. Furthermore, onshore non-financial enterprises can (via PRC banks) extend loans in Renminbi to offshore entities within the same group under Renminbi cash pooling arrangements and will no longer need to apply for a quota from SAFE. However, SAFE has not amended its positions under the SAFE Circular, nor has it issued any regulations to confirm the positions in the 2013 PBOC Circular. Therefore, there remains potential inconsistencies between the provisions of the SAFE Circular and the provisions of the 2013 PBOC Circular and it is unclear how SAFE will deal with such inconsistencies in practice.

On 13 October 2011, the PBOC issued the PBOC Renminbi FDI Measures which set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC Renminbi FDI Measures, cross-border Renminbi settlement for Renminbi FDI required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. The PBOC Renminbi FDI Measures cover various aspects of Renminbi FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration after the completion of relevant Renminbi FDI transactions, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information.

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

On 30 March 2015, the SAFE issued the Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015 (the "**2015 SAFE Circular**") and allows foreign-invested enterprises, while still having the option to choose to settle their foreign current capital through payment-based foreign exchange settlement, to settle up to 100 per cent. (this maximum percentage may be subject to future adjustment at the discretion of SAFE pursuant to the 2015 SAFE Circular) of the foreign currency capital (which has been processed through the SAFE's equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis, provided that in principle the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into a designated bank account called "capital account item – account for foreign currency settlement pending payment" (資本項目–結匯待支付帳戶) (the "**Account for Foreign Currency Settlement Pending Payment**") as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including a foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested private equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further fillings with SAFE.

On 9 June 2016, SAFE promulgated the Notice on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on 9 June 2016, which reiterates some rules set forth in 2015 SAFE Circular, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-affiliated enterprises. On 23 October 2019, the SAFE issued the Notice on Further Facilitating Cross-border Trade and Investment, which, among other things, expanded the use of foreign exchange capital to domestic equity investment area. Non-investment foreign-funded enterprises are allowed to lawfully make domestic equity investments by using their capital on the premise without violation to prevailing special administrative measures for access of foreign investments (negative list) and the authenticity and compliance with the regulations of domestic investment projects.

On 4 December 2023, the SAFE issued the Circular on Further Deepening Reforms to Facilitate Cross-border Trade and Investment (關於進一步深化改革促進跨境貿易投資便利化的通知). It facilitates the payment of funds for equity transfers in the PRC reinvestment by foreign investment enterprises, as well as the use of funds raised through overseas listings. The foreign currency consideration for equity transfer received by a domestic equity transferor (including institutions and individuals) from a domestic entity and the foreign exchange fund raised by a domestic enterprise through the overseas listing may be directly remitted into the settlement account under the capital account. The funds in the settlement account under the capital account may be used through independent foreign exchange settlement. In addition, it improves the management of the use of income under capital account. The foreign exchange revenue under the capital and foreign debts of non-financial enterprises, and the RMB funds obtained from foreign exchange settlement shall be used in accordance with the principles of authenticity and self-use, and shall not be directly or indirectly used for expenditures prohibited by PRC laws and regulations. Unless otherwise expressly prescribed, such income (1) shall not be directly or indirectly used for securities investment or other investment or wealth management purposes (except for wealth management products and structured deposits with risk ratings not higher than Level II); (2) shall not be used to issue loans to non-affiliates except for enterprises with permitted business scope or registered in certain areas; (3) shall not be used to purchase residential properties that is not for self-use except for enterprises engaged in real estate development or lease operation.

These notices, measures and circulars will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE rules. If any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream or the CMU (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Arrangers or any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.*

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service ("**CMU Members**") of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, "**CMU Instruments**") which are specified in the reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time ("**CMU Reference Manual**") as capable of being held within the CMU.

The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons.

Membership of the CMU is open to all financial institutions regulated by the HKMA, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU's custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the "**income proceeds**") by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual. An investor holding an interest through an account with either Euroclear or Clearstream in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream each have with the CMU.

Bearer Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through the CMU. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depositary for Euroclear and Clearstream or a sub-custodian for the CMU. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream. Each Global Note will have an International Securities Identification Number ("**ISIN**") and a Common Code or a CMU Instrument Number, as the case may be. Investors in Notes of such Series may hold their interests in a Global Note only through Euroclear or Clearstream or the CMU, as the case may be.

Registered Notes

The Issuer has made applications to Euroclear and Clearstream for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Registered Notes represented by a Global Certificate accepted for clearance through the CMU. Each Global Certificate deposited with a common depositary for Euroclear and/or Clearstream will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number. Transfers of interests in a Global Certificate will be made in accordance with the normal market debt securities operating procedures of the CMU, Euroclear and Clearstream.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by a Global Certificate, in amounts specified in the applicable Pricing Supplement.

Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, the CMU and Euroclear will be permitted only in the circumstances set forth in "**Summary of Provisions Relating to the Notes while in Global Form**". In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Individual Certificates.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in the amended and restated dealer agreement dated 9 August 2024 made between the Issuer, the Guarantor, the Arrangers and the Permanent Dealers (the "**Dealer Agreement**"), the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers and otherwise. Where the Issuer agrees to sell Notes to the Dealer(s), who agree to subscribe and pay for, or to procure subscribers to subscribe for, Notes at an issue price set forth in the applicable Pricing Supplement (less commissions, if any, in connection with such issue of Notes), the Notes may be reoffered and resold at a price different from their issue price, including (without limitation) at prevailing market prices, or at prices related thereto, at the time of such reoffer and resale, in each case as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer and the Guarantor will pay each Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Subscription Agreement.

In addition, the Issuer and the Guarantor may agree to pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

The Issuer and the Guarantor will jointly and severally indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

In connection with the issue of the Notes, the relevant Dealer or Dealers (if any) named as the stabilisation manager(s) (the "**Stabilisation Manager**") or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake Stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Dealers.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities ("**Banking Services or Transactions**"). The Dealers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Notes, the Dealers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trade of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Dealers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

Furthermore, it is possible that a significant proportion of the Notes may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Notes may be constrained (see "*Risk Factors – Risks Relating to the Market Generally – Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity*"). The Issuer, the Guarantor and the relevant Dealers are under no obligation to disclose the extent of the distribution of the Notes among individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Dealers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Dealers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Guarantor.

Selling Restrictions

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the relevant affiliated Dealer(s) (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Dealers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

United States of America

In respect of a Regulation S Category 1 offering as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act, and the Notes and the Guarantee may not be offered or sold, or, in the case of Bearer Notes, delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, or in the case of Bearer Notes, delivered, and will not offer or sell, or in the case of Bearer Notes, deliver, any Notes or the Guarantee constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, none of the Dealers, their respective affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the Guarantee.

In respect of a Regulation S Category 2 offering as specified in the applicable Pricing Supplement, the Notes and the Guarantee have not been and will not be registered under the Securities Act, and the Notes and the Guarantee may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and sold or, in the case of Bearer Notes, delivered, any Notes and the Guarantee, and will not offer and sell or, in the case of Bearer Notes, deliver, any Notes and the Guarantee (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons. Accordingly, none of the Dealers, their respective affiliates nor any persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes or the Guarantee, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed that, at or prior to confirmation of sale of the Notes and the Guarantee, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons, to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of such offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in the above provision have the meanings given to them by Regulation S. Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), and regulations thereunder.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche of Notes and the Guarantee, an offer or sale of Notes and the Guarantee within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes and the Guarantee outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer or any of its contents to any such U.S. person or other person within the United States, is prohibited.

In addition, in respect of Bearer Notes where TEFRA D is specified in the applicable Pricing Supplement:

(a) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code (the "**D Rules**"), each Dealer (i) represented, warranted and agreed that it has not offered or sold, and warranted and agreed that during a 40-day restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) represented that it has not delivered and warranted and agreed that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

(b) each Dealer represented, warranted and agreed that it has and warranted and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, each Dealer represented, warranted and agreed that it is acquiring Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D)(6); and

(d) with respect to each affiliate of such Dealer that acquires Notes in bearer form from such Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in paragraphs (a), (b) and (c) above on such affiliate's behalf or agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in paragraphs (a), (b) and (c) above.

Terms used in paragraphs (a), (b) (c) and (d) above have the meanings given to them by the Code and regulations thereunder, including the D Rules.

In respect of Bearer Notes where TEFRA C is specified in the applicable Pricing Supplement, under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") to set out the criteria for "foreign targeted obligations" that are exempt from the excise tax under Section 4701(b)(1)(B) of the Code, such Bearer Notes must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Notes within the United States or its possessions in connection with their original issuance.

Further, each Dealer represented, warranted and agreed in connection with the original issuance of such Bearer Notes that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either of them is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Notes. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including the C Rules and Notice 2012-20.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as contemplated by the Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

  (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restrictions under the Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member state of the EEA (each, a "**Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended.

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

  (i) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (ii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Public Offer Selling Restrictions under the UK Prospectus Regulation

If the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the Financial Conduct Authority, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions in the UK

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year,

   (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and

   (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or as agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

The Netherlands

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes (or any interest therein) and the Guarantee are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Offering Circular nor any other document in relation to any offering of the Notes (or any interest therein) and the Guarantee may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Regulation, provided that these parties acquire the Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions in the Netherlands provided that each such Note has a minimum denomination in excess of EUR100,000 (or the equivalent thereof in non-Euro currency) and is subject to compliance with the relevant requirements under Regulation (EU) No 1286/2014.

PRC

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by applicable laws and regulations of the PRC.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Singapore

Unless the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for any Notes unless at the time of such invitation the Guarantor is listed on The Cayman Islands Stock Exchange.

Taiwan

The offer of the Notes has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in a circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of any Notes in Taiwan.

General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the relevant Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply to the best of its knowledge and belief in all material respects with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and none of the Issuer, the Guarantor nor any other Dealer shall have responsibility therefor.

GENERAL INFORMATION

1. **Listing:** Application has been made to the Hong Kong Stock Exchange for the listing of the Programme on the Hong Kong Stock Exchange under which Notes may be issued by way of debt issues to Professional Investors only during the 12-month period after the date of this Offering Circular. The issue price of Notes to be issued under the Programme and listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. Transactions will normally be effected for settlement in the relevant specified currency and for delivery by the end of the second trading day after the date of the transaction. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the date of listing of the relevant Notes. Notes to be listed on the Hong Kong Stock Exchange are required to be traded with a board lot size of at least HK$500,000 (or equivalent in other currencies).

2. **Corporate Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in Hong Kong in connection with the update of the Programme, the issue of the Notes thereunder and performance of its obligations under the Notes, the Trust Deed and the Agency Agreement. The update of the Programme and the issue of the Notes thereunder were authorised by minutes of the Board of Directors of the Issuer held on 8 August 2024. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor on 8 August 2024.

3. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change in the financial condition, business, prospects, results of operation, management or properties of the Issuer, the Guarantor or of the Group since 31 March 2024.

4. **No Disputes:** Save as disclosed in this Offering Circular, none of the Issuer, the Guarantor or the Group is involved in any litigation, arbitration or administrative proceedings relating to claims which are material in the context of the issue of the Notes and, so far as the Issuer, the Guarantor or any member of the Group is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

5. **Clearing and Settlement:** Notes have been accepted for clearance through the Euroclear and Clearstream systems. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. The relevant ISIN, the Common Code and (where applicable) the identification number for any other relevant clearing system for each series of Notes will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be set out in the relevant Pricing Supplement.

6. **Inspection of Documents:** For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will, when published, be available, during usual business hours (being 9:00 a.m. to 3:00 p.m.) on any weekday (Saturdays and public holidays excepted), for inspection at the head office of the Issuer at 16/F., Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong:

   (a) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

   (b) the Agency Agreement;

   (c) the Memorandum and Articles of Association of the Issuer and the Guarantor;

   (d) the most recently published annual report and interim report of the Guarantor;

   (e) the most recently published audited consolidated annual financial statements of the Guarantor and the most recently published unaudited consolidated interim financial statements of the Guarantor from time to time; and

   (f) a copy of this Offering Circular together with any supplement (including any Pricing Supplement save that a Pricing Supplement relating to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity) to this Offering Circular or further Offering Circular.

   Copies of the documents referred to in sub-paragraphs (a) to (b) above will also be available during the hours referred to above at the following address of the Issuing and Paying Agent (presently at Level 26, HSBC Main Building, 1 Queen's Road Central, Hong Kong) upon prior written request and proof of holding, so long as any of the Notes is outstanding.

7. **Audited Financial Statements:** The consolidated financial statements of the Guarantor for the years ended 31 March 2023 and 2024 included in this Offering Circular have been audited by its independent auditor, Deloitte Touche Tohmatsu, as stated in their reports appearing herein.

INDEX TO FINANCIAL STATEMENTS

Page

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 MARCH 2024

Note:

(1) The Independent Auditor's Report on the consolidated financial statements of the Guarantor as at and for the year ended 31 March 2024 set out herein is reproduced from the Guarantor's annual report for FY2024 and page references included in the Independent Auditor's Report refer to pages set out in such annual report.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE YEAR ENDED 31 MARCH 2023

Note:

(1) The Independent Auditor's Report on the consolidated financial statements of the Guarantor as at and for the year ended 31 March 2023 set out herein is reproduced from the Guarantor's annual report for FY2023 and page references included in the Independent Auditor's Report refer to pages set out in such annual report.

Independent Auditor's Report

Deloitte. 德勤

To the Shareholders of Far East Consortium International Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 122 to 233, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements and estimation associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People's Republic of China, the Czech Republic, Singapore and the United Kingdom. The investment properties were carried at HK$6,100,783,000 as at 31 March 2024 and represents approximately 12.9% of total assets in the consolidated financial statements of the Group as at 31 March 2024. Change in fair value of investment properties held by Sanon Limited and others amounting to HK$443,275,000 and HK$11,677,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2024 respectively. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers") engaged by the directors of the Company. The valuations of investment properties are dependent on certain key inputs that require significant judgments and estimates by the directors of the Company, including monthly market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding and assessing the reasonableness of the valuation techniques and significant assumptions used by the management and Valuers based on the relevant accounting requirements and industry norms; • Evaluating the reasonableness of the key inputs, including monthly market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate adopted by the management and the Valuers by comparing the key inputs to relevant market data based on our knowledge of the property markets; • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis; and • Involving internal valuation specialists to review the valuations performed by the Valuers in respect of methodologies, assumption and data underpinning valuations of certain investment properties.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Fung Suet Ngan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 June 2024

Consolidated Statement of Profit or Loss

For the year ended 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue	7	**10,203,679**	6,478,958
Cost of sales and services		**(6,743,957)**	(4,275,812)
Depreciation and impairment of hotel and car park assets		**(533,403)**	(401,546)
Gaming tax		**(141,562)**	(133,097)
Gross profit		**2,784,757**	1,668,503
Other income		**281,691**	764,006
Other gains and losses	8	**(9,551)**	(25,628)
Change in fair value of investment properties	15		
– Held by Sanon (As defined in note 39)		**443,275**	18,455
– Others		**11,677**	21,487
Administrative expenses			
– Hotel operations and management		**(466,777)**	(455,737)
– Others		**(620,051)**	(518,970)
Pre-operating expenses			
– Hotel operations and management		**(18,128)**	(35,506)
Professional fees in relation to listing of a subsidiary		**(23,537)**	–
Selling and marketing expenses		**(634,236)**	(230,178)
Share of results of associates		**(13,038)**	(1,497)
Share of results of joint ventures		**32,191**	135,831
Finance costs	9	**(1,182,836)**	(611,018)
Profit before tax		**585,437**	729,748
Income tax expense	10	**(134,736)**	(349,536)
Profit for the year	11	**450,701**	380,212
Attributable to:			
Shareholders of the Company		**226,100**	172,185
Owners of perpetual capital notes		**207,488**	209,864
Other non-controlling interests		**17,113**	(1,837)
		224,601	208,027
		450,701	380,212
Earnings per share	12		
Basic (HK cents)		**8.2**	6.4
Diluted (HK cents)		**8.2**	6.4

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**450,701**	380,212
Other comprehensive (expense) income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(641,852)**	(1,664,781)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	**(8,485)**	–
Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI")	**(14,134)**	(122,136)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	**75,443**	84,753
Share of other comprehensive expense of an associate	**(32,108)**	(13,936)
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at FVTOCI	**(314,037)**	(453,551)
Other comprehensive expense for the year	**(935,173)**	(2,169,651)
Total comprehensive expense for the year	**(484,472)**	(1,789,439)
Total comprehensive expense attributable to:		
Shareholders of the Company	**(706,148)**	(1,997,464)
Owners of perpetual capital notes	**207,488**	209,864
Other non-controlling interests	**14,188**	(1,839)
	221,676	208,025
	(484,472)	(1,789,439)

Consolidated Statement of Financial Position

At 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current Assets			
Investment properties	15	6,100,783	8,113,310
Property, plant and equipment	16	12,248,060	12,312,279
Goodwill	17	68,400	68,400
Interests in associates	18	1,704,157	1,731,289
Interests in joint ventures	19	2,530,500	2,435,355
Investment securities	20	554,408	634,452
Deposits for acquisition of property, plant and equipment		90,451	94,972
Amounts due from joint ventures	44	2,029,315	1,574,905
Amount due from an associate	44	67,838	62,864
Amount due from an investee company	44	119,995	119,995
Loan receivables	21	178,591	222,078
Pledged deposits	22	4,832	4,661
Deferred tax assets	35	177,425	215,793
Other receivables	24(a)	73,365	–
Other assets		26,255	28,346
		25,974,375	27,618,699
Current Assets			
Properties for sale	23		
Completed properties		4,874,765	4,146,644
Properties under development		9,277,662	12,806,635
Other inventories		13,971	13,548
Debtors, deposits and prepayments	24(a)	779,583	706,147
Customers' deposits under escrow	25	335,978	389,175
Contract assets	24(b)	927,500	233,410
Contract costs	26	189,621	295,903
Amounts due from joint ventures	44	247,384	210,870
Amounts due from associates	44	63,604	11,406
Amount due from a shareholder of non-wholly owned subsidiary	33	22,739	253,701
Amount due from a related company	44	39,914	826
Tax recoverable		92,166	61,978
Investment securities	20	1,187,529	1,479,816
Loan receivables	21	5,643	5,889
Derivative financial instruments	27	235	3,643
Restricted bank deposits	22	444,919	–
Pledged deposits	22	50,088	708,739
Cash and cash equivalents	22	2,733,621	4,431,485
		21,286,922	25,759,815
Property held for sale		–	44,266
		21,286,922	25,804,081

Consolidated Statement of Financial Position

At 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Current Liabilities			
Creditors and accruals	28	1,952,999	2,047,897
Contract liabilities	29	779,426	592,871
Lease liabilities	32	49,194	57,693
Amount due to a related company	44	1,059	953
Amounts due to associates	44	6,357	7,848
Amounts due to joint ventures	44	158,391	–
Amounts due to shareholders of non-wholly owned subsidiaries	33	170,980	168,084
Derivative financial instruments	27	–	7,964
Tax payable		359,504	642,132
Notes	34	–	3,987,584
Bank and other borrowings	31	12,673,820	17,401,147
		16,151,730	24,914,173
Net Current Assets		5,135,192	889,908
Total Assets less Current Liabilities		31,109,567	28,508,607
Non-current Liabilities			
Lease liabilities	32	317,143	322,461
Notes	34	475,771	475,061
Bank and other borrowings	31	14,612,250	10,410,161
Deferred tax liabilities	35	828,820	971,752
Other liabilities	30	4,239	680,960
		16,238,223	12,860,395
Net Assets		14,871,344	15,648,212
Capital and Reserves			
Share capital	36	281,760	270,591
Share premium		4,880,059	4,712,161
Reserves		6,518,146	7,372,413
Equity attributable to shareholders of the Company		11,679,965	12,355,165
Owners of perpetual capital notes	37	2,903,198	2,903,563
Other non-controlling interests		288,181	389,484
		3,191,379	3,293,047
Total Equity		14,871,344	15,648,212

The consolidated financial statements on pages 122 to 233 were approved and authorised for issue by the Board of Directors on 27 June 2024 and are signed on its behalf by:

DAVID CHIU	**WING KWAN WINNIE CHIU**	**JENNIFER WENDY CHIU**
DIRECTOR	*DIRECTOR*	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2022	241,962	4,650,772	35,964	54,727	(508,115)	(453,375)	116,952	601,986	9,890,859	14,631,732	2,901,589	376,611	3,278,200	17,909,932
Profit (loss) for the year	–	–	–	–	–	–	–	–	172,185	172,185	209,864	(1,837)	208,027	380,212
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(1,664,779)	–	–	–	(1,664,779)	–	(2)	(2)	(1,664,781)
Fair value change on debt instruments at FVTOCI	–	–	–	–	(122,136)	–	–	–	–	(122,136)	–	–	–	(122,136)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	–	–	–	–	84,753	–	–	–	–	84,753	–	–	–	84,753
Fair value change on equity instruments at FVTOCI	–	–	–	–	(453,551)	–	–	–	–	(453,551)	–	–	–	(453,551)
Share of other comprehensive expense of an associate	–	–	–	–	–	–	(13,936)	–	–	(13,936)	–	–	–	(13,936)
Other comprehensive expense for the year	–	–	–	–	(490,934)	(1,664,779)	(13,936)	–	–	(2,169,649)	–	(2)	(2)	(2,169,651)
Total comprehensive (expense) income for the year	–	–	–	–	(490,934)	(1,664,779)	(13,936)	–	172,185	(1,997,464)	209,864	(1,839)	208,025	(1,789,439)
Distribution to owners of perpetual capital notes	–	–	–	–	–	–	–	–	–	–	(207,890)	–	(207,890)	(207,890)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(16,525)	(16,525)	(16,525)
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	(494,684)	(494,684)	–	–	–	(494,684)
Shares issued in lieu of cash dividend	4,433	85,585	–	–	–	–	–	–	–	90,018	–	–	–	90,018
Bonus issue of share (note 36)	24,196	(24,196)	–	–	–	–	–	–	–	–	–	–	–	–
Partial disposal of equity interest in a subsidiary without loss of control	–	–	–	–	–	–	–	125,563	–	125,563	–	31,237	31,237	156,800
At 31 March 2023	270,591	4,712,161	35,964	54,727	(999,049)	(2,118,154)	103,016	727,549	9,568,360	12,355,165	2,903,563	389,484	3,293,047	15,648,212

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
Profit for the year	–	–	–	–	–	–	–	–	226,100	226,100	207,488	17,113	224,601	450,701
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(638,927)	–	–	–	(638,927)	–	(2,925)	(2,925)	(641,852)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	–	–	–	–	–	(8,485)	–	–	–	(8,485)	–	–	–	(8,485)
Fair value change on debt instruments at FVTOCI	–	–	–	–	(14,134)	–	–	–	–	(14,134)	–	–	–	(14,134)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	–	–	–	–	75,443	–	–	–	–	75,443	–	–	–	75,443
Fair value change on equity instruments at FVTOCI	–	–	–	–	(314,037)	–	–	–	–	(314,037)	–	–	–	(314,037)
Share of other comprehensive expense of an associate	–	–	–	–	–	–	(32,108)	–	–	(32,108)	–	–	–	(32,108)
Other comprehensive expense for the year	–	–	–	–	(252,728)	(647,412)	(32,108)	–	–	(932,248)	–	(2,925)	(2,925)	(935,173)
Total comprehensive (expense) income for the year	–	–	–	–	(252,728)	(647,412)	(32,108)	–	226,100	(706,148)	207,488	14,188	221,676	(484,472)
Distribution to owners of perpetual capital notes	–	–	–	–	–	–	–	–	–	–	(207,853)	–	(207,853)	(207,853)
Dividend to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(228,150)	(228,150)	(228,150)
Dividends recognised as distribution (note 14)	–	–	–	–	–	–	–	–	(381,954)	(381,954)	–	–	–	(381,954)
Shares issued in lieu of cash dividend	11,169	167,898	–	–	–	–	–	–	–	179,067	–	–	–	179,067
Acquisition of additional interest in a non-controlling interest	–	–	–	–	–	(427)	–	23,399	(2,569)	20,403	–	(20,403)	(20,403)	–
Partial disposal of equity interest in subsidiaries without loss of control	–	–	–	–	–	–	–	213,432	–	213,432	–	133,062	133,062	346,494
At 31 March 2024	281,760	4,880,059	35,964	54,727	(1,251,777)	(2,765,993)	70,908	964,380	9,409,937	11,679,965	2,903,198	288,181	3,191,379	14,871,344

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

Other reserve mainly comprise (a) the difference between the principal amounts of consideration paid and the relevant share of carrying value of the subsidiaries' net assets disposed to the non-controlling interests in prior years; (b) the difference between the fair value of consideration paid for further acquisition of subsidiaries in prior years and the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve; and (c) dividends paid to shareholders out of other reserves.

A credit balance of HK$125,563,000 was recognised in the year ended 31 March 2023 in respect of the excess of consideration received for the partial disposal of the equity interest of an indirect wholly-owned subsidiary, Turbo Century Limited, without loss of control, over the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve.

On 26 June 2023, FEC Care Park Holdings (Australia) Pty Ltd ("FEC Care Park"), an indirect wholly-owned subsidiary of the Group entered into the settlement deeds with various parties to dismiss the claims under legal proceedings, pursuant to which effective interest in Care Park Group Pty Ltd was increased from 77.75% to 90.41%, which resulted in recognition of a credit balance of HK$23,399,000 during the year ended 31 March 2024. Details are set out in the Company's announcement dated 26 June 2023.

Upon the spin-off of Palasino Holdings Limited ("Palasino"), a non-wholly owned subsidiary of the Group, on 26 March 2024, that resulted in a disposal of additional 16.79% equity interests of Palasino, and a credit balance of HK$213,432,000 has been recognised in other reserves representing net proceeds from the initial public offering over the net asset value of Palasino attributable to non-controlling shareholders as at the spin-off date. Details are set out in the Company's announcement dated 26 March 2024.

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	NOTE	2024 HK$'000	2023 HK$'000
Operating activities			
Profit before tax		585,437	729,748
Adjustments for:			
Share of results of joint ventures		(32,191)	(135,831)
Share of results of associates		13,038	1,497
Depreciation of property, plant and equipment		508,410	445,014
Interest income		(83,639)	(68,411)
Finance costs		1,182,836	611,018
Change in fair value of investment properties		(454,952)	(39,942)
Change in fair value of financial assets at FVTPL		(18,289)	(20,493)
Loss on disposal of debt instruments at FVTOCI		75,443	84,753
Change in fair value of derivative financial instruments		(6,027)	(34,078)
Gain on disposal of subsidiaries	39	(41,344)	–
Gain on disposal of property, plant and equipment		(25,121)	(18,061)
Gain arising from structured financing arrangement		–	(108,962)
Impairment loss under expected credit loss ("ECL") model recognised on trade debtors		7,342	5,718
Impairment loss (reversal of) recognised on property, plant and equipment		42,802	(26,555)
Gain on termination of lease contracts		(945)	(13,480)
Operating cash flows before movements in working capital		1,752,800	1,411,935
Decrease (increase) in properties for sale		2,927,378	(1,539,207)
Increase in other inventories		(423)	(3,962)
Increase in loan receivables		(29,715)	(40,335)
Decrease in debtors, deposits and prepayments		20,812	73,508
Decrease in customer's deposits under escrow		48,930	58,273
Decrease in investment held for trading		–	27,152
Decrease in creditors and accruals and other liabilities		(230,082)	(388,120)
Increase in contract assets		(698,829)	(238,741)
Decrease (increase) in contract costs		100,227	(9,204)
Increase (decrease) in contract liabilities		183,233	(39,418)
Cash generated from (used in) operations		4,074,331	(688,119)
Income tax paid		(493,851)	(247,256)
Net cash from (used in) operating activities		3,580,480	(935,375)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	NOTES	2024 HK$'000	2023 HK$'000
Investing activities			
Acquisition and development expenditures of property, plant and equipment		(384,604)	(890,830)
Proceeds from disposal of property, plant and equipment		82,708	113,173
Development expenditures of investment properties		(1,036,404)	(258,991)
Proceeds from disposal of investment properties		200	1,185
Deposit received for disposal of a subsidiary	30	–	338,000
Net cash inflow on disposal of subsidiaries	39	660,163	–
Capital investment in associates		(71,946)	–
Capital investment in joint ventures		(171,417)	(169,494)
Dividend and distribution received from associates and joint ventures		60,396	119,804
Advances to associates		(58,356)	–
Repayment from associates		–	2,084
Advances to joint ventures		(542,822)	(1,163,236)
Repayment from joint ventures		60,474	231,035
Return of capital from a joint venture		18,612	–
Repayment from a shareholder of a non-wholly owned subsidiary		2,340	–
Advance to a related company		(39,088)	(878)
Purchase of other assets		–	(14,846)
Purchase of equity instruments at FVTPL		(208,589)	(16,962)
Purchase of equity instruments at FVTOCI		(207,592)	–
Proceeds from sale of equity instruments at FVTPL		42,142	8,720
Proceeds from sale of debt instruments at FVTPL		46,255	206,611
Purchase of debt instruments at FVTOCI		(661,844)	(1,191,685)
Proceeds from sale/redemption of debt instruments at FVTOCI		842,118	1,285,949
Purchase of investment funds		(537,695)	(147,953)
Proceeds from sale of investment funds		723,730	105,449
Purchase of structured notes		–	(16,867)
Proceeds from sale/redemption of structure notes		–	16,295
Net cash inflow on derivative financial instruments		1,471	30,396
Placement of pledged deposits		–	(353,489)
Release of pledged deposits		640,290	507,496
Placement of restricted bank deposits		(444,919)	–
Cash paid for structured financing arrangement		–	(388,367)
Cash received from structured financing arrangement		–	460,389
Bank interest received		70,930	59,531
Net cash used in investing activities		(1,113,447)	(1,127,481)

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	2024 HK$'000	2023 HK$'000
Financing activities		
New bank and other borrowings raised, net of transaction costs	10,854,474	9,187,505
Repayments of bank and other borrowings	(9,102,846)	(7,416,597)
Repurchase of notes	(79,221)	(160,569)
Repayment of notes	(3,840,129)	–
Repayment of other liabilities	(592)	–
Repayments of lease liabilities	(110,359)	(86,436)
Advance from a shareholder of a non-wholly owned subsidiary	6,388	–
Repayments to shareholders of non-wholly owned subsidiaries	–	(7,598)
Advance from a related company	106	95
Advance from joint ventures	159,458	–
Advance from associates	–	603
Repayment to associates	(1,491)	–
Distribution to owners of perpetual capital notes	(207,853)	(207,890)
Dividends paid	(202,887)	(404,666)
Dividends paid to non-controlling interests	–	(16,525)
Interest paid	(1,858,842)	(1,206,140)
Proceeds from disposal of partial interest in a subsidiary	–	156,800
Proceeds from disposal of partial interest in Palasino	346,494	–
Net cash used in financing activities	(4,037,300)	(161,418)
Net decrease in cash and cash equivalents	(1,570,267)	(2,224,274)
Cash and cash equivalents brought forward	4,431,485	6,902,605
Effect of foreign exchange rate changes	(127,597)	(246,846)
Cash and cash equivalents carried forward	2,733,621	4,431,485

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The ultimate controlling shareholder is David CHIU. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2024 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations and securities and financial product investments. The details of the principal subsidiaries are set out in note 50.

The consolidated financial statements are presented in Hong Kong dollar ("HK$" or "HKD"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGE IN OTHER ACCOUNTING POLICIES

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGE IN OTHER ACCOUNTING POLICIES (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 *Presentation of Financial Statements* is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 April 2022;

(ii) the Group also, as at 1 April 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use assets and lease liabilities.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGE IN OTHER ACCOUNTING POLICIES (continued)

New and amendments to HKFRSs that are mandatorily effective for the current year (continued)

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (continued)

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets of HK$63,470,000 and deferred tax liabilities of HK$63,470,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

Impacts on application of Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The governments of the United Kingdom ("UK"), Netherlands and Australia, where a number of the group entities were incorporated, enacted the Pillar Two income taxes legislation effective from 1 January 2024. Under the legislation, for financial years starting from 1 January 2024, the Group may be required to pay, in such jurisdictions, top-up tax on their profits that are taxed at an effective tax rate of less than 15 per cent. In addition, top-up tax on the profits of these group entities' subsidiaries that are taxed at an effective tax rate of less than 15 per cent may also be imposed under the Pillar Two income taxes legislation.

The Group will continue to assess the impact of the proposed and enacted Pillar Two income taxes legislation on its future financial performance as new guidance becomes available.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND CHANGE IN OTHER ACCOUNTING POLICIES (continued)

Amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 31 March 2024, the Group's right to defer settlement for borrowings of HK$6,034,062,000 are subject to compliance with certain financial ratios only after the reporting period. Such borrowings were classified as non-current as the Group met such ratios at 31 March 2024. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date. Except as described above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at 31 March 2024.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance (the "HKCO").

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted after reattribution of relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under development for such purposes).

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Property, plant and equipment (other than right-of-use assets)

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose (other than freehold land and properties under development) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (included in property, plant and equipment") in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Impairment losses on property, plant and equipment (including right-of-use assets) and contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and contract cost to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Impairment losses on property, plant and equipment (including right-of-use assets) and contract costs (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 *Leases* at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Leases

The Group as a lessee

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

The Group as a lessor

Classification and measurement of leases

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Inventories

Properties for sale

Properties for sale consist of completed properties and properties under development.

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development and completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to completed properties for sale upon completion.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital notes issued by a group entity, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments (including perpetual capital notes) is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including creditors, amount due to a related company, amounts due to associates, amounts due to shareholders of non-wholly owned subsidiaries, notes, bank and other borrowings, and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in notes 7, 26 and 29.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale except for freehold land. Freehold land is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing liabilities and related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deterred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying accounting policies (continued)

Revenue recognised from sales of properties over time

Certain revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. Management, in interpreting the applicable laws and exercising its judgements, has identified sales contracts in Singapore provide the Group with enforceable right to payment for performance completed to date while sales contracts in Hong Kong, regions in People's Republic of China excluding Hong Kong (the "PRC"), Australia, and UK do not provide the Group with such rights.

During the year ended 31 March 2024, revenue from sales of properties recognised over time by the Group amounted to HK$1,774,815,000 (2023: HK$1,145,915,000).

Deferred taxation on investment properties

For the purposes of measuring deferred taxes, arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that (a) the Group's investment properties in Hong Kong, UK and Singapore are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, (b) the Group's investment properties in Australia (except for freehold land) and the regions in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties in Hong Kong, Czech Republic, UK and Singapore, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The presumption that the carrying amounts of the Group's investment properties situated in Australia (except for freehold land) and the regions in the PRC are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

The carrying amounts of the freehold land are recovered entirely through sales.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent qualified professional valuers ("Valuers"). The determination of the fair value involves certain assumptions of market conditions which are set out in note 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to assumptions including monthly market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of change in fair value of investment properties reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2024, the carrying amount of the Group's investment properties is HK$6,100,783,000 (2023: HK$8,113,310,000).

Fair value measurement of financial instruments

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the third party qualified external valuers to establish and determine the appropriate valuation techniques and inputs for certain Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial instruments are disclosed in note 47.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank and other borrowings, notes, net of cash and cash equivalents, restricted bank deposits, pledged deposits and customers' deposits under escrow), perpetual capital notes and total equity of the Company, comprising mainly issued share capital, share premium, and retained profits.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations by various geographical locations (including interests in associates and joint ventures) stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team as well as securities investments made and monitored by the same team)
- Car park operations and facilities management
- Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)
- Securities and financial product investments in Hong Kong ("HK")
- Provision of mortgage services (including as securities investments made and monitored by the same team)

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Segment revenue		Segment profit (loss)	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Property development				
– Australia	4,115,080	510,178	688,726	148,894
– HK	229,693	249,937	63,078	76,929
– Malaysia	8,184	15,432	2,569	7,043
– PRC	56,508	128,455	74,505	605,230
– Singapore	1,774,815	1,145,915	108,516	50,246
– UK	649,990	1,516,218	51,620	241,089
	6,834,270	3,566,135	989,014	1,129,431
Property investment				
– Australia	21,526	16,696	33,007	3,610
– HK	40,827	36,366	10,138	32,087
– PRC	44,832	55,134	36,673	51,436
– UK	7,911	7,834	8,268	10,629
	115,096	116,030	88,086	97,762
Hotel operations and management				
– Australia	508,500	218,398	(58,380)	(54,090)
– HK	714,509	653,632	74,039	144,129
– Malaysia	156,811	133,901	34,725	20,064
– PRC	209,487	144,411	19,984	(29,081)
– Singapore	128,792	111,402	61,580	55,230
– UK	151,110	149,245	10,424	30,862
– Europe (other than UK)	161,938	136,976	6,679	834
	2,031,147	1,547,965	149,051	167,948
Car park operations and facilities management				
– Australia and New Zealand	540,475	624,022	60,583	22,944
– UK	118,096	95,189	(8,036)	(1,475)
– Europe (other than UK)	41,127	31,958	(6,458)	17,519
– Malaysia	31,891	3,129	5,632	(1,036)
	731,589	754,298	51,721	37,952

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6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

	Segment revenue		Segment profit (loss)	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Gaming operations				
– Australia	–	–	(11)	(22)
– Czech Republic	402,403	390,404	103,786	63,227
	402,403	390,404	103,775	63,205
Securities and financial product investments in HK	38,846	59,472	3,790	5,234
Provision of mortgage services				
– Australia	41,936	36,729	34,718	15,998
– HK	8,392	7,925	7,516	7,040
	50,328	44,654	42,234	23,038
Segment revenue/segment profit	10,203,679	6,478,958	1,427,671	1,524,570
Unallocated corporate income and expenses			(126,470)	(85,508)
Change in fair value of investment properties held by Sanon			443,275	18,455
Gain on disposal of subsidiaries (note 39)			41,344	–
Net foreign exchange loss			(17,547)	(116,751)
Finance costs			(1,182,836)	(611,018)
Profit before tax			585,437	729,748

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, certain bank interest income, change in fair value of investment properties held by Sanon, gain on disposal of subsidiaries, net foreign exchange loss, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Certain comparative information in respect of revenue and gaming tax under gaming operations has been represented to conform with current year presentation.

During the current year, change in fair value of investment properties held by Sanon is not included in the segment result and related comparative information has been represented to conform with current year presentation. The relevant investment properties held by Sanon are included in the segment assets as at 31 March 2023.

6. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment including investment properties held for sale without allocation of corporate assets which are mainly cash and cash equivalents.

	2024 HK$'000	2023 HK$'000
Property development		
– Australia	**5,695,432**	8,246,033
– HK	**6,081,607**	5,691,556
– Malaysia	**170,064**	368,436
– PRC	**2,550,819**	2,885,768
– Singapore	**1,476,379**	2,409,442
– UK	**6,361,188**	4,735,242
	22,335,489	24,336,477
Property investment		
– Australia	**399,034**	311,129
– HK	**2,808,751**	5,019,107
– PRC	**7,492**	5,620
– UK	**35,158**	33,465
	3,250,435	5,369,321
Hotel operations and management		
– Australia	**4,717,376**	4,675,309
– HK	**5,599,408**	5,022,024
– Malaysia	**780,340**	847,602
– PRC	**2,095,070**	2,055,649
– Singapore	**542,263**	571,463
– UK	**1,116,254**	1,024,777
– Europe (other than UK)	**306,774**	320,435
	15,157,485	14,517,259
Car park operations and facilities management		
– Australia and New Zealand	**885,344**	1,044,931
– Europe	**306,886**	377,143
– Malaysia	**128,240**	132,745
	1,320,470	1,554,819
Gaming operations		
– Australia	**235,298**	356,361
– Czech Republic	**139,086**	286,373
	374,384	642,734

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6. SEGMENT INFORMATION (continued)

(b) Segment assets (continued)

	2024 HK$'000	2023 HK$'000
Securities and financial product investments in HK	**1,071,505**	1,563,492
Provision of mortgage services		
– Australia	**602,601**	776,805
– HK	**186,142**	228,593
	788,743	1,005,398
Segment assets	**44,298,511**	48,989,500
Unallocated corporate assets	**2,962,786**	4,433,280
Total assets	**47,261,297**	53,422,780

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, amount due from an associate, amounts due from joint ventures, amount due from an investee company, loan receivables, pledged deposits, other assets, other receivables and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Australia and New Zealand	**5,227,516**	1,406,023	**6,847,537**	6,839,751
Czech Republic	**564,341**	527,379	**523,287**	528,831
HK	**1,032,267**	1,007,332	**8,534,553**	10,527,134
Malaysia	**196,887**	152,462	**756,887**	828,424
PRC	**310,826**	328,000	**4,073,848**	4,123,060
Singapore	**1,903,607**	1,257,317	**521,812**	537,163
UK	**927,108**	1,768,487	**1,352,846**	1,216,776
Europe (other than UK)	**41,127**	31,958	**131,581**	154,466
	10,203,679	6,478,958	**22,742,351**	24,755,605

6. SEGMENT INFORMATION (continued)

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2024								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Depreciation of property, plant and equipment	(44,358)	(1,280)	(340,819)	(6,292)	(100,774)	-	-	(14,887)	(508,410)
Gain on disposal of property, plant and equipment	159	-	4,811	-	19,670	-	-	481	25,121
Change in fair value of investment properties	-	19,620	(7,943)	-	-	-	-	443,275	454,952
Change in fair value of financial assets at FVTPL	-	-	-	-	-	17,181	-	1,108	18,289
Change in fair value of derivative financial instruments	-	-	-	-	-	6,027	-	-	6,027
Share of results of associates	-	(2,756)	(10,282)	-	-	-	-	-	(13,038)
Share of results of joint ventures	(14,285)	-	56,888	-	-	-	(7,203)	(3,209)	32,191
Interests in associates	-	229,823	1,474,334	-	-	-	-	-	1,704,157
Interests in joint ventures	1,881,098	831	339,559	-	36,134	-	272,878	-	2,530,500
Acquisition in property, plant and equipment	22,707	-	660,168	-	95,728	-	-	237	778,840
Additions of investment properties	-	1,414,337	-	-	-	-	-	-	1,414,337
Investment securities	5	-	158,061	235,298	-	1,033,901	314,672	-	1,741,937
Amortisation of contract costs	429,294	-	-	-	-	-	-	-	429,294

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6. SEGMENT INFORMATION (continued)

(d) Other information (continued)

	2023								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Impairment loss under ECL model recognised on trade debtors	(2,890)	5,126	(11,915)	2	(3,105)	–	–	7,064	(5,718)
Depreciation of property, plant and equipment	(10,458)	(1,259)	(323,077)	(12,916)	(92,109)	–	–	(5,195)	(445,014)
Gain on disposal of property, plant and equipment	417	–	743	57	17,269	–	–	(425)	18,061
Reversal of impairment loss on property, plant and equipment	–	–	–	–	26,555	–	–	–	26,555
Change in fair value of investment properties	–	30,967	(9,480)	–	–	–	–	18,455	39,942
Change in fair value of financial assets at FVTPL	–	–	13,533	(3,107)	–	10,067	–	–	20,493
Change in fair value of derivative financial instruments	–	–	16,637	–	–	3,257	–	14,184	34,078
Share of results of associates	–	6,553	(8,050)	–	–	–	–	–	(1,497)
Share of results of joint ventures	145,573	–	8,006	–	2,947	–	(20,695)	–	135,831
Interests in associates	–	236,523	1,494,766	–	–	–	–	–	1,731,289
Interests in joint ventures	1,809,161	4,040	297,243	–	39,698	–	285,213	–	2,435,355
Acquisition in property, plant and equipment	21,495	2,689	1,209,172	2,044	37,721	–	–	395	1,273,516
Additions of investment properties	–	338,085	–	–	–	–	–	–	338,085
Investment securities	5	–	125,981	356,361	–	1,194,298	437,623	–	2,114,268
Amortisation of contract costs	158,529	–	–	–	–	–	–	–	158,529

Information about segment liabilities are not regularly reviewed by CODM. Accordingly, segment liability information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sales of properties and construction, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, gaming operations, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2024 HK$'000	2023 HK$'000
Sales of properties	6,711,127	3,276,917
Construction revenue	105,556	241,340
Hotel revenue		
– room revenue	1,667,009	1,328,124
– food and beverage	169,592	136,278
Car park income		
– parking revenue	639,179	654,000
– management fee	94,389	101,702
Gaming revenue	402,403	390,404
Provision of property management services	124,365	57,572
Other operations	13,928	9,756
Revenue from contracts with customers	9,927,548	6,196,093
Leasing of properties – operating lease	186,475	176,734
Loan interest income	8,392	7,925
Interest income from financial instruments	77,764	94,183
Dividend income from financial instruments	3,500	4,023
	10,203,679	6,478,958
Timing of revenue recognition from contracts with customers		
– At a point in time	5,522,234	2,665,798
– Over time	4,405,314	3,530,295
	9,927,548	6,196,093

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 6.

Notes to the Consolidated Financial Statements

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7. REVENUE (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2024				
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Property development*	6,834,270	(17,587)	–	–	6,816,683
Hotel operations	2,031,147	(180,618)	(183,520)	–	1,667,009
Car park operations	731,589	1,979	–	–	733,568
Gaming operations	402,403	–	–	–	402,403
Provision of property management services	–	124,365	–	–	124,365
Food and beverage	–	–	169,592	–	169,592
Other operations	–	–	13,928	–	13,928
Revenue from contracts with customers	9,999,409	(71,861)	–	–	9,927,548
Leasing of properties	115,096	71,861	–	(482)	186,475
Provision of mortgage services	50,328	–	–	(41,936)	8,392
Interest income and dividend income from financial instruments	38,846	–	–	42,418	81,264
Total revenue	10,203,679	–	–	–	10,203,679

	For the year ended 31 March 2023				
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Property development*	3,566,135	(47,878)	–	–	3,518,257
Hotel operations	1,547,965	(73,807)	(146,034)	–	1,328,124
Car park operations	754,298	1,404	–	–	755,702
Gaming operations	390,404	–	–	–	390,404
Provision of property management services	–	57,572	–	–	57,572
Food and beverage	–	–	136,278	–	136,278
Other operations	–	–	9,756	–	9,756
Revenue from contracts with customers	6,258,802	(62,709)	–	–	6,196,093
Leasing of properties	116,030	62,709	–	(2,005)	176,734
Provision of mortgage services	44,654	–	–	(36,729)	7,925
Interest income and dividend income from financial instruments	59,472	–	–	38,734	98,206
Total revenue	6,478,958	–	–	–	6,478,958

* Revenue from property development includes sales of properties and construction revenue.

7. REVENUE (continued)

Performance obligations for contracts with customers and revenue recognition policies

Sales of properties recognised at a point in time

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers other than sales of properties in Singapore and Malaysia. Revenue from sales of such residential properties is therefore recognised at a point in time when the handover procedure is completed and the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

In different locations, the Group receives 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits result in contract liabilities being recognised before the property construction period.

The Group considers the deposits do not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money.

Sales of properties recognised over time

Revenue from sales of properties in Singapore and Malaysia is recognised over time because the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Revenue for these sales of properties is recognised based on the stage of completion of the contract using input method.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Construction revenue

Construction revenue is recognised based on the stage of completion of the contract using output method. The Group's construction contracts include payment schedules which require monthly payments over the construction period, with reference to the survey of works performed.

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7. REVENUE (continued)

Performance obligations for contracts with customers and revenue recognition policies (continued)

Hotel revenue

The hotel room revenue from customers are recognised over time using output method when the services and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

Car park income

The car park revenue from customers are recognised over time using output method when the service and facilities are provided.

Gaming revenue

Gaming revenue is the aggregate net difference between gaming wins and losses, and is recognised at a point in time.

Provision of property management services

Revenue from property management service is recognised over time using output method as income when the services and facilities are provided.

Food and beverage

For income from food and beverage, revenue is recognised when the food and beverage are delivered to the customer.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the reporting period and the expected timing of recognising revenue from sales of properties and construction revenue are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**4,859,035**	6,746,270
More than one year but not more than two years	**921,427**	3,054,380
More than two years	**110,173**	–
	5,890,635	9,800,650

The amount disclosed above do not include contracts for property management services and car park management fee in which the Group bills a fixed amount each month according to the terms.

As at 31 March 2024 and 31 March 2023, contracts with customers with unsatisfied performance obligations for the income from gaming operations, hotel revenue and parking revenue have original expected duration of one year or less.

Lease revenue

During the years ended 31 March 2024 and 2023, all income from lease of properties are fixed lease payments.

8. OTHER GAINS AND LOSSES

	2024 HK$'000	2023 HK$'000
Change in fair value of financial assets at FVTPL	**18,289**	20,493
Loss on disposal of debt instruments at FVTOCI	**(75,443)**	(84,753)
Change in fair value of derivative financial instruments	**6,027**	34,078
Net foreign exchange loss	**(17,547)**	(116,751)
Gain on disposal of property, plant and equipment	**25,121**	18,061
Gain on disposal of subsidiaries (note 39)	**41,344**	–
Impairment loss under ECL model recognised on trade debtors	**(7,342)**	(5,718)
Gain arising from structured financing arrangement (Note)	**–**	108,962
	(9,551)	(25,628)

Note: As detailed in the Company's announcement published on 15 March 2022, on 14 March 2022, the Group entered into a structured financing arrangement which involved the followings: (1) advancing cash amounting to GBP38,503,000 to the R&F Properties (HK) Company Limited ("R&F Prop HK") and its subsidiary (collectively referred to as the "R&F Group"); (2) entering into a guarantee of the bank loan in the place of R&F Group amounting to GBP57,200,000 (the "Target Bank Loan"); and (3) transferring 100% equity interest of R&F Properties VS (UK) Co., Ltd ("Target Company") to the Group from the R&F Group with a repurchase option issued to the counterparty which is exercisable at any time after the completion and on or before the end of six months after the completion of the transaction. As such, the Group did not obtain control of the assets held by the Target Company. As the transaction represented an acquisition of assets with repurchase option, the Group did not consolidate the Target Company and has accounted for the cash advanced as a receivable arising from structured financing arrangement. During the year ended 31 March 2023, gain of HK$108,962,000 has been recognised. The R&F Group subsequently exercised the option to repurchase the interest in the Target Company, as detailed in the Company's announcement published on 2 September 2022, which has been completed on 5 October 2022.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on:		
Bank borrowings	**1,640,313**	1,019,749
Other loans	**1,697**	11,582
Interest on lease liabilities	**10,295**	12,914
Interest on notes	**151,721**	234,224
Amortisation of front-end fee of bank loans	**31,969**	33,019
Others	**14,155**	10,573
Total interest costs	**1,850,150**	1,322,061
Less: amounts capitalised to:		
– properties for sale (properties under development)	**(544,309)**	(617,505)
– property, plant and equipment (owned properties under development)	**(123,005)**	(93,538)
	1,182,836	611,018

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 4.50% to 9.46% (2023: 2.39% to 6.04%) per annum to expenditure on the qualifying assets.

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10. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
The income tax expense (credit) comprises:		
Current tax:		
Hong Kong Profits Tax	20,144	91,934
PRC Enterprise Income Tax ("PRC EIT")	(3,910)	61,821
PRC Land Appreciation Tax ("PRC LAT")	7,604	21,227
Australia Income Tax	1,163	9,898
Malaysia Income Tax	2,293	3,034
UK Income Tax	6,092	7,612
Singapore Income Tax	23,343	1,530
Czech Republic Income Tax	18,046	17,707
	74,775	214,763
Dividend withholding tax and interest withholding tax	116,657	150,858
Under(over) provision in prior years:		
Hong Kong Profits Tax	9,276	30,098
PRC EIT	–	(62,947)
Australia Income Tax	–	(7,630)
Malaysia Income Tax	(567)	–
UK Income tax	19,047	–
Singapore Income tax	(9,493)	–
	18,263	(40,479)
Deferred taxation (note 35)	(74,959)	24,394
	134,736	349,536

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

Pursuant to EIT Law and Implementation Regulations of the EIT Law, distribution of the profits earned by the subsidiaries in the PRC since 1 January 2008 to holding companies is subject to the PRC withholding tax at the applicable tax rate of 5% or 10%.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 25% and 19% (2023: 30%, 24%, 17%, 19% and 19%) of the estimated assessable profits, respectively.

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2024							
(Loss) profit before tax	(243,438)	130,217	519,789	32,869	73,238	72,762	585,437
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 25%	
Tax at the applicable income tax rate	(40,167)	32,554	155,937	7,889	12,450	15,953	184,616
Tax effect of expenses not deductible for tax purpose	60,937	6,341	35,715	3,426	21,500	43,842	171,761
Tax effect of income not taxable for tax purpose	(42,773)	(36,294)	(239,524)	(5,109)	(10,588)	(61,194)	(395,482)
PRC LAT	–	7,604	–	–	–	–	7,604
Tax effect of taxable temporary difference previously not recognised	(56)	(438)	–	–	–	–	(494)
Tax effect of deductible temporary difference not recognised	464	19,102	11,448	–	–	–	31,014
Utilisation of tax losses previously not recognised	(168)	(9,669)	(14,887)	(2,771)	(3,531)	(31,750)	(62,776)
Tax effect of PRC LAT	–	(1,901)	–	–	–	–	(1,901)
Utilisation of deductible temporary differences previously not recognised	(647)	–	–	–	–	(482)	(1,129)
Tax effect of tax losses not recognised	32,038	6,919	10,038	851	111	65,015	114,972
Tax effect of share of results of associates	(2,530)	–	3,085	–	3,075	–	3,630
Tax effect of share of results of joint ventures	3,514	–	(13,416)	(2,104)	–	–	(12,006)
Under(over) provision in prior years	9,276	–	–	(567)	(9,493)	19,047	18,263
Withholding tax	22,880	–	37,928	–	–	13,849	74,657
Others	(2,099)	73	3,389	176	–	468	2,007
Income tax expense (credit) for the year	40,669	24,291	(10,287)	1,791	13,524	64,748	134,736

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10. INCOME TAX EXPENSE (continued)

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2023							
(Loss) profit before tax	(212,567)	586,604	34,641	17,897	33,698	269,475	729,748
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 25%	
Tax at the applicable income tax rate	(35,074)	146,651	10,392	4,295	5,729	52,362	184,355
Tax effect of expenses not deductible for tax purpose	115,896	10,525	18,287	2,194	943	21,493	169,338
Tax effect of income not taxable for tax purpose	(8,065)	(139,970)	(29,954)	(4,368)	(2,142)	(55,051)	(239,550)
PRC LAT	–	21,227	–	–	–	–	21,227
Tax effect of taxable temporary difference previously not recognised	(70)	(579)	1,119	–	–	(110)	360
Tax effect of deductible temporary difference not recognised	989	1,225	–	339	–	2,701	5,254
Utilisation of tax losses previously not recognised	(10,871)	(7,103)	(215)	–	–	(931)	(19,120)
Tax effect of PRC LAT	–	(5,307)	–	–	–	–	(5,307)
Utilisation of deductible temporary differences previously not recognised	(2,872)	–	–	–	(3,000)	–	(5,872)
Tax effect of tax losses not recognised	53,990	18,640	15,511	–	–	–	88,141
Tax effect of share of results of associates	(1,081)	–	2,415	–	–	–	1,334
Tax effect of share of results of joint ventures	493	–	(40,816)	(664)	–	–	(40,987)
Under(over) provision in prior years	30,098	(62,947)	(7,630)	–	–	–	(40,479)
Withholding tax	49,051	160,875	26,486	–	–	–	236,412
Others	(2,482)	(3,390)	(1,273)	1,575	–	–	(5,570)
Income tax expense for the year	190,002	139,847	(5,678)	3,371	1,530	20,464	349,536

Details of the deferred taxation are set out in note 35.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

11. PROFIT FOR THE YEAR

	2024 HK$'000	2023 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold and construction contract recognised as an expense		
– Over time	**1,689,620**	1,029,635
– At point of time	**3,382,013**	1,853,326
	5,071,633	2,882,961
Auditor's remuneration		
– audit services	**30,838**	23,799
– non-audit services	**350**	690
Depreciation of property, plant and equipment (included depreciation of leased properties with HK$89,508,000 (2023: HK$78,862,000))	**508,410**	445,014
Amortisation of contract cost	**429,294**	158,529
Impairment loss (reversal of impairment loss) recognised on property, plant and equipment included in "depreciation and impairment of hotel and car park assets"	**42,802**	(26,555)
Staff costs (included HK$659,546,000 (2023: HK$499,908,000) in cost of sales and services)		
– Directors' emoluments (note 13(a))	**30,907**	29,970
– Other staffs	**1,132,077**	949,295
	1,162,984	979,265
and after crediting:		
Bank interest income	**70,930**	59,531
Other interest income	**12,709**	8,880
Government grants (Note a)	**659**	27,104
Compensation income included in other income (Note b)	**–**	475,320

Notes:

(a) During the current year, the Group recognised government grants received from the government from various regions in aggregate amount of HK$659,000 (2023: HK$27,104,000) in respect of COVID-19-related subsidies. The amount is included in other income.

(b) Amount represented the compensation in relation to settlement agreement entered between the Group and relevant parties as mentioned in the Company's announcements published on 27 July 2021 and 16 August 2021 ("Settlement Agreement") on 27 July 2021 at a total consideration of RMB408,000,000. Pursuant to the Settlement Agreement, the Group was obliged to fulfil all of the stipulated obligations in order to entitle the consideration of RMB408,000,000. During the year ended 31 March 2023, the Group had received the entire compensation from relevant parties amounting to RMB408,000,000 (equivalent to approximately HK$475,320,000). Based on the external legal counsel opinion, the Group had fulfilled all the obligations as stipulated in the settlement agreement and recognised the full compensation amount as other income in the year ended 31 March 2023.

12. EARNINGS PER SHARE

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

Earnings:

	2024 HK$'000	2023 HK$'000
Earnings for the purpose of basic earnings per share being profit for the year attributed to shareholders of the Company	**226,100**	172,185
Effect of dilutive potential ordinary shares: Over-allotment options to be exercised issued by a subsidiary	**(189)**	–
Weighted average number of ordinary shares for earnings for the purpose of diluted earnings per share	**225,911**	172,185

Number of shares:

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,744,200**	2,675,396
Effect of dilutive potential ordinary shares: Scrip dividend	**–**	485
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,744,200**	2,675,881

The computation of diluted earnings per share for the year ended 31 March 2024 does not assume the effect of scrip dividend because the fair value of those scrip dividend was higher than the average market price for shares for 2024.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the directors and chief executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and the HKCO, is as follows:

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2024				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	1,942	–	1,967
Craig Grenfell WILLIAMS	275	4,845	142	5,262
Cheong Thard HOONG	25	9,210	18	9,253
Wing Kwan Winnie CHIU	25	9,719	18	9,762
Jennifer Wendy CHIU (appointed with effect from 1 January 2024)	6	1,783	9	1,798
Independent Non-executive Directors:				
Lai Him Abraham SHEK	250	–	–	250
Kwong Siu LAM	250	–	–	250
Wai Hon Ambrose LAM	300	–	–	300
	1,181	29,539	187	30,907

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2023				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	3,287	62	3,374
Craig Grenfell WILLIAMS	25	2,335	153	2,513
Cheong Thard HOONG	25	12,320	18	12,363
Wing Kwan Winnie CHIU	25	8,811	18	8,854
Independent Non-executive Directors:				
Kwok Wai CHAN (retired with effect from 30 August 2022)	125	–	–	125
Lai Him Abraham SHEK	250	–	–	250
Kwong Siu LAM	250	–	–	250
Wai Hon Ambrose LAM (appointed with effect from 30 August 2022)	176	–	–	176
	926	28,793	251	29,970

David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses, other benefits and retirement benefits scheme contributions paid or payable to Executive Directors shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Cheong Thard HOONG of HK$4,000,000 (2023: HK$nil), and Craig Grenfell WILLIAMS of HK$2,585,000 (2023: HK$nil) respectively and included in salaries and other benefits, which was determined with reference to their performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2024 and 31 March 2023.

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, four (2023: three) were directors whose emoluments are disclosed above. The remuneration of the remaining one (2023: two) individual is as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other benefits	6,661	6,094
Retirement benefits scheme contributions	160	36
	6,821	6,130

The emolument of five highest paid employees who are not directors of the Company was within the following bands:

	2024 Number of employee	2023 Number of employee
Nil to HK$3,000,000	–	–
HK$3,000,001 to HK$3,500,000	–	2
HK$3,500,001 to HK$4,000,000	1	–
	1	2

No emolument was paid to the directors and the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

14. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Dividends recognised as distribution during the year:		
2024 interim dividend of HK4.0 cents per share (2023: 2023 interim dividend of HK4.0 cents per share)	111,363	107,545
2023 final dividend of HK10.0 cents per share (2023: 2022 final dividend of HK16.0 cents per share)	270,591	387,139
	381,954	494,684

The 2024 interim dividend and 2023 final dividend were declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$1.3480 and HK$1.7125 per share respectively. Shares are issued during the year on the shareholders' election for shares are set out in note 36. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2024 of HK10.0 cents (2023: HK10.0 cents) per share, totalling of HK$281,760,000 (2023: HK$270,591,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

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15. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under construction or development HK$'000	Total HK$'000
At 1 April 2022	4,368,861	3,519,200	7,888,061
Additions	40,897	297,188	338,085
Reclassify from completed properties for sale	27,969	–	27,969
Reclassify from property, plant and equipment	–	101,500	101,500
Disposals	(1,185)	–	(1,185)
Change in fair value	11,461	28,481	39,942
Exchange alignment	(183,773)	(97,289)	(281,062)
At 31 March 2023	4,264,230	3,849,080	8,113,310
Additions	98,131	1,316,206	1,414,337
Reclassify from completed properties for sale	9,980	–	9,980
Disposals	(200)	–	(200)
Disposal of a subsidiary (note 39)	–	(3,702,000)	(3,702,000)
Change in fair value	(9,502)	464,454	454,952
Exchange alignment	(116,096)	(73,500)	(189,596)
At 31 March 2024	4,246,543	1,854,240	6,100,783

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 18 years (2023: 1 to 18 years). The rental payment of leases of offices and retail stores are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Included in investment properties under development as at 31 March 2023 amounting to HK$2,570,000,000 are in relation to the sales and purchase agreement for disposal of Sanon, as detailed in note 39.

15. INVESTMENT PROPERTIES (continued)

The fair value of the investment properties in HK and outside HK at 31 March 2024, 31 March 2023 and at the date of transfer have been arrived at on the basis of a valuation carried out on those dates by the following independent qualified professional valuers (the "Valuers"):

Location of the investment properties	Valuers	Qualification
Australia	CBRE Valuations Pty Limited Colliers International (WA) Pty Ltd	Member of the Australian Property Institute
Czech Republic	Grant Thornton Appraisal services a.s.	Qualified valuer registered based on the decision of the Minister of Justice of the Czech Republic
HK/PRC	Cushman & Wakefield Limited Knight Frank Petty Ltd.	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte. Ltd. Knight Frank Pte. Ltd.	Member of the Singapore Institute of Surveyors and Valuers
UK	Hallams Property Consultants LLP Thwaites Real Estate Ltd	Royal Institution of Chartered Surveyors

In determining the fair value of the relevant properties, the Group engages Valuers to perform the valuation. The management of the Company works closely with the Valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the Valuers for similar properties in the locality and adjusted for the Valuers' knowledge of factors specific to the respective properties.

15. INVESTMENT PROPERTIES (continued)

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the Valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the Valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the Valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the Valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2024 and 31 March 2023 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and monthly market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa.

The key inputs used in valuing the investment properties under the direct comparison approach and under the residual value approach were the market unit rate, and gross development value and estimated cost to completion, respectively. A significant increase in the market unit rate and gross development value would result in a significant increase in the fair value of the investment properties and investment properties under construction or development respectively, and vice versa. A significant increase in the estimated cost to completion would result in a significant decrease in the fair value of the investment properties under construction or development, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Details of the significant unobservable input are as follows:

Class of property	Carrying amount 2024 HK$'000	2023 HK$'000	Significant unobservable input(s)
Completed investment properties			
Income capitalisation approach			
Office portion in HK	457,700	484,700	(1) Capitalisation rate 2.230% – 2.480% (2023: 2.125% – 2.375%) per annum (2) Monthly market rent HK$28 to HK$37.3 (2023: HK$28 to HK$37.3) per square foot
Retail portion in HK	1,353,762	1,336,762	(1) Capitalisation rate 2.5% – 3.5% (2023: 2.5% – 3.5%) per annum (2) Monthly market rent HK$13.6 to HK$173 (2023: HK$13.6 to HK$178) per square foot
Car park in HK	22,400	21,100	(1) Capitalisation rate 3.2% (2023: 3.2%) per annum (2) Monthly market rent HK$1,700 (2023: HK$1,600) per car parking space
Retail portion in the PRC (Note (c))	1,620,000	1,780,680	(1) Capitalisation rate 4.5% – 5.5% (2023: 5% – 5.5%) per annum (2) Monthly market rent Renminbi ("RMB") 29 to RMB420 (2023: RMB29 to RMB323) per square metre
Office portion in the PRC (Note (c))	111,240	57,000	(1) Capitalisation rate 5.0% (2023: 4.5%) per annum (2) Monthly market rent RMB78 (2023: RMB85) per square metre
Retail portion in Australia	399,034	311,129	(1) Capitalisation rate 5.0% to 7.5% (2023: 5.75% to 7%) per annum (2) Monthly market rent Australian Dollar ("A$") 510 to A$14,500 (2023: A$465 to A$14,500) per square metre

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15. INVESTMENT PROPERTIES (continued)

Class of property	Carrying amount 2024 HK$'000	2023 HK$'000	Significant unobservable input(s)
Retail portion in the PRC	12,960	13,680	(1) Capitalisation rate 5% (2023: 5.0%) per annum (2) Monthly market rent RMB29 to RMB88 (2023: RMB29 to RMB88) per square metre
Retail portion in the UK	35,158	33,465	(1) Capitalisation rate 8% to 13% per annum (2023: 8.5% to 13% per annum) (2) Monthly market rent GBP8 to GBP23.1 per square foot (2023: GBP6 to GBP19.8 per square foot)
Retail portion in Czech Republic	14,597	N/A	(1) Capitalisation rate 7.75% per annum (2023: N/A) (2) Monthly market rent CZK22,933 per square metre (2023: N/A)
Direct comparison approach			**Market unit rate**
Car park in the PRC	76,388	81,510	RMB230,000 to RMB260,000 (2023: RMB260,000) per car parking space
Retail portion in Singapore	143,304	144,204	Singapore Dollar ("S$") 38,551 (2023: S$39,297) per square metre
	4,246,543	4,264,230	
Investment properties under construction or development measured at fair value			
Residual value approach			**Gross development value**
Office, retail and car park in HK (Note (a))	–	2,570,000	N/A (2023: Gross development value of HK$20,000 per square foot for office) N/A (2023: Gross development value of HK$26,000 per square foot for retail) N/A (2023: Gross development value of HK$3,000,000 per car parking space) Estimated cost to completion N/A (2023: Budgeted cost to completion of HK$5,470 per square foot) N/A (2023: Developers' profit of 10%) N/A (2023: Marketing cost of 5%)

15. INVESTMENT PROPERTIES (continued)

Class of property	Carrying amount 2024 HK$'000	2023 HK$'000	Significant unobservable input(s)
Residential in the PRC (Note (b))	788,400	–	Gross development value RMB18,000 per square metre for residential Estimated cost to completion Budgeted cost to completion of RMB15,534 per square metre Developers' profit of 6% Marketing cost of 1.5%
	788,400	2,570,000	
Direct comparison approach			**Market unit rate**
Retail portion in HK (Note (a))	381,000	–	Unit sales rate HK$26,500 per square foot
Car park in HK (Note (a))	39,000	–	Unit sales rate HK$3,000,000 per car parking space
Residential in the PRC (Note (b))	645,840	1,279,080	Unit sales rate RMB8,200 per square metre (2023: RMB6,307 to RMB11,430)
	1,065,840	1,279,080	

Notes:

(a) As at 28 March 2024, following the disposal of Sanon as set out in note 39, the Group holds the retail and certain car parks with carrying amount of approximately HK$420,000,000, the respective valuation techniques have been changed from residual value approach to direct comparison approach to derive a more representative fair value.

(b) As at 31 March 2024, following the approval of development plan and commencement of construction phase for investment properties in Shanghai, the PRC with carrying amount of approximately HK$788,400,000, the respective valuation techniques have been changed from direct comparison approach to residual value approach to derive a more representative fair value.

(c) During the year ended 31 March 2024, the Group has amended the nature of the investment properties situated in the PRC from retail to office amounting to HK$57,240,000.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

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16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands HK$'000	Leased properties HK$'000	Owned properties: Completed HK$'000	Owned properties: Under development HK$'000	Leasehold improvements, furniture, fixtures and equipment HK$'000	Total HK$'000
COST						
At 1 April 2022	2,625,430	754,083	8,303,236	2,787,982	1,615,925	16,086,656
Additions	–	49,593	17,729	1,108,935	97,259	1,273,516
Disposals	–	–	(93,444)	–	(12,179)	(105,623)
Lease early termination	–	(188,212)	–	–	–	(188,212)
Reclassify to investment properties	–	–	–	(101,500)	–	(101,500)
Reclassify to completed properties	–	–	287,249	(287,249)	–	–
Reclassify to assets held for sale	–	–	(92,107)	–	(681)	(92,788)
Exchange alignment	(45,100)	(64,050)	(396,038)	(216,347)	(81,217)	(802,752)
At 31 March 2023	2,580,330	551,414	8,026,625	3,291,821	1,619,107	16,069,297
Additions	–	119,244	212,006	377,019	70,571	778,840
Disposals	–	–	(3,043)	–	(43,691)	(46,734)
Disposal of a subsidiary	–	–	(1,054)	–	(5)	(1,059)
Lease early termination	–	(30,801)	–	–	–	(30,801)
Reclassify to completed properties	–	–	1,747,998	(1,747,998)	–	–
Exchange alignment	(48,556)	(9,363)	(256,714)	(27,461)	(41,265)	(383,359)
At 31 March 2024	2,531,774	630,494	9,725,818	1,893,381	1,604,717	16,386,184
DEPRECIATION AND IMPAIRMENT						
At 1 April 2022	360,005	274,157	1,821,363	–	1,123,838	3,579,363
Provided for the year	40,986	78,862	226,550	–	98,616	445,014
Reversal of impairment loss recognised in profit or loss	–	(18,112)	(8,443)	–	–	(26,555)
Disposals	–	–	(5,877)	–	(4,634)	(10,511)
Lease termination	–	(44,337)	–	–	–	(44,337)
Reclassify to assets held for sale	–	–	(48,413)	–	(109)	(48,522)
Exchange alignment	(5,324)	(11,211)	(73,098)	–	(47,801)	(137,434)
At 31 March 2023	395,667	279,359	1,912,082	–	1,169,910	3,757,018
Provided for the year	39,707	89,508	270,292	–	108,903	508,410
Impairment loss recognised in profit or loss	–	9,770	33,032	–	–	42,802
Disposals	–	–	(1,038)	–	(32,375)	(33,413)
Disposal of a subsidiary	–	–	(748)	–	(2)	(750)
Lease termination	–	(26,046)	–	–	–	(26,046)
Exchange alignment	(7,918)	(4,468)	(66,055)	–	(31,456)	(109,897)
At 31 March 2024	427,456	348,123	2,147,565	–	1,214,980	4,138,124
CARRYING VALUES						
At 31 March 2024	2,104,318	282,371	7,578,253	1,893,381	389,737	12,248,060
At 31 March 2023	2,184,663	272,055	6,114,543	3,291,821	449,197	12,312,279

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The owned properties are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land, whichever is the shorter. The leasehold lands and leased properties are depreciated over the terms of the leases. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum, or for leasehold improvements, depreciated over its useful life or the terms of the lease, whatever is shorter. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside HK with carrying amount of HK$87,486,000 (2023: HK$98,190,000).

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 March 2024			
Carrying amount	2,104,318	282,371	2,386,689
As at 31 March 2023			
Carrying amount	2,184,663	272,055	2,456,718
For the year ended 31 March 2024			
Depreciation charge	39,707	89,508	129,215
Impairment loss recognised	–	9,770	9,770
Gain from lease early termination	–	(945)	(945)
For the year ended 31 March 2023			
Depreciation charge	40,986	78,862	119,848
Reversal of impairment loss recognised	–	(18,112)	(18,112)
Gain from lease early termination	–	(13,480)	(13,480)

	2024 HK$'000	2023 HK$'000
Expense relating to short-term leases and leases of low-value assets	**5,055**	2,847
Additions to right-of-use assets	**119,244**	49,593
Total cash outflow for leases	**125,709**	102,197

The Group leases various car parks, offices and office equipment for its operations. Lease contracts are entered into for fixed term of 1 to 10 years (2023: 1 to 10 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessee (continued)

In addition, the Group owns several hotels and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has extension options in a number of leases for car parks. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors. The Group assessed, at lease commencement date, it is reasonably certain to exercise the extension options. Therefore, all the relevant lease payments in the extended period have been included in the calculation of lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event.

The Group regularly entered into short-term leases for slot machines for gaming, motor vehicles and office equipment. As at 31 March 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of leases for which short-term lease expense was recognised.

17. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2023: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

18. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Unlisted investments, at cost	**1,652,209**	1,580,263
Exchange adjustments	**(161,367)**	(111,380)
Share of post-acquisition results and other comprehensive income, net of dividends received	**213,315**	262,406
	1,704,157	1,731,289

Particulars of principal associates, which are incorporated and operating in HK except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly 2024	2023	Principal activities
Bermuda Investments Limited	Ordinary	**25%**	25%	Property investment
Omicron International Limited*	Ordinary	**30%**	30%	Investment holding
Peacock Estates Limited	Ordinary	**25%**	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	**25%**	25%	Development and construction of integrated resorts

* Incorporated in the British Virgin Islands and operating in HK
\+ Incorporated and operating in Australia

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

18. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the years ended 31 March 2024 and 2023 was as follows:

	2024 HK$'000	2023 HK$'000
Non-current assets	13,255,534	12,145,219
Current assets	744,027	661,248
Non-current liabilities	(7,223,945)	(6,137,280)
Current liabilities	(805,043)	(690,123)

	2024 HK$'000	2023 HK$'000
Revenue	–	–
Loss for the year	(33,108)	(32,913)
Other comprehensive expense for the year	(116,496)	(8,721)
Total comprehensive expense for the year	(149,604)	(41,634)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of DBC	5,970,573	5,979,064
Proportion of the Group's ownership interest in DBC	25%	25%
Carrying amount of the Group's interest in DBC	1,492,643	1,494,766

18. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

Aggregate information of associates that are not individually material:

	2024 HK$'000	2023 HK$'000
The Group's share of (loss) profit and other comprehensive (expense) income after tax	(7,746)	6,731
Aggregate carrying value of the Group's interest in these associates	211,514	236,523

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2024 HK$'000	2023 HK$'000
The unrecognised share of losses for the year	(9)	(17)
Cumulative unrecognised share of losses	(51,196)	(51,187)

19. INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Unlisted investments, at cost	2,664,987	2,512,182
Share of post-acquisition results, net of dividends/distributions received	(52,762)	(28,502)
Exchange adjustments	(81,720)	(48,320)
Less: impairment	(5)	(5)
	2,530,500	2,435,355

19. INTERESTS IN JOINT VENTURES (continued)

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly		Principal activities
		2024	2023	
River Riches Limited	BVI/HK	**50%**	50%	Property development
Guangdong Xin Shi Dai Real Estate Limited	The PRC	**50%**	50%	Property development
QWB Residential Precinct Holdings Pty Ltd	Australia	**50%**	50%	Property development
BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited)	Cayman Islands/ Australia	**53.16%**	53.11%	Provision of mortgage service
Destination Gold Coast Consortium Pty Ltd	Australia	**33.33%**	33.33%	Property development
Destination Gold Coast Consortium Hotel Pty Ltd	Australia	**33.33%**	33.33%	Hotel operation
Destination Gold Coast Investments Pty Ltd ("DGCI")	Australia	**25%**	25%	Hotel operation
Cuscaden Homes Pte Limited	Singapore	**10%**	10%	Property development

The Group and the other joint venturers have contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures

(i) River Riches is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs.

The summarised financial information regarding the assets and liabilities of River Riches for the years ended 31 March 2024 and 2023 was as follows:

	2024 HK$'000	2023 HK$'000
Current assets	**9,677,689**	8,809,754
Non-current liabilities	**(4,369,000)**	(4,559,074)
Current liabilities	**(3,333,260)**	(2,270,612)
The above amounts of assets include the following:		
Cash and cash equivalents	**41,125**	44,401
Revenue	**–**	–
Loss and total comprehensive expense for the year	**(2,718)**	(1,530)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of River Riches	**1,975,429**	1,980,068
Proportion of the Group's ownership interest in River Riches	**50%**	50%
Carrying amount of the Group's interest in River Riches	**987,715**	990,034

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(ii) QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the years ended 31 March 2024 and 2023 was as follows:

	2024 **HK$'000**	2023 HK$'000
Current assets	**2,478,377**	2,020,593
Non-current liabilities	**(1,187,969)**	(802,264)
Current liabilities	**(95,086)**	(131,823)
The above amounts of assets include the following:		
Cash and cash equivalents	**17,352**	17,967
Revenue	**–**	–
Loss and total comprehensive expense for the year	**(30,390)**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2024 **HK$'000**	2023 HK$'000
Net assets of QWB Residential	**1,195,322**	1,086,506
Proportion of the Group's ownership interest in QWB Residential	**50%**	50%
Carrying amount of the Group's interest in QWB Residential	**597,661**	543,253

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(iii) Destination Gold Coast Consortium Pty Ltd ("DGCC") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DGCC for the years ended 31 March 2024 and 2023 was as follows:

	2024 HK$'000	2023 HK$'000
Non-current assets	**750,463**	736,328
Current assets	**465,190**	641,453
Non-current liabilities	**(134,603)**	(427,811)
Current liabilities	**(405,297)**	(221,660)
The above amounts of assets include the following:		
Cash and cash equivalents	**46,695**	197,129
Revenue	**107,934**	1,580,037
Profit and total comprehensive income for the year	**2,526**	440,746
Dividends received from DGCC during the year	**–**	108,009

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of DGCC	**675,753**	728,310
Proportion of the Group's ownership interest in DGCC	**33.33%**	33.33%
Carrying amount of the Group's interest in DGCC	**225,249**	242,770

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(iv) BC Investment Group Holdings Limited ("BC Group") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of BC Group for the years ended 31 March 2024 and 2023 was as follows:

	2024 HK$'000	2023 HK$'000
Non-current assets	**23,473,924**	22,744,870
Current assets	**361,056**	1,466,012
Non-current liabilities	**(23,288,398)**	(23,565,779)
Current liabilities	**(299,833)**	(376,112)

	2024 HK$'000	2023 HK$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**1,329,937**	1,323,591
Loan receivables	**22,241,662**	22,575,202
Notes	**(23,290,360)**	(23,565,779)
Revenue	**1,861,802**	1,145,102
Expenses	**(1,878,808)**	(1,187,091)
Income tax credit	**1,939**	3,023
Loss and total comprehensive expense for the year	**(15,067)**	(38,966)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of the BC Group	**246,749**	268,991
Proportion of the Group's ownership interest in BC Group	**53.16%**	53.11%
The Group's share of net assets of BC Group	**131,172**	142,861
Goodwill	**142,336**	142,336
Carrying amount of the Group's interest in BC Group	**273,508**	285,197

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(v) Aggregate information of joint ventures that are not individually material:

	2024 HK$'000	2023 HK$'000
The Group's share of (loss) profit and total comprehensive (expenses) income for the year	56,365	10,376
Aggregate carrying value of the Group's interest in these joint ventures	446,367	374,101

20. INVESTMENT SECURITIES

	2024 HK$'000	2023 HK$'000
(i) Financial assets at FVTPL		
(a) *Investments held for trading*		
Listed equity securities	134,007	15,465
(b) *Debt instruments at FVTPL*		
Listed debt securities	–	46,030
(c) *Equity instruments at FVTPL*		
Unlisted equity securities	68,563	17,136
(d) *Investment funds*	573,582	750,345
	776,152	828,976
(ii) Financial assets at FVTOCI		
(a) *Debt instruments at FVTOCI*		
Listed debt securities	406,443	481,900
Unlisted debt securities (note)	324,044	447,031
	730,487	928,931
(b) *Equity instruments at FVTOCI*		
Equity securities listed overseas	235,298	356,361
	1,741,937	2,114,268

20. INVESTMENT SECURITIES (continued)

	2024 HK$'000	2023 HK$'000
Analysed for reporting purposes as:		
Non-current assets	554,408	634,452
Current assets	1,187,529	1,479,816
	1,741,937	2,114,268

Note: Included in the unlisted debt securities are debt securities issued by the Group's joint venture amounting to HK$103,456,000 (2023: HK$222,380,000) which carry interest at one-month Bank Bill Swap Rate ("BBSW") and mature by November 2054 (2023: earlier of the date on which the joint venture exercise its call option to redeem the debt securities or February 2024). For the remaining HK$211,216,000 (2023: HK$215,243,000) which carry interest at Sterling Overnight Index Average ("SONIA") and mature by April 2051.

Other than the investment held for trading, the classification of investment securities under current assets is based on the realisation plan of the investment securities estimated by the management to meet with the Group's cash outflow in coming next twelve months.

Investment securities that are denominated in A$, Euro ("EUR"), GBP, Japanese Yan ("JPY") and USD, amounted to A$20,365,000 (equivalent to HK$103,456,000) (2023: A$42,278,000 (equivalent to HK$222,380,000)), EUR5,237,000 (equivalent to HK$44,203,000) (2023: EUR13,321,000 (equivalent to HK$113,898,000)), GBP36,579,000 (equivalent to HK$359,938,000) (2023: GBP32,643,000 (equivalent to HK$317,001,000)), JPY940,702,000 (equivalent to HK$47,035,000) (2023: nil) and USD123,045,000 (equivalent to HK$960,978,000) (2023: USD141,097,000 (equivalent to HK$1,106,198,000)) respectively. All other investment securities are denominated in functional currency of the respective group entities.

21. LOAN RECEIVABLES

	2024 HK$'000	2023 HK$'000
Loan receivables	184,234	227,967
Less: amount due within one year and classified under current assets	(5,643)	(5,889)
Amount due after one year	178,591	222,078

Loan receivables represent mortgage loans secured by the properties of the borrowers.

Included in loan receivables is an amount of HK$445,000 (2023: HK$1,222,000) which bear interest ranging at prime rate minus 1.5% per annum for first two years and prime rate plus 0.5% per annum for the remaining period; an amount of HK$38,211,000 (2023: HK$39,436,000) are interest-free for the first 3 years and bear interest ranging from prime rate minus 2% to prime rate plus 3% per annum and are repayable by instalment thereafter; an amount of HK$145,559,000 (2023: HK$187,290,000) which bear interest ranging from prime rate minus 3% to prime rate plus 2% per annum for whole loan period and the remaining balance of HK$19,000 (2023: HK$19,000) are unsecured, interest-free and repayable on demand.

Details of impairment assessment of loan receivables are set out in note 47.

22. PLEDGED DEPOSITS RESTRICTED BANK DEPOSITS, AND CASH AND CASH EQUIVALENTS

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 2.50% (2023: 0.00% to 2.40%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 5.25% (2023: 0.00% to 4.00%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Restricted bank deposits represent the proceed from sales of properties and restricted for purpose of the project development. The restricted bank deposits carry interest at rates of 0.00% per annum.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.01% to 5.66% (2023: 0.00% to 4.65%) per annum.

Bank balances and cash that are denominated in A$, EUR, GBP, JPY, S$ and USD, amounted to A$892,000 (equivalent to HK$4,533,000) (2023: A$1,796,000 (equivalent to HK$9,444,000)), EUR9,477,000 (equivalent to HK$79,982,000) (2023: EUR7,701,000 (equivalent to HK$65,844,000)), GBP3,058,000 (equivalent to HK$30,094,000) (2023: GBP93,252,000 (equivalent to HK$904,542,000)), JPY735,000 (equivalent to HK$44,000) (2023: JPY540,000 (equivalent to HK$32,000)), S$599,000 (equivalent to HK$3,463,000) (2023: S$2,824,000 (equivalent to HK$16,320,000)) and USD11,923,000 (equivalent to HK$93,120,000) (2023: USD15,051,000 (equivalent to HK$117,702,000)) respectively. All other bank balances and cash are denominated in functional currency of the respective group entities.

Details of impairment assessment of pledged deposits, restricted bank deposits and bank balances are set out in note 47.

23. PROPERTIES FOR SALE

As detailed in the Company's announcement published on 4 August 2022, during the year ended 31 March 2023, a subsidiary of the Group as developer has entered into development agreement with Urban Renewal Authority in respect of property development for sales in HK, with carrying value of HK$1,265,715,000 recognised in the consolidated financial statements as at 31 March 2023.

Included in properties for sale are properties with carrying value of HK$4,896,231,000 (2023: HK$4,879,350,000) which are not expected to be realised within the next twelve months.

24. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS

(a) Debtors, deposits and prepayments

	2024 HK$'000	2023 HK$'000
Trade debtors		
– Contracts with customers	**149,690**	295,607
– Lease receivables	**68,252**	64,854
Less: allowance for expected credit loss	**(79,000)**	(71,658)
	138,942	288,803
Utility and other deposits	**30,672**	44,469
Prepayment and other receivables	**218,800**	217,928
Consideration receivable (note 39)	**449,005**	–
Other tax recoverable	**15,529**	154,947
	852,948	706,147
Analysed for reporting purpose as:		
Non-current assets (note 39)	**73,365**	–
Current assets	**779,583**	706,147
	852,948	706,147

At 1 April 2022, trade receivable from contracts with customers amount to HK$448,354,000.

The following is an aged analysis of trade debtors and lease receivables, net of allowance for expected credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date except unbilled receivables from sales of properties recognised over time:

	2024 HK$'000	2023 HK$'000
0–60 days	**131,293**	192,824
61–90 days	**1,449**	5,784
Over 90 days	**6,200**	90,195
	138,942	288,803

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

24. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS (continued)

(a) Debtors, deposits and prepayments (continued)

As at 31 March 2024, included in the Group's trade and lease receivables balances are debtors with an aggregate carrying amount of HK$7,649,000 (2023: HK$95,979,000) which are past due at the reporting date. Out of the past due balances, HK$6,200,000 (2023: HK$90,195,000) has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the creditworthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances. The Group has no significant concentration on trade and lease receivables as the amounts spread over a number of counterparties and customers.

Details of impairment assessment of trade and other receivables are set out in note 47.

(b) Contract assets

Contract assets represent the unbilled amount resulting from sale of properties recognised over time.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

25. CUSTOMERS' DEPOSITS UNDER ESCROW

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund is remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

Details of impairment assessment of customers' deposits under escrow are set out in note 47.

26. CONTRACT COSTS

Contract costs capitalised as at 31 March 2024 and 2023 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$429,294,000 (2023: HK$158,529,000).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
Derivatives that are not designated in hedge accounting relationships:				
Interest rate swap contracts	235	3,643	–	–
Cross currency swap contracts	–	–	–	(7,964)
	235	3,643	–	(7,964)
Analysed for reporting purpose as:				
Current	235	3,643	–	(7,964)
Non-current	–	–	–	–
	235	3,643	–	(7,964)

Interest rate swap contracts of HK$235,000 (2023: HK$3,643,000) with notional amount of USD5,000,000 (2023: USD5,000,000) for swapping certain 3-month USD London Interbank Offer Rate ("LIBOR") floating-rate bank borrowings from floating rates to fixed-rates, is subject to interest rate benchmark reform. Details are set out in note 47.

28. CREDITORS AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Trade creditors		
– Construction cost and retention payable	296,914	872,698
– Others	111,735	194,169
	408,649	1,066,867
Construction cost and retention payable for capital assets	716,275	276,908
Rental deposits and rental receipts in advance	55,059	21,144
Other tax payables	110,757	128,321
Other payables and accrued charges	662,259	554,657
	1,952,999	2,047,897

The following is an aged analysis of the trade creditors, based on the invoice date:

	2024 HK$'000	2023 HK$'000
0–60 days	400,133	970,251
61–90 days	363	1,064
Over 90 days	8,153	95,552
	408,649	1,066,867

29. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Sales of properties	777,207	590,916
Others	2,219	1,955
	779,426	592,871

As at 1 April 2022, contract liabilities amounted to HK$666,423,000.

The Group receives amounts ranging from 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. The amount is expected to be settled within the Group's normal operating cycle and is classified as current based on the Group's earliest obligation to transfer the properties to customers.

During the year ended 31 March 2024, the Group has recognised revenue of HK$206,109,000 (2023: HK$187,009,000) that was included in the contract liabilities balance at the beginning of the year.

30. OTHER LIABILITIES

As at 31 March 2023, included in other liabilities are deposits received for a disposal of Sanon as detailed in note 39, amounting to HK$676,000,000.

During the year ended 31 March 2024, such deposits are released upon the completion of the disposal of Sanon on 28 March 2024.

31. BANK AND OTHER BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank loans	27,242,616	27,426,716
Other loans	100,551	469,940
	27,343,167	27,896,656
Less: front-end fee	(57,097)	(85,348)
	27,286,070	27,811,308
Analysed for reporting purpose as:		
Secured	20,885,883	22,033,434
Unsecured	6,457,284	5,863,222
	27,343,167	27,896,656
Current liabilities	12,673,820	17,401,147
Non-current liabilities	14,612,250	10,410,161
	27,286,070	27,811,308

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

31. BANK AND OTHER BORROWINGS (continued)

The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:

	Bank loans		Other loans	
	2024 **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000
Revolving loans without specified repayment terms and loans repayable within one year	**5,010,805**	4,005,806	**21,831**	392,340
More than one year, but not exceeding two years	**3,419,441**	3,728,548	**–**	–
More than two years, but not exceeding five years	**10,563,496**	6,176,733	**–**	–
More than five years	**550,593**	427,280	**78,720**	77,600
	19,544,335	14,338,367	**100,551**	469,940
The carrying amounts of above borrowings that contain a repayment on demand clause or became repayable on demand as a result of breach of covenants (Note) but repayable:				
Within one year	**5,726,722**	8,878,811	**–**	–
More than one year, but not exceeding two years	**261,294**	2,067,010	**–**	–
More than two years, but not exceeding five years	**1,594,723**	1,995,086	**–**	–
More than five years	**58,445**	62,094	**–**	–
	7,641,184	13,003,001	**–**	–
Total	**27,185,519**	27,341,368	**100,551**	469,940

Note: For the year ended 31 March 2023, out of the amount of HK$7,113,073,000 of bank loans with breach of certain of the terms of the bank loans agreements, the amount of HK$3,378,296,000 represented bank loans with original repayment term of more than one year which were reclassified from non-current liabilities to current liabilities as of 31 March 2023, which were primarily as a result of exceeding required gearing ratio of the Group. As of the date of approval for issuance of the consolidated financial statements, the bankers had either agreed not to demand immediate repayment or the directors of the Company have reached successful conclusion with relevant bankers for the negotiation of the terms.

31. BANK AND OTHER BORROWINGS (continued)

Currencies	Interest rates	2024 HK$'000	2023 HK$'000
HK$	HIBOR plus 0.75% to 2.25% (2023: HIBOR plus 0.75% to 2.25%)	**19,745,701**	17,712,223
RMB	5 years above People's Bank of China Prescribed Interest Rate ("PBOC PIR") (2023: 3 to 5 years or above PBOC PIR)	**356,564**	684,982
S$	SOR plus 0.92% (2023: SOR plus 0.92% to 1.03%)	**583,632**	1,845,398
MYR	Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% (2023: Malaysia BLR minus 1.50% and Malaysia COF plus 1.50%)	**24,028**	118,156
A$	BBSW plus 1.5% to 4.5% (2023: BBSW plus 1.64% to 3%)	**3,928,757**	4,766,897
GBP	Sterling Overnight Interbank Average Rate ("SONIA") plus 1.85% to 2.95% (2023: SONIA plus 1.85% to 2.95%)	**2,642,949**	2,377,317
USD	HIBOR plus 1.20%	**–**	310,000
EUR	3-month EURIBOR + 1.95% per annum (2023: 3-month EURIBOR + 1.95% per annum)	**61,536**	81,683
		27,343,167	27,896,656

Bank and other borrowings that are denominated in GBP, A$, USD and EUR which are not denominated in functional currency of respective group entities, amounted to GBP198,092,000 (equivalent to HK$1,949,226,000) (2023: GBP137,007,000 (equivalent to HK$1,328,963,000)), A$120,354,000 (equivalent to HK$611,398,000) (2023: A$63,959,000 (equivalent to HK$336,422,000)), USDnil (equivalent to HK$nil) (2023: USD39,541,000 (equivalent to HK$310,000,000)) and EUR7,257,000 (equivalent to HK$61,257,000) (2023: EUR1,097,000 (equivalent to HK$11,494,000)) respectively. All other bank and other borrowings are denominated in functional currency of the respective group entities.

As at the end of the reporting period, the Group has undrawn borrowing facilities at floating rate, amounting approximately HK$5 billion (2023: HK$7 billion), of which approximately HK$1 billion (2023: HK$3 billion) are expiring within one year.

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32. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**49,194**	57,693
Within a period of more than one year but not more than two years	**56,348**	52,889
Within a period of more than two years but not more than five years	**47,602**	90,629
More than five years	**213,193**	178,943
	366,337	380,154
Less: amount due for settlement with 12 months shown under current liabilities	**(49,194)**	(57,693)
Amount due for settlement after 12 months shown under non-current liabilities	**317,143**	322,461

All lease obligations that are denominated in functional currencies of the relevant group entities.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 1.4% to 7.5% (2023: 1.5% to 6.0%).

33. AMOUNTS DUE FROM/TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

As at 31 March 2024, the amount of S$3,927,000 (equivalent to HK$22,739,000) (2023: S$42,927,000 (equivalent to HK$253,701,000)) due from a shareholder of a non-wholly owned subsidiary is the advance of the expected return to be declared to a shareholder of FEC Skyline Pte. Ltd. as a result of sales of the property development project. The amount is unsecured, interest-free and no fixed repayment date.

As at 31 March 2024, included in the amounts due to shareholders of non-wholly owned subsidiaries is an amount of S$28,375,000 (equivalent to HK$164,290,000) (2023: S$27,075,000 (equivalent to HK$160,012,000)) due to a shareholder of FEC Skypark Pte. Ltd., an 80% subsidiary of the Company for financing the property development project in Singapore. The amount is unsecured, interest-free and repayable on demand. The remaining amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

34. NOTES

	2023 Notes HK$'000	2029 Notes HK$'000	2030 Notes HK$'000	2033 Notes HK$'000	2024 Notes HK$'000	Total HK$'000
At 1 April 2022	1,106,374	77,926	198,713	197,721	3,023,394	4,604,128
Interest charged during the year	48,250	4,357	10,454	10,773	160,390	234,224
Interest paid during the year	(42,398)	(3,801)	(8,804)	(6,557)	(122,458)	(184,018)
Interest payable due within 12 months and included in other payable	(3,880)	(279)	(1,496)	(3,941)	(31,821)	(41,417)
Repurchased and cancelled	(78,047)	–	–	–	(82,522)	(160,569)
Exchange adjustments	2,788	(5)	–	–	7,514	10,297
At 31 March 2023	1,033,087	78,198	198,867	197,996	2,954,497	4,462,645
Interest charged during the year	6,044	4,368	10,483	10,773	120,053	151,721
Interest paid during the year	(5,818)	(3,801)	(8,804)	(6,530)	(135,460)	(160,413)
Interest payable due within 12 months and included in other payable	–	(290)	(1,525)	(3,970)	(23,233)	(29,018)
Repayment	(1,019,181)	–	–	–	(2,820,948)	(3,840,129)
Repurchased and cancelled	–	–	–	–	(79,221)	(79,221)
Exchange adjustments	(14,132)	6	–	–	(15,688)	(29,814)
At 31 March 2024	–	78,481	199,021	198,269	–	475,771

34. NOTES (continued)

2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of USD150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2024, the 2023 Notes with aggregate principal amount of USD131,800,000 (equivalent to HK$1,019,181,000) had been fully redeemed.

2029 Notes

On 5 September 2019, a subsidiary of the Company issued notes with aggregate principal amount of HK$80,000,000 with maturity date on 5 September 2029 (the "2029 Notes") to independent third party. The 2029 Notes bear interest at 5.1% per annum payable semi-annually. As at 31 March 2024, the aggregate principal amount of the 2029 Notes outstanding was HK$80,000,000 (2023: HK$80,000,000).

2030 Notes

On 6 August 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 6 August 2030 (the "2030 Notes") to independent third party. The 2030 Notes bear interest at 5.15% per annum payable semi-annually. As at 31 March 2024, the aggregate principal amount of the 2030 Notes outstanding was HK$200,000,000 (2023: HK$200,000,000).

2033 Notes

On 12 November 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 11 February 2033 (the "2033 Notes") to independent third party. The 2033 Notes bear interest at 5.25% per annum payable semi-annually. As at 31 March 2024, the aggregate principal amount of the 2033 Notes outstanding was HK$200,000,000 (2023: HK$200,000,000).

2024 Notes

On 21 January 2021, a subsidiary of the Company issued notes with aggregate principal amount of USD235,000,000 with maturity date on 21 January 2024 (the "2024 Notes") to independent third party. The 2024 Notes bear interest at 5.10% per annum payable semi-annually. As at 31 March 2024, the 2024 Notes with aggregate principal amount of USD364,300,000 (equivalent to HK$2,820,948,000) had been fully redeemed.

35. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

	Right-of-use asset HK$'000	Lease liabilities HK$'000	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Provision of PRC LAT HK$'000	Dividend withholding tax HK$'000	Others HK$'000 (Note)	Total HK$'000
At 1 April 2022	63,470	(63,470)	92,257	432,813	51,456	38,915	(44,385)	(106,818)	–	414,039	878,277
Charge (credit) to profit or loss	–	–	22,597	(3,145)	–	–	(26,099)	(47,158)	85,554	(7,355)	24,394
Exchange alignment	–	–	(1,367)	(39,015)	(5,268)	–	8,635	17,863	(3,227)	(124,333)	(146,712)
At 31 March 2023	63,470	(63,470)	113,487	390,653	46,188	38,915	(61,849)	(136,113)	82,327	282,351	755,959
Charge (credit) to profit or loss	(3,760)	3,760	(1,689)	9,218	–	–	11,198	17,587	(42,000)	(69,273)	(74,959)
Exchange alignment	(1,081)	1,081	(3,906)	(24,568)	(3,939)	–	881	6,270	(476)	(3,867)	(29,605)
At 31 March 2024	58,629	(58,629)	107,892	375,303	42,249	38,915	(49,770)	(112,256)	39,851	209,211	651,395

Note: Others mainly represent the temporary difference arising from the deduction of the interest expenses and development expenditure at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	(177,425)	(215,793)
Deferred tax liabilities	828,820	971,752
	651,395	755,959

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose except for the freehold lands, which are always presumed to be recovered entirely through sales. No deferred tax recognised in respect of the change in fair value of the investment properties located in HK, Czech, Singapore and the UK, as those properties were recovered through sales.

At 31 March 2024, the Group had unused tax losses of HK$2,692,204,000 (2023: HK$2,409,803,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$401,763,000 (2023: HK$328,971,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$2,290,441,000 (2023: HK$2,080,832,000) due to the unpredictability of future profit streams.

35. DEFERRED TAXATION (continued)

At 31 March 2024, the Group has deductible temporary difference in relation to accelerated accounting depreciation of property, plant and equipment amounted to HK$391,799,000 (2023: HK$359,036,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Except for the dividends declared by a PRC subsidiary during the current year, deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC generated after 1 January 2008, Australia and Singapore of HK$2,981,053,000 (2023: HK$3,284,656,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

36. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2022	2,419,618,679	241,962
Issue of shares in lieu of cash dividends (i)	44,324,636	4,433
Bonus issue of shares (ii)	241,961,867	24,196
At 31 March 2023	2,705,905,182	270,591
Issue of shares in lieu of cash dividends (iii)	111,699,024	11,169
At 31 March 2024	2,817,604,206	281,760

(i) On 17 February 2023 and 24 October 2022, the Company issued and allotted 17,283,812 and 27,040,824 new fully paid shares of HK$0.10 each at HK$1.888 and HK$2.122, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2023 interim dividend and 2022 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2023 and 14 September 2022, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) The Company issued 241,961,867 bonus shares on the basis of one bonus share for every ten existing ordinary shares of the Company. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(iii) On 16 February 2024 and 24 October 2023, the Company issued and allotted 33,529,258 and 78,169,766 new fully paid shares of HK$0.10 each at HK$1.3480 and HK$1.7125, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2024 interim dividend and 2023 final dividend pursuant to the scrip dividend scheme announced by the Company on 3 January 2024 and 11 September 2023, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

36. SHARE CAPITAL (continued)

All the shares issued during the years ended 31 March 2024 and 2023 rank pari passu in all respects with the existing shares in the Company.

During the year, except the amount disclosed above for listed shares, the amount of notes disclosed in note 34 and the amount of perpetual capital notes disclosed in note 37, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, notes or perpetual capital notes.

37. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued USD250,000,000, USD50,000,000 and USD60,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the USD1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distribution are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

The perpetual capital notes are classified as equity instrument. Any distributions made by FEC Finance to the holders are recognised in equity in the consolidated financial statements of the Group.

38. MAJOR NON-CASH TRANSACTIONS

Save as disclosed in note 39, the major non-cash transactions are as below.

(i) The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$179,067,000 (2023: HK$90,018,000).

(ii) During the year ended 31 March 2024, the Group entered into new lease agreement for the use of leased properties for five years, the Group recognised HK$119,244,000 (2023: HK$49,593,000) of right-of-use assets and lease liabilities.

(iii) Included in additions of properties, plant and equipment, and investment properties are construction cost and retention payable for capital assets amounting to HK$151,987,000 and HK$377,933,000 (2023: HK$148,716,000 and HK$90,839,000), respectively, which are non-cash transactions.

(iv) During the year ended 31 March 2024, the Group declared dividends to non-controlling interests amounting to S$39,000,000 (equivalent to HK$228,150,000) which offset by the amounts due from them.

39. DISPOSAL OF SUBSIDIARIES

Disposal of Well Distinct Limited and its subsidiaries

On 15 May 2023, the Company has entered into a sales and purchase agreement with Alvord Global Limited (the "AGL"), whereby the Group has agreed to sell and AGL has agreed to purchase the entire issued shares and paid-up shares of Well Distinct Limited and its wholly owned subsidiaries. The gain on disposal of HK$41,344,000 was recognised upon completion on 27 September 2023. The consideration is approximately MYR120,303,000 (equivalent to HK$200,146,000), of which approximately MYR53,581,000 (equivalent to HK$89,141,000) has been settled before the end of the reporting period and the remaining considerations amounting to approximately MYR66,722,000 (equivalent to HK$111,005,000) bearing interest at 4% per annum will be settled within 3 years from the date of the agreement, with HK$37,640,000 being classified as current asset and HK$73,365,000 being classified as non-current asset.

Disposal of Sanon Limited

On 6 December 2021, the Group and an independent third party (the "Purchaser") entered into a sale and purchase agreement to dispose of the entire equity interest of Sanon Limited ("Sanon"), a wholly-owned subsidiary of the Company, which owns a land under development situated in Kai Tak, Hong Kong, for a development divided into a hotel portion and non-industrial portion (including office portion). Pursuant to the sales and purchase agreement, Sanon would assign the hotel portion to another subsidiary of the Company as the hotel owner, under a hotel portion assignment to be entered by Sanon and the hotel owner prior to completion of the transaction, such that the Purchaser will acquire Sanon (holding only the non-industrial portion) at completion.

On 12 December 2023, the parties to the sales and purchase agreement dated 6 December 2021 ("Original SPA") entered into a supplementary agreement, pursuant to which, amongst others, the parties agreed to (i) with effect from the date of the supplemental agreement, amend certain terms and conditions in the Original SPA having regard to the latest amendments to the approved general building plan as approved by the Building Authority; and (ii) subject to the satisfaction of due diligence to be carried out by the Purchaser, further amend certain terms and conditions in the Original SPA to facilitate earlier completion.

The consideration of this disposal for the equity interests in Sanon and the assignment and transfer of the shareholder's loan is HK$3,380,000,000, subject to post-completion adjustments including additional costs in respect of any add-on designs required by the Purchaser, the adjusted consideration is HK$3,702,000,000.

The disposal has been completed on 28 March 2024. Following the completion, Sanon has ceased to be a subsidiary of the Company and its financial statements will no longer be consolidated into the Group's consolidated financial statements.

39. DISPOSAL OF SUBSIDIARIES (continued)

Disposal of Sanon Limited (continued)

The net assets disposed of Sanon at the date of disposal were as follows:

	HK$'000
Investment properties	3,702,000
Shareholder's loan	(2,750,210)
Net assets disposed of	951,790
Gain on disposal of Sanon:	
Consideration	3,702,000
Assignment of shareholder's loan	(2,750,210)
Net assets disposed of	(951,790)
Gain on disposal	–
Consideration was satisfied by:	
Cash consideration	1,247,022
Consideration receivable	338,000
Settlement of bank loan by the Purchaser (Note)	2,060,150
Settlement of other payables (Note)	9,025
Settlement of construction cost by the Purchaser (Note)	47,803
	3,702,000
Net cash inflow arising on disposal:	
Cash consideration	1,247,022
Less: deposits received for a disposal of a subsidiary in prior years	(676,000)
	571,022

Note: The consideration of this disposal for the equity interests in Sanon and the assignment and transfer of the shareholder's loan. Prior to the completion of the disposal, it is mutually agreed between the Group and the Purchaser that Purchaser directly settled Sanon's bank loan and other payables amounting to HK$2,069,175,000 and Sanon's construction cost to its vendor amounting to HK$47,803,000 on the Group's behalf which constituted non-cash transactions of the Group.

The relevant change in fair value of investment properties held by Sanon for the period from 1 April 2023 to 28 March 2024, which have been included in the consolidated statement of profit or loss, were HK$443,275,000 (2023: HK$18,455,000).

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40. CHARGE ON ASSETS

Bank borrowings of HK$20,885,883,000 (2023: HK$22,033,434,000) and lease liabilities of HK$760,000 (2023: HK$1,195,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2024 HK$'000	2023 HK$'000
Investment properties	**3,506,087**	5,750,701
Property, plant and equipment (excluding right-of-use assets)	**6,325,103**	6,876,128
Right-of-use assets	**1,075,265**	2,110,319
Properties for sale	**10,214,285**	13,299,911
Pledged deposits	**54,920**	713,400
Investment securities	**–**	38,738
	21,175,660	28,789,197

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

Restrictions or covenants on leases

In addition lease liabilities disclosed above, lease liabilities of HK$365,577,000 (2023: HK$378,959,000) are recognised with related right-of-use assets of HK$282,371,000 (2023: HK$272,055,000) as at 31 March 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

41. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of hotel properties	**98,302**	787,354
investment properties	**235,829**	319,305
Capital injection to investment funds	**69,580**	99,065
	403,711	1,205,724
The Group's share of the capital commitment relating to its joint ventures, and associates but not recognised at the end of the reporting date is as follows:		
Commitment to contribute funds for the acquisition, development and refurbishment of hotel properties	**401,316**	436,739
Commitment to provide a credit facility to a joint venture	**272,968**	75,227
	674,284	511,966

42. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties and certain properties for sales temporary rented out have committed leases for next 1 to 16 years (2023: 1 to 17 years).

Minimum lease payments receivables on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	132,064	111,771
In the second year	144,135	122,272
In the third year	86,591	83,417
In the fourth year	65,271	119,696
In the fifth year	57,764	72,980
More than five years	425,245	592,842
	911,070	1,102,978

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) During the year, the Group also entered into the following transactions with related parties:

	2024 HK$'000	2023 HK$'000
Provision of building management service by associates	4,062	7,991
Provision of sales and marketing services by a joint venture	695	3,348
Interest income from a joint venture	2,701	583
Interest income from unlisted debt securities issued by a joint venture	15,826	21,800

Details of the balances with associates, joint ventures, an investee company and, a related company/party as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 13.

On 28 June 2022, the Group has granted to Mr. Cheong Thard HOONG and Ms. Wing Kwan Winnie CHIU, directors of the Company, rights to purchase 457,502 and 114,376 shares of BC Group respectively at A$9.18 within a period of three years from the earlier of: (i) the date of completion of the initial public offering of the shares of BC Group or (ii) date of completion of a trade sale of the BC Group. The directors of the Company consider there is no financial impact as at 31 March 2023.

(c) The Group has entered into two management services contracts for the provision of hotel management services to certain companies in Malaysia which are controlled by a director of the Company. During the year ended 31 March 2024, hotel management service income of HK$3,301,000 (2023: HK$nil) was received under these contracts.

44. AMOUNTS DUE FROM/TO JOINT VENTURES/ASSOCIATES/A RELATED COMPANY

The amounts due from/to associates, joint ventures, an investee company and a related company are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. Except for an amount of GBP4 million (equivalent to HK$39,165,000) due from BC Group, a joint venture of the Group which carries interest at 5.95% per annum plus SONIA with a term of three years from the date of drawdown. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

45. SHARE OPTION SCHEMES

The Company's share option schemes ("FECIL Share Option Schemes") were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Schemes, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

The Company's first and second share option schemes were expired on 28 August 2012 and 31 August 2022 respectively. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted its third share option scheme pursuant to a resolution passed by the Shareholders on 30 August 2022 for a period of 10 years commencing on the adoption date.

As at 31 March 2024 and 2023 there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed for the year ended 31 March 2024.

46. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

For the Group's subsidiaries operating in Hong Kong, pursuant to the Employment Ordinance, Chapter 57, the Group has the obligation to pay Long Service Payment ("LSP") to qualifying employees in Hong Kong under certain circumstances (e.g. dismissal by employers or upon retirement), subject to a minimum of 5 years employment period, based on certain formula. Furthermore, the Mandatory Provident Fund Schemes Ordinance passed in 1995 permits the Group to utilise the Group's mandatory MPF contributions, plus/minus any positive/negative returns thereof, for the purpose of offsetting LSP payable to an employee (the "Offsetting Arrangement").

The Amendment Ordinance was gazetted on 17 June 2022, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Abolition will officially take effect on the Transition Date (i.e., 1 May 2025). Separately, the Government of the HKSAR is also expected to introduce a subsidy scheme to assist employers for a period of 25 years after the Transition Date on the LSP payable by employers up to a certain amount per employee per year. Under the Amendment Ordinance, the accrued benefits derived from the Group's Enhanced MPF Scheme, minus the mandatory contributions, made pre-, on or post-transition can continue to be used to offset pre-and post-transition LSP. The impact from the Amendment Ordinance on the Group's LSP liability is considered insignificant.

46. RETIREMENT BENEFITS SCHEMES (continued)

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

The Group operates defined contribution schemes in respect of its employees in the UK. Contribution are made based on a certain percentage of salaries of the employees in the UK to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

The Group makes contribution to defined benefit pay-as-you-go system administrated by the Czech Social Security Administration for employees in Czech Republic, based on certain percentage of the salaries of the employees in Czech Republic.

Total retirement benefits expenses charged to profit or loss amounted to HK$44,550,000 in the current year (2023: HK$46,266,000).

The Group's contribution to the retirement benefit schemes for its employees in HK, the PRC, Malaysia, Singapore, Australia, the UK and Czech Republic are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the retirement benefit schemes that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix D2 of the Listing Rules.

47. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Debt instruments as FVTOCI	**730,487**	928,931
Equity instruments at FVTOCI	**235,298**	356,361
Financial assets at FVTPL	**776,152**	828,976
Financial assets at amortised cost	**7,079,628**	8,116,088
Derivative financial instruments	**235**	3,643
	8,821,800	10,233,999
Financial liabilities		
Derivative financial instruments	**–**	7,964
Financial liabilities at amortised cost	**29,550,770**	33,993,655
	29,550,770	34,001,619

b. Financial risk management objectives and policies

The Group's major financial instruments included investment securities, borrowings, trade and other receivables, trade and other payables, cash and cash equivalents and notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, variable-rate loan receivables, borrowings and debt instruments. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

In addition, the Group is also exposed to fair value interest rate as most of the debt instruments are at fixed rate. The sensitivity analysis for fair value interest rate risk for debt instruments measured at fair value are presented under price risk.

Interest rate sensitivity analysis

The sensitivity analysis considers only loan receivables and borrowings which have significant impact on the consolidated financial statements and loan receivables outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period for borrowing and loan receivables.

If interest rates had been increased/decreased by 50 basis points (2023: 50 basis points) and all other variables were held constant, the Group's profit after tax, due to the impact of variable-rate loan receivables and borrowings, would have decreased/increased by HK$71,502,000 (2023: HK$50,219,000) and the interest capitalised would have increased/decreased by HK$39,136,000 (2023: HK$62,353,000).

No analysis for the impact of interest rate risk on debt instruments at FVTOCI as the management expected the impact is not significant.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
A$	**230,884**	279,612	**611,398**	336,422
US$	**1,054,098**	1,223,900	**–**	4,297,584
EUR	**124,185**	179,742	**61,252**	11,494
S$	**126,841**	216,331	**–**	–
GBP	**390,032**	1,221,543	**1,949,226**	1,328,963
JPY	**47,079**	32	**–**	–

Inter-company balances

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
A$	**7,983,990**	10,429,765	**1,144,211**	1,165,741
RMB	**109,872**	102,525	**1,335,905**	1,119,226
EUR	**–**	294,418	**–**	–
S$	**821,093**	360,106	**573,205**	584,848
GBP	**5,779,586**	4,281,636	**125,723**	–

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than USD for the individual group entity in Hong Kong since under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and USD. The following tables details the Group's sensitivity to a 10% (2023: 10%) weakening in the functional currencies of group entities against the relevant foreign currencies of respective group entities, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at the year end. For a 10% strengthening of the functional currencies of group entities against the relevant foreign currencies, these would be an equal and opposite impact on profit and other comprehensive income.

	(Decrease) increase in profit after tax	
	2024 HK$'000	2023 HK$'000
A$	**(31,773)**	(4,744)
RMB	**88,017**	(256,653)
EUR	**5,255**	14,049
S$	**10,591**	18,064
GBP	**(130,193)**	(8,970)
JPY	**3,931**	3

	Increase (decrease) in other comprehensive income	
	2024 HK$'000	2023 HK$'000
A$	**683,978**	926,402
RMB	**(122,603)**	(101,670)
EUR	**–**	29,442
S$	**24,789**	(22,474)
GBP	**565,386**	428,164

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk

The Group is exposed to equity price risk and other price risk arising from financial assets at FVTPL and financial assets at FVTOCI.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If the price of the respective equity and investment funds have been 5% (2023: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$8,457,000 (2023: HK$1,361,000) as a result of the changes in fair value of equity securities at FVTPL.
- profit after tax would have increased/decreased by HK$23,947,000 (2023: HK$31,327,000) as a result of the changes in fair value of investment funds at FVTPL.
- FVTOCI reserve would have increased/decreased by HK$11,765,000 (2023: HK$17,818,000) as a result of the changes in fair value of equity securities at FVTOCI.

The management considered that the fluctuation of price on structured notes is not significant and no sensitivity analysis is presented.

No analysis for the impact of credit risk exposure and market interest rate exposure on fixed rate debt securities as the management expected the impact is not significant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, pledged deposits, restricted bank deposits, bank balances, amounts due from related parties, other receivables, loan receivables, customers' deposits under escrow, debt instruments at FVTPL and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables are mitigated because they are secured over properties.

Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under expected ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

For the Group's investments in debt securities, the investment committee are responsible for the credit risk assessment and give advance to the board of directors. The investment committee also assesses the financial performance of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. Failure to repay may result in collateral liquidation, if any, and/or legal actions against the issuers. The Group also monitors the credit rating and market news of the issuers of the respective debts securities for any indication of potential credit deterioration.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group concentration of credit risk mainly on amounts due from an investee company, amount due from a shareholder of a non-wholly owned subsidiary, amounts due from associates which is mainly due from two associates (2023: two associates), and amounts due from joint ventures which is mainly due from eight joint ventures (2023: eight joint ventures). The Group actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on the outstanding balances.

The Group invests in rated and unrated debt securities as well as investment grade debt securities. The management regularly reviews and monitors the portfolio of debt securities. Summary of the fair value and principal amount of debt securities at FVTPL are set out below.

Debt securities at FVTPL

	2024		2023	
	Fair value HK$'000	Principal amount HK$'000	Fair value HK$'000	Principal amount HK$'000
Unrated	–	–	46,030	46,373

Trade debtors arising from contracts with customers as well as lease receivables

In order to minimise the credit risk, the management of the Group has policies in place to ensure the sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade debtors including lease receivables individually or collectively based on the Group's internal credit rating.

Loan receivables/amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company/bank balances and deposits

The credit risk of loan receivables and amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company consider that the probability of default is minimal after assessing the counter-parties financial background and underlying assets held by the related parties.

Loan receivables represent mortgage loans secured by the properties of the borrowers.

In determining the recoverability of loan receivables, the Group considers any change in the credit quality of the borrowers, the value of the underlying properties under mortgage, historical settlements of loan interests and other forward-looking information.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Debt instruments at FVTOCI

The Group only invests in debt securities with credit rating of B or above issued by Moody's or Standard & Poor's. The directors of the Company focus on the investment diversification and their credit ratings changes. During the year, the credit rating of certain debt securities which are issued by PRC property developers, have been down-graded to CCC triggered by default events.

The directors of the Company access ECL on the debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debts instruments credit grades. Summary of the fair value and principal amount of debt securities at FVTOCI are set out below.

	2024		2023	
	Fair value HK$'000	Principal amount HK$'000	Fair value HK$'000	Principal amount HK$'000
AA– to BBB–	**347,414**	**382,259**	145,638	191,175
BB+ to B	**400**	**11,715**	131,546	156,892
CCC	**9,223**	**39,050**	195,607	247,483
Unrated	**373,450**	**364,072**	456,140	460,602
	730,487	**797,096**	928,931	1,056,152

During the year ended 31 March 2024, as certain issuers, which are PRC property developers, were determined to be credit-impaired, the credit loss allowances on those individual debt instruments are measured on lifetime ECL basis. For the purpose of ECL assessment, the Group considers the gross principal amount and the related contracted interests of the debt instruments. The Group assesses ECL for debt instruments at FVTOCI by reference to the credit rating of the debt instruments announced by external credit rating agencies, the macroeconomic factors affecting each issuer, and the probability of default and loss given default of each debt instrument.

During the year ended 31 March 2024, the impairment loss on debt instruments at FVTOCI amounting to HK$nil (2023: HK$nil) was recognised in profit or loss.

The credit risks on pledged deposits, restricted bank deposits, bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and leases receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	2024 Gross carrying amount HK$'000	2023 Gross carrying amount HK$'000
Debt instruments at FVTOCI						
Investment in debt securities	20	AA– to B	N/A	12-month ECL	347,814	277,184
		Unrated	Low risk	12-month ECL	373,450	456,140
		CCC	N/A	Lifetime ECL – credit-impaired	9,223	195,607
Financial assets at amortised cost						
Trade debtors (contract with customers)	24	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	85,566	233,202
		N/A	Loss	Credit-impaired	64,124	62,405
Loan receivables	21	N/A	Low risk (Note 2)	12-month ECL	184,234	227,967
Amounts due from related parties and a shareholder of a non-wholly owned subsidiary	33 & 44	N/A	Low risk (Note 2)	12-month ECL	2,590,789	2,234,567
Pledged deposits, and restricted bank deposits	22	above A- (Note 3)	N/A	12-month ECL	499,839	708,739
Bank balances	22	above A- (Note 3)	N/A	12-month ECL	2,733,621	4,431,485
Other receivables	24(a)	N/A	Low risk (Note 2)	12-month ECL	664,477	149,246
Customers' deposits under escrow	25	N/A	Low risk (Note 2)	12-month ECL	335,978	389,175
Others						
Lease receivables	24(a)	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	68,252	64,854
Contract assets	24(b)	N/A	Low risk (Note 2)	Lifetime ECL (not credit impaired)	927,500	233,410
Undrawn amount of loan commitment	41	N/A	Low risk (Note 2)	12-month ECL	272,968	75,227

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

1. Trade debtors, lease receivables and contract assets

   For trade debtors, lease receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors and contract assets, which are assessed individually, the Group determines the expected credit losses on trade and lease receivables collectively based on shared credit risk characteristics by reference to the Group's internal credit ratings.

   As at 31 March 2024, the Group provided HK$14,876,000 (2023: HK$9,253,000) impairment allowance for trade debtors, based on the collective assessment. Impairment allowance of HK$64,124,000 (2023: HK$62,405,000) were made on credit impaired debtors on an individual basis. The increase of impairment allowance made on credit impaired debtors was due to increase of long outstanding debtors in particular to car park segment.

2. Loan receivables, loan commitment, amounts due from related parties, customers' deposits under escrow and other receivables

   For the purposes of internal credit risk management, the Group uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

   For loan commitment to a joint venture and amounts due from related parties. The directors of the Company consider the exposure to credit risk of these loan receivables is low after taking into account the value of the collateral, historical settlements of loan interests and principal and other forward-looking information. The fair value of the collateral is higher than the outstanding amount of these receivables at the end of the reporting period. The loss given default and 12-month ECL of these loan receivables is considered as insignificant to the Group, and no allowance of expected credit loss is provided for these loan receivables.

   For loan commitment to a joint venture and amounts due from related parties, the directors of the Company consider the exposure to credit risk of these amounts is low after taking into consideration of the fair values of the underlying assets held by the related parties, the outlook of their future operations and the expected operating cash flows of the related parties.

   Customers' deposits under escrow represents the portion of the sale proceeds being held in the escrow accounts. The funds are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities. The directors consider the exposure of credit risk is low.

   For other receivables, the directors of the Company consider the exposure of credit risk, historical settlement and other forward-looking information. The loss under of 12-month ECL of the other receivables are insignificant to be recognised.

3. For pledged deposits, restricted bank deposits, and bank balances, the ECL is assessed by reference to probability of default and loss credit rating grade published by international credit agencies.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position and its compliance with lending covenants are monitored periodically by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The rolling forecasts of the Group's liquidity reserve comprise undrawn facilities of bank loans (note 31) and cash and bank balances (note 22) on the basis of expected cash flow. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available. In preparing the consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity of the Group. In the opinion of the directors of the Company, the Group will be able to continue as a going concern in the coming twelve months from the date of this report taking into consideration the working capital estimated to be generated from operating activities and the undrawn facilities of bank loans. Based on this, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Company consider that it is appropriate to prepare these consolidated financial statements on a going concern basis. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2024							
Creditors and accruals	N/A	1,447,903	–	–	–	1,447,903	1,447,903
Other liabilities	3.0	–	4,366	–	–	4,366	4,239
Amount due to a related company	N/A	1,059	–	–	–	1,059	1,059
Amounts due to associates	N/A	6,357	–	–	–	6,357	6,357
Amounts due to joint ventures	N/A	158,391	–	–	–	158,391	158,391
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	170,980	–	–	–	170,980	170,980
Bank and other borrowings	6.18	12,748,797	12,301,587	3,348,200	823,562	29,222,146	27,286,070
Lease liabilities	3.11	65,495	94,465	73,294	211,660	444,914	366,337
Notes	5.18	24,880	49,760	127,446	454,531	656,617	475,771
		14,623,862	12,450,178	3,548,940	1,489,753	32,112,733	29,917,107
Loan commitment		272,968	–	–	–	–	272,968

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47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2023							
Creditors and accruals	N/A	1,537,857	–	–	–	1,537,857	1,537,857
Other liabilities	3.0	–	5,109	–	–	5,109	4,960
Amount due to a related company	N/A	953	–	–	–	953	953
Amounts due to associates	N/A	7,848	–	–	–	7,848	7,848
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	168,084	–	–	–	168,084	168,084
Bank and other borrowings	4.09	17,931,459	6,272,303	4,543,891	519,527	29,267,180	27,811,308
Lease liabilities	2.97	68,271	99,418	61,544	230,372	459,605	380,154
Notes	4.97	4,350,352	49,760	152,326	454,531	5,006,969	4,462,645
		24,064,824	6,426,590	4,757,761	1,204,430	36,453,605	34,373,809
Loan commitment		75,227	–	–	–	75,227	75,227
Derivatives financial instrument – net settled Interest rate/currency swap contracts		7,964	–	–	–	7,964	7,964

Bank borrowings with a repayment on demand clause are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2024 and 31 March 2023, the carrying amounts of these bank borrowings amounted to HK$7,641,184,000 and HK$13,003,001,000 respectively. Taking into account the Group's financial position, and the bankers had either agreed not to demand immediate repayment or the directors of the Company have reached successful conclusion with relevant bankers for the negotiation of the terms, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within one year HK$'000	**One to three years HK$'000**	**Three to five years HK$'000**	**Over five years HK$'000**	**Total undiscounted cash flow HK$'000**	**Carrying amount HK$'000**
At 31 March 2024						
Bank and other borrowings	**5,938,280**	**1,920,479**	**33,753**	**66,340**	**7,958,852**	**7,641,184**
At 31 March 2023						
Bank and other borrowings	9,223,666	2,551,680	1,967,005	71,129	13,813,480	13,003,001

The cash flows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31 March 2024 HK$'000	Fair value as at 31 March 2023 HK$'000	Fair value hierarchy	Valuation technique and key inputs
1a) Listed equity securities classified as financial assets at FVTPL	134,007	15,465	Level 1	Quoted bid prices in an active market
1b) Listed equity securities classified as equity instrument at FVTOCI	235,298	356,361	Level 1	Quoted bid prices in an active market
1c) Unlisted equity securities classified as financial assets at FVTPL	32,632	17,136	Level 2	Reference to market value provided by brokers/financial institution
1d) Unlisted equity securities classified as financial assets at FVTPL	35,931	–	Level 3	Market approach; price to earning ratio of market comparable companies and discount rate of lack of marketability 15.7% (2023:15.8%)
2a) Listed debt securities classified as financial assets at FVTPL	–	46,030	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at FVTOCI	324,044	447,031	Level 2	Reference to market value provided by brokers/financial institution
2c) Listed debt securities classified as financial assets at FVTOCI	406,443	481,900	Level 1	Quoted bid prices in an active market
3a) Investment funds classified as financial assets at FVTPL	269,690	–	Level 1	Quoted bid prices in an active market
3b) Investment funds classified as financial assets at FVTPL	19,065	446,585	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31 March 2024 HK$'000	Fair value as at 31 March 2023 HK$'000	Fair value hierarchy	Valuation technique and key inputs
3c) Investment funds classified as financial assets at FVTPL	284,287	303,760	Level 3	Reference to the net asset value of the unlisted equity investment provided by the external counterparties
4a) Cross currency swap contracts classified as derivative financial instruments	Assets – – Liabilities – –	Assets – – Liabilities – (7,964)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties.
4b) Interest rate swap contracts classified as derivative financial instruments	Assets – 235 Liabilities – –	Assets – 3,643 Liabilities – –	Level 2	Discounted cash flow Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Levels 1, 2 and 3 during the years ended 31 March 2024 and 31 March 2023.

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Unlisted equity securities classified as financial assets at FVTPL HK$'000	Investment funds classified as financial assets at FVTPL HK$'000	Liabilities arising from profit guarantee arrangement HK$'000	Convertible bonds classified as financial assets at FVTPL HK$'000
At 1 April 2022	–	247,526	24,011	122,281
Addition	–	43,095	–	–
Disposal	–	(12,087)	–	–
Redemption	–	–	–	(110,500)
Unrealised fair value change recognised in profit or loss	–	25,706	(23,329)	(11,781)
Exchange realignment	–	(480)	(682)	–
At 31 March 2023	–	303,760	–	–
Addition	37,186	78,307	–	–
Disposal	–	(102,115)	–	–
Unrealised fair value change recognised in profit or loss	(1,255)	4,440	–	–
Exchange realignment	–	(105)	–	–
At 31 March 2024	35,931	284,287	–	–

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable inputs for any of the level 3 financial instruments of the Group, as the management considers that the exposure is insignificant to the Group.

d. Financial instruments subject to enforceable master netting arrangements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. No further disclosure is provided as the effects are considered insignificant.

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For the year ended 31 March 2024

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK$'000 (note 31)	Notes HK$'000 (note 34)	Dividend payable HK$'000	Amounts due to joint ventures HK$'000 (note 44)	Amount due to a related company HK$'000 (note 44)	Amounts due to associates HK$'000 (note 44)	Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (note 33)	Lease liabilities HK$'000 (note 32)	Other liabilities HK$'000	Total HK$'000
At 1 April 2022	26,590,414	4,604,128	–	–	858	7,245	171,548	609,736	6,248	31,990,177
New lease entered	–	–	–	–	–	–	–	49,593	–	49,593
Termination of lease contracts	–	–	–	–	–	–	–	(157,355)	–	(157,355)
Financing cash flows	761,700	(344,587)	(404,666)	–	95	603	132,677	(99,350)	–	46,472
Non-cash changes (Note)	–	(41,417)	(90,018)	–	–	–	–	–	–	(131,435)
Finance costs	1,074,923	234,224	–	–	–	–	–	12,914	–	1,322,061
Dividends recognised as distribution	–	–	494,684	–	–	–	16,525	–	–	511,209
Proceeds on disposal of partial interest in a subsidiary	–	–	–	–	–	–	(156,800)	–	–	(156,800)
Foreign exchange translation	(615,729)	10,297	–	–	–	–	4,134	(35,384)	(1,126)	(637,808)
At 31 March 2023	27,811,308	4,462,645	–	–	953	7,848	168,084	380,154	5,122	32,836,114
New lease entered	–	–	–	–	–	–	–	119,244	–	119,244
Termination of lease contracts	–	–	–	–	–	–	–	(5,700)	–	(5,700)
Financing cash flows	63,494	(4,079,763)	(202,887)	159,458	106	(1,491)	6,388	(120,654)	(592)	(4,175,941)
Non-cash changes (Note)	(2,060,150)	(29,018)	(407,217)	–	–	–	–	–	–	(2,496,385)
Finance costs	1,688,134	151,721	–	–	–	–	–	10,295	–	1,850,150
Dividends recognised as distribution	–	–	610,104	–	–	–	–	–	–	610,104
Foreign exchange translation	(216,716)	(29,814)	–	(1,067)	–	–	(3,492)	(17,002)	(291)	(268,382)
At 31 March 2024	27,286,070	475,771	–	158,391	1,059	6,357	170,980	366,337	4,239	28,469,204

Note: During the year ended 31 March 2024, the non-cash changes mainly represented settlement of bank loan by the Purchaser amounting to HK$2,060,150,000 as disclosed in note 39. During the current year, the non-cash changes mainly represented accrued interest payables of HK$29,018,000 (2023: HK$41,417,000) included in "other payables and accrued charges" as disclosed in note 28, and issuance of shares in lieu of cash dividend and dividends to non-controlling interests with amount of HK$179,067,000 (2023: HK$90,018,000) and S$39,000,000 (equivalent to HK$228,150,000), respectively, as disclosed in note 38.

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current Asset		
Interests in subsidiaries	6,776,779	6,379,003
Current Asset		
Bank balances, deposits and cash	6,517	6,505
Current Liabilities		
Creditors and accrued charges	6,509	23,842
2023 Notes (note 34)	–	1,033,087
	6,509	1,056,929
Net Current Assets (Liabilities)	8	(1,050,424)
Total Assets Less Current Liabilities	6,776,787	5,328,579
Capital and Reserves		
Share capital	281,760	270,591
Share premium	4,880,059	4,712,161
Reserves	1,614,715	345,574
	6,776,534	5,328,326
Non-current Liability		
Deferred tax liabilities	253	253
	6,776,787	5,328,579

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2022	241,962	4,650,772	35,964	173,052	(108,012)	4,993,738
Profit and other comprehensive income for the year	–	–	–	–	739,254	739,254
Dividends	–	–	–	–	(494,684)	(494,684)
Shares issued in lieu of cash dividend	4,433	85,585	–	–	–	90,018
Bonus issue of share	24,196	(24,196)	–	–	–	–
At 31 March 2023	270,591	4,712,161	35,964	173,052	136,558	5,328,326
Profit and other comprehensive income for the year	–	–	–	–	1,651,095	1,651,095
Dividends	–	–	–	–	(381,954)	(381,954)
Shares issued in lieu of cash dividend	11,169	167,898	–	–	–	179,067
At 31 March 2024	281,760	4,880,059	35,964	173,052	1,405,699	6,776,534

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	100,000,001 shares of A$1	100	100	Property development
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Indirect subsidiaries					
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	90.41	77.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	90.41	77.75	Car park operation
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development
Amphion Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Angel Meadows (FEC) Limited	UK	100 shares of £1	100	100	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apexwill Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Asian Harvest Investments Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	90.41	77.75	Car park operation
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	95.21	88.85	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI/HK	100 shares of US$1	100	100	Investment holding
Capital Fortune Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	90.41	77.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	90.41	77.75	Investment holding
Care Park Leasing Pty Ltd	Australia	1,000 shares of A$121.78	90.41	77.75	Car park operation
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	90.41	77.75	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	90.41	77.75	Car park operation
Care Property Pty Ltd	Australia	100 shares of A$1	90.41	77.75	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	30,000 shares of HK$100	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$36,000,000	100	100	Hotel management
Chun Wah Holdings Limited	HK	200 shares of HK$1	100	100	Property development
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Crouch End (FEC) Limited	UK	1 share of £1	100	100	Property development
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1	–	100	Property development
Dorsett Hospitality International Limited	Cayman Islands	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR1	100	100	Investment holding
DHI Chinatown Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Drakar Limited	Isle of Man/UK	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Elite Racer Limited	HK	1 share of HK$1	100	100	Hotel operation
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	Curacao	99,000 shares of US$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Vault Limited	HK	1 share of HK$1	100	100	Vault Service
FEC 640 Bourke Street Melbourne Pty Limited	Australia	1 share of A$1	100	100	Property development
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Development Management Limited	UK	1 share of £1	100	100	Administrative services
FEC Finance (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Corporate treasury management
FEC May22 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
FEC Northern Gateway Development Limited	UK	1 share of £1	100	100	Property development
FEC Strategic Investments (Netherlands) B.V.	Amsterdam	120,000 shares of DeFi Land ("DFL")[1]	100	100	Investment holding
FEC Skypark Pte. Ltd.	Singapore	3,000,000 shares of S$1	80	80	Property development
FEC Suites Pte. Ltd.	Singapore	1,000,000 shares of S$1	100	100	Property development
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares of £1	100	100	Investment holding
Madison Lighters and Watches Company Limited	HK	4 shares of HK$1	100	100	Investment holding
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
Mega Source Global Limited	HK	500,000 shares of HK$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 shares of MYR1	100	100	Hotel operation
Northern Gateway (FEC) No.9 Limited	UK	1 share of £1	100	100	Property development

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Northern Gateway (FEC) No.10 Limited	UK	1 share of £1	100	100	Property development
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Palasino Holdings Limited	Cayman Islands/ HK	800,000,000 share of HK$0.01	73.21	–	Investment holding
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Perth FEC Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub One Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Three Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Seven Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Six Pty Ltd	Australia	1 share of A$1	100	100	Property development
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	90.41	77.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	90.41	77.75	Car park operation
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
Sanon Limited	HK	1 share of HK$1	-	100	Property development and investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.20	98.20	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	90.41	77.75	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property development
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Topping Faithful Limited	HK	1 share of HK$1	100	100	Sales agency service

Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Tracia Limited	Isle of Man/UK	1 share of £1	100	100	Investment holding
Palasino Group, a.s. (Formerly known as Trans World Hotels & Entertainment, a.s.)	Czech Republic	400 shares of CZK75,000 and 100 shares of CZK700,000	73.21	90	Gaming and hotel operation
Trans World Hotels Austria GmbH	Austria	1 share of EUR40,000	73.21	90	Hotel operation
Trans World Hotels Germany GmbH	Germany	1 share of EUR20,000	73.21	90	Hotel operation
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Victoria Land Pty Limited	Australia	12 shares of A$1	100	100	Management services
Well Distinct Limited	BVI/HK	1 share of US$1	-	100	Investment holding
Wing Mau Tea House Limited	HK	100,000 shares of HK$1	100	100	Property development
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding
武漢港澳中心物業管理有限公司(iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
上海帝盛酒店有限公司(iii)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

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

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of subsidiaries that has material non-controlling interests

The table below shows details of subsidiaries of the Group that have material non-controlling interests as at 31 March 2024 and 2023.

	Profit (loss) allocated to non-controlling interests/owners of perpetual capital notes		Accumulated non-controlling interests/owners of perpetual capital notes	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Owners of perpetual capital notes (Note)	**207,488**	209,864	**2,903,198**	2,903,563
Subsidiaries with individually immaterial non-controlling interests	**17,113**	(1,837)	**288,181**	389,484

Note: FEC Finance Limited's issued ordinary shares are fully held by the Group. As disclosed in note 37, FEC Finance Limited issued perpetual capital notes which are classified as equity to parties outside the Group. Such non-controlling interests of FEC Finance Limited amounted to HK$2,903,198,000 (2023: HK$2,903,563,000) as at 31 March 2024.

51. CONTINGENT LIABILITIES

In relation to the contingent liabilities of DBC, an associate of the Group, as disclosed in note 51 to the Group's annual consolidated financial statements for the year ended 31 March 2023, on 22 December 2023 DBC has entered into a settlement deed with Multiplex Constructions Qld Pty Ltd ("Multiplex") to settlement the matters subject of the separate Supreme Court of Queensland proceedings and the adjudication application lodged with the Queensland Building and Construction Commission in relation to the Queen's Wharf Project. The directors of the Company are of the opinion that no legal or constructive obligation is required to be recognised in the Group's consolidated financial statements followed by the execution of settlement deed between DBC and Multiplex.

52. EVENTS AFTER THE REPORTING PERIOD

On 14 May 2024, the Group entered into a sale and purchase agreement with Boundary Park Holdings Ltd. ("Boundary Park"), an independent third party to the Group, whereby the Group has agreed to sell, and Boundary Park has agreed to purchase, the freehold lands held by an indirect non wholly owned subsidiary of the company at a cash consideration of approximately GBP17,245,000 (equivalent to approximately HK$168,655,000). Up to the date of approval for issuance of the consolidated financial statements, the disposal has yet to be completed and the management of the Group is still assessing the financial impact.

Independent Auditor's Report

Deloitte. 德勤

To the Shareholders of Far East Consortium International Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Far East Consortium International Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 114 to 249, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements and estimation associated with determining the fair values. The investment properties are located in Australia, Hong Kong, the People's Republic of China, Singapore and the United Kingdom. The investment properties were carried at HK$8,113,310,000 as at 31 March 2023 and represents approximately 15.2% of total assets in the consolidated financial statements of the Group as at 31 March 2023. As disclosed in note 8 to the consolidated financial statements, change in fair value of investment properties of HK$39,942,000 was recognised in the consolidated statement of profit or loss for the year then ended 31 March 2023. As disclosed in note 15 to the consolidated financial statements, all of the Group's investment properties are held at fair value based on the valuations performed by independent qualified professional valuers (the "Valuers"). The valuations of investment properties are dependent on certain key inputs that require significant judgments and estimates by the directors of the Company, including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuers and obtaining an understanding of their scope of work and their terms of engagements; • Obtaining an understanding and assessing the reasonableness of the valuation techniques and significant assumptions used by the management and Valuers based on the relevant accounting requirements and industry norms; • Evaluating the reasonableness of the key inputs, including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate adopted by the management and the Valuers by comparing the key inputs to relevant market data based on our knowledge of the property markets; • Assessing the accuracy of the information provided by the management to the Valuers by agreeing the rental income and tenancy summary to the respective underlying tenancy agreements, on a sample basis; and • Involving internal valuation specialists to review the valuations performed by the independent valuers in respect of methodologies, assumption and data underpinning valuations of certain investment properties.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of our audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Fung Suet Ngan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 June 2023

Consolidated Statement of Profit or Loss

For the year ended 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	7	**6,345,861**	5,895,636
Cost of sales and services		**(4,275,812)**	(3,432,536)
Depreciation and impairment of hotel and car park assets		**(401,546)**	(479,063)
Gross profit		**1,668,503**	1,984,037
Other income		**764,006**	213,566
Other gains and losses	8	**14,314**	1,189,809
Administrative expenses			
– Hotel operations and management		**(455,737)**	(355,083)
– Others		**(518,970)**	(496,522)
Pre-operating expenses			
– Hotel operations and management		**(35,506)**	(12,744)
Selling and marketing expenses		**(230,178)**	(279,462)
Share of results of associates		**(1,497)**	(21,851)
Share of results of joint ventures		**135,831**	(26,941)
Finance costs	9	**(611,018)**	(341,082)
Profit before tax		**729,748**	1,853,727
Income tax expense	10	**(349,536)**	(343,191)
Profit for the year	11	**380,212**	1,510,536
Attributable to:			
Shareholders of the Company		**172,185**	1,300,381
Owners of perpetual capital notes		**209,864**	206,877
Other non-controlling interests		**(1,837)**	3,278
		208,027	210,155
		380,212	1,510,536
Earnings per share	12		
Basic (HK cents)		**6.4**	49.2*
Diluted (HK cents)		**6.4**	49.2*

* The earnings per share of the Group for the year ended 31 March 2022 was adjusted and restated for the bonus issue in September 2022.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	2023 HK$'000	2022 HK$'000
Profit for the year	**380,212**	1,510,536
Other comprehensive (expense) income for the year		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,664,781)**	(112,424)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	**–**	15,029
Fair value change on debt instruments at fair value through other comprehensive income ("FVTOCI")	**(122,136)**	(155,449)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	**84,753**	129,785
Impairment loss recognised on debt instruments at FVTOCI	**–**	78,258
Share of other comprehensive (expense) income of an associate	**(13,936)**	115,968
Item that will not be reclassified to profit or loss:		
Fair value change on equity instruments at FVTOCI	**(453,551)**	(149,920)
Other comprehensive expense for the year	**(2,169,651)**	(78,753)
Total comprehensive (expense) income for the year	**(1,789,439)**	1,431,783
Total comprehensive (expense) income attributable to:		
Shareholders of the Company	**(1,997,464)**	1,221,625
Owners of perpetual capital notes	**209,864**	206,877
Other non-controlling interests	**(1,839)**	3,281
	208,025	210,158
	(1,789,439)	1,431,783

Consolidated Statement of Financial Position

At 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current Assets			
Investment properties	15	**8,113,310**	7,888,061
Property, plant and equipment	16	**12,312,279**	12,507,293
Goodwill	17	**68,400**	68,400
Interests in associates	18	**1,731,289**	1,921,367
Interests in joint ventures	19	**2,435,355**	2,351,810
Investment securities	20	**634,452**	1,246,009
Derivative financial instruments	27	**–**	2,935
Deposits for acquisition of property, plant and equipment		**94,972**	99,462
Amounts due from joint ventures	44	**1,574,905**	645,990
Amount due from an associate	44	**62,864**	62,864
Amount due from an investee company	44	**119,995**	119,995
Loan receivables	21	**222,078**	182,598
Pledged deposits	22	**4,661**	4,834
Deferred tax assets	35	**215,793**	177,203
Other assets		**28,346**	13,500
		27,618,699	27,292,321
Current Assets			
Properties for sale	23		
Completed properties		**4,146,644**	4,201,912
Properties under development		**12,806,635**	11,571,867
Other inventories		**13,548**	9,586
Debtors, deposits and prepayments	24(a)	**706,147**	805,602
Customers' deposits under escrow	25	**389,175**	468,696
Contract assets	24(b)	**233,410**	–
Contract costs	26	**295,903**	309,402
Amounts due from joint ventures	44	**210,870**	194,342
Amounts due from associates	44	**11,406**	14,498
Amount due from a shareholder of non-wholly owned subsidiary	33	**253,701**	248,120
Amount due from a related company	44	**826**	–
Tax recoverable		**61,978**	88,956
Investment securities	20	**1,479,816**	1,787,260
Loan receivables	21	**5,889**	5,037
Derivative financial instruments	27	**3,643**	14,984
Pledged deposits	22	**708,739**	889,128
Cash and cash equivalents	22	**4,431,485**	6,902,605
		25,759,815	27,511,995
Property held for sale	16	**44,266**	–
		25,804,081	27,511,995

Consolidated Statement of Financial Position

At 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Current Liabilities			
Creditors and accruals	28	**2,047,897**	2,184,678
Contract liabilities	29	**592,871**	666,423
Lease liabilities	32	**57,693**	74,567
Amount due to a related company	44	**953**	858
Amounts due to associates	44	**7,848**	7,245
Amounts due to shareholders of non-wholly owned subsidiaries	33	**168,084**	171,548
Derivative financial instruments	27	**7,964**	25,922
Tax payable		**642,132**	633,866
Notes	34	**3,987,584**	–
Bank and other borrowings	31	**17,401,147**	11,450,133
		24,914,173	15,215,240
Net Current Assets		**889,908**	12,296,755
Total Assets less Current Liabilities		**28,508,607**	39,589,076
Non-current Liabilities			
Lease liabilities	32	**322,461**	535,169
Notes	34	**475,061**	4,604,128
Bank and other borrowings	31	**10,410,161**	15,140,281
Deferred tax liabilities	35	**971,752**	1,055,480
Other liabilities	30	**680,960**	344,086
		12,860,395	21,679,144
Net Assets		**15,648,212**	17,909,932
Capital and Reserves			
Share capital	36	**270,591**	241,962
Share premium		**4,712,161**	4,650,772
Reserves		**7,372,413**	9,738,998
Equity attributable to shareholders of the Company		**12,355,165**	14,631,732
Owners of perpetual capital notes	37	**2,903,563**	2,901,589
Other non-controlling interests		**389,484**	376,611
		3,293,047	3,278,200
Total Equity		**15,648,212**	17,909,932

The consolidated financial statements on pages 114 to 249 were approved and authorised for issue by the Board of Directors on 28 June 2023 and are signed on its behalf by:

DAVID CHIU
DIRECTOR

CHEONG THARD HOONG
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
At 1 April 2021	239,508	4,584,371	35,964	54,727	(410,789)	(355,977)	984	1,057,764	8,590,478	13,797,030	2,883,903	373,330	3,257,233	17,054,263
Profit for the year	–	–	–	–	–	–	–	–	1,300,381	1,300,381	206,877	3,278	210,155	1,510,536
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(112,427)	–	–	–	(112,427)	–	3	3	(112,424)
Reclassification adjustment of cumulative exchange reserve to profit or loss upon disposal of foreign operations	–	–	–	–	–	15,029	–	–	–	15,029	–	–	–	15,029
Fair value change on debt instruments at FVTOCI	–	–	–	–	(155,449)	–	–	–	–	(155,449)	–	–	–	(155,449)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	–	–	–	–	129,785	–	–	–	–	129,785	–	–	–	129,785
Impairment loss recognised on debt instruments at FVTOCI	–	–	–	–	78,258	–	–	–	–	78,258	–	–	–	78,258
Fair value change on equity instruments at FVTOCI	–	–	–	–	(149,920)	–	–	–	–	(149,920)	–	–	–	(149,920)
Share of other comprehensive income of an associate	–	–	–	–	–	–	115,968	–	–	115,968	–	–	–	115,968
Other comprehensive (expense) income for the year	–	–	–	–	(97,326)	(97,398)	115,968	–	–	(78,756)	–	3	3	(78,753)
Total comprehensive income for the year	–	–	–	–	(97,326)	(97,398)	115,968	–	1,300,381	1,221,625	206,877	3,281	210,158	1,431,783
Distribution to owners of perpetual capital notes	–	–	–	–	–	–	–	–	–	–	(189,191)	–	(189,191)	(189,191)
Dividends recognised as distribution (note 13)	–	–	–	–	–	–	–	(455,778)	–	(455,778)	–	–	–	(455,778)
Shares issued in lieu of cash dividend	2,454	66,401	–	–	–	–	–	–	–	68,855	–	–	–	68,855
At 31 March 2022	241,962	4,650,772	35,964	54,727	(508,115)	(453,375)	116,952	601,986	9,890,859	14,631,732	2,901,589	376,611	3,278,200	17,909,932

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Assets revaluation reserve HK$'000	FVTOCI reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Owners of perpetual capital notes HK$'000	Other non-controlling interests HK$'000	Sub-total HK$'000	Total HK$'000
Profit (loss) for the year	-	-	-	-	-	-	-	-	172,185	172,185	209,864	(1,837)	208,027	380,212
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(1,664,779)	-	-	-	(1,664,779)	-	(2)	(2)	(1,664,781)
Fair value change on debt instruments at FVTOCI	-	-	-	-	(122,136)	-	-	-	-	(122,136)	-	-	-	(122,136)
Reclassification adjustment on disposal of debt instruments at FVTOCI during the year	-	-	-	-	84,753	-	-	-	-	84,753	-	-	-	84,753
Impairment loss recognised on debt instruments at FVTOCI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value change on equity instruments at FVTOCI	-	-	-	-	(453,551)	-	-	-	-	(453,551)	-	-	-	(453,551)
Share of other comprehensive expense of an associate	-	-	-	-	-	-	(13,936)	-	-	(13,936)	-	-	-	(13,936)
Other comprehensive expense for the year	-	-	-	-	(490,934)	(1,664,779)	(13,936)	-	-	(2,169,649)	-	(2)	(2)	(2,169,651)
Total comprehensive (expense) income for the year	-	-	-	-	(490,934)	(1,664,779)	(13,936)	-	172,185	(1,997,464)	209,864	(1,839)	208,025	(1,789,439)
Distribution to owners of perpetual capital notes	-	-	-	-	-	-	-	-	-	-	(207,890)	-	(207,890)	(207,890)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,525)	(16,525)	(16,525)
Dividends recognised as distribution (note 13)	-	-	-	-	-	-	-	-	(494,684)	(494,684)	-	-	-	(494,684)
Shares issued in lieu of cash dividend	4,433	85,585	-	-	-	-	-	-	-	90,018	-	-	-	90,018
Bonus issue of share (note 36)	24,196	(24,196)	-	-	-	-	-	-	-	-	-	-	-	-
Partial disposal of equity interest in a subsidiary without loss of control	-	-	-	-	-	-	-	125,563	-	125,563	-	31,237	31,237	156,800
At 31 March 2023	270,591	4,712,161	35,964	54,727	(999,049)	(2,118,154)	103,016	727,549	9,568,360	12,355,165	2,903,563	389,484	3,293,047	15,648,212

Other reserve mainly comprise (a) credit balance of HK$1,038,709,000 recognised in respect of the group reorganisation in 1991, representing the excess of the value of the net assets of the subsidiaries acquired and the nominal value of the shares issued by Far East Consortium International Limited ("the Company") for the acquisition; (b) credit balance of HK$440,192,000 recognised in the year ended 31 March 2010 in respect of the gain on decrease in interest in a former non-wholly owned listed subsidiary, Dorsett Hospitality International Limited ("Dorsett"); (c) a debit balance of HK$3,097,000 and HK$1,416,000 recognised in the year ended 31 March 2013 and 31 March 2017 in respect of the excess of the consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Care Park Group Pty Limited, acquired; (d) a credit balance of HK$6,415,000 recognised in the year ended 31 March 2014 in respect of the excess of the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired over the consideration; (e) a debit balance of HK$746,000 recognised in the year ended 31 March 2015 in respect of the excess of consideration paid over the net assets attributable to the additional interest in an indirect subsidiary, Dorsett, acquired; (f) credit balance of HK$23,568,000 representing the difference between the interest of the Company and its subsidiaries (together referred to as the Group) in the net assets acquired from shareholders of non-wholly owned subsidiaries and the consideration paid for the acquisition of remaining interests in Dorsett and the transfer of the net amount of HK$445,861,000 previously recognised for Dorsett in other reserve, to retained profits arising from the acquisition in the year ended 31 March 2016; (g) 2022 interim dividend and 2021 final dividend paid to shareholders out of other reserves of HK$455,778,000; and (h) a credit balance of HK$125,563,000 recognised in the year ended 31 March 2023 in respect of the excess of consideration received for the partial disposal of the equity interest of an indirect wholly-owned subsidiary, Turbo Century Limited, without loss of control, over the amount by which the non-controlling interests are adjusted, after reattribution of relevant reserve.

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	NOTE	2023 HK$'000	2022 HK$'000
Operating activities			
Profit before tax		729,748	1,853,727
Adjustments for:			
Share of results of joint ventures		(135,831)	26,941
Share of results of associates		1,497	21,851
Depreciation of property, plant and equipment		445,014	462,244
Interest income		(68,411)	(24,877)
Finance costs		611,018	341,082
Change in fair value of investment properties		(39,942)	(643,540)
Change in fair value of financial assets at FVTPL		(20,493)	27,723
Loss on disposal of debt instruments at FVTOCI		84,753	129,785
Change in fair value of derivative financial instruments		(34,078)	(54,196)
Gain on disposal of subsidiaries	39	–	(552,207)
Gain on disposal of property, plant and equipment		(18,061)	(196,021)
Gain arising from structured financing arrangement		(108,962)	–
Impairment loss under expected credit loss ("ECL") model recognised on debt instruments at FVTOCI		–	78,258
Impairment loss under ECL model recognised on trade debtors		5,718	19,784
(Reversal of) impairment loss recognised on property, plant and equipment		(26,555)	33,642
Gain on termination of lease contracts		(13,480)	(8,618)
Rent concessions		–	(180)
Operating cash flows before movements in working capital		1,411,935	1,515,398
Increase in properties for sale		(1,539,207)	(1,685,795)
(Increase) decrease in other inventories		(3,962)	116
(Increase) decrease in loan receivables		(40,335)	30,270
Decrease in debtors, deposits and prepayments		73,508	316,705
Decrease (increase) in customer's deposits under escrow		58,273	(151,557)
Decrease (increase) in investment held for trading		27,152	(52,043)
Decrease in creditors and accruals and other liabilities		(388,120)	(43,897)
Increase in contract assets		(238,741)	–
(Increase) decrease in contract costs		(9,204)	1,488
Decrease in contract liabilities		(39,418)	(19,442)
Cash generated used in operations		(688,119)	(88,757)
Income tax paid		(247,256)	(405,490)
Net cash used in operating activities		(935,375)	(494,247)

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	NOTES	2023 HK$'000	2022 HK$'000
Investing activities			
Acquisition and development expenditures of property, plant and equipment		(890,830)	(1,067,461)
Proceeds from disposal of property, plant and equipment		113,173	248,871
Development expenditures of investment properties		(258,991)	(140,135)
Proceeds from disposal of investment properties		1,185	88,344
Deposit received for disposal of a subsidiary	30	338,000	338,000
Net cash inflow on disposal of subsidiaries	39	–	1,622,081
Capital investment in associates		–	(42,593)
Capital investment in joint ventures		(169,494)	(1,259,648)
Dividend and distribution received from associates and joint ventures		119,804	6,184
Repayment from associates		2,084	3,973
Advances to joint ventures		(1,163,236)	(595,287)
Repayment from joint ventures		231,035	246,385
Advance to a shareholder of a non-wholly owned Subsidiary		–	(137,880)
Advance to a related company		(878)	–
Purchase of other assets		(14,846)	(13,500)
Purchase of equity instruments at FVTPL		(16,962)	(10,091)
Proceeds from sale of equity securities at FVTPL		8,720	2,659
Proceeds from sale of debt instruments at FVTPL		206,611	208,585
Purchase of debt instruments at FVTOCI		(1,191,685)	(3,133,461)
Proceeds from sale/redemption of debt instruments at FVTOCI		1,285,949	3,859,381
Purchase of investment funds		(147,953)	(259,666)
Purchase of convertible bonds		–	(129,500)
Proceeds from sale of investment funds		105,449	62,444
Purchase of structured notes		(16,867)	(242,044)
Proceeds from sale/redemption of structure notes		16,295	475,007
Net cash inflow (outflow) on derivative financial instruments		30,396	(4,528)
Placement of pledged deposits		(353,489)	(495,516)
Release of pledged deposits		507,496	–
Release of restricted bank deposits		–	1,341
Cash paid for structured financing arrangement		(388,367)	–
Cash received from structured financing arrangement		460,389	–
Receipt in advance	28	–	307,500
Bank interest received		59,531	24,877
Net cash used in investing activities		(1,127,481)	(35,678)

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	NOTE	2023 HK$'000	2022 HK$'000
Financing activities			
New bank and other borrowings raised, net of transaction costs		9,187,505	13,702,720
Repayments of bank and other borrowings		(7,416,597)	(8,553,437)
Proceeds on issue of notes, net of transaction costs		–	1,180,610
Repurchase of notes		(160,569)	–
Repayment of notes		–	(1,831,516)
Repayments of lease liabilities		(86,436)	(113,257)
Repayment to shareholders of non-wholly owned subsidiaries		(7,598)	–
Advance from a related company		95	51
Advance from associates		603	–
Repayment to associates		–	(44,250)
Distribution to owners of perpetual capital notes		(207,890)	(189,191)
Dividends paid		(404,666)	(386,923)
Dividends paid to non-controlling interests		(16,525)	–
Interest paid		(1,206,140)	(755,227)
Proceeds from disposal of partial interest in a subsidiary without losing control		156,800	–
Net cash (used in) from financing activities		(161,418)	3,009,580
Net (decrease) increase in cash and cash equivalents		(2,224,274)	2,479,655
Cash and cash equivalents brought forward		6,902,605	4,412,067
Effect of foreign exchange rate changes		(246,846)	10,883
Cash and cash equivalents carried forward		4,431,485	6,902,605
Represented by:			
Bank balances and cash		4,431,485	6,902,605

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. The ultimate controlling shareholder is David CHIU. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the 2023 annual report issued by the Company.

The principal activities of the Group are property development, property investment, hotel operations and management, car park operations and facilities management, gaming and related operations and securities and financial product investments. The details of the principal subsidiaries are set out in note 50.

The consolidated financial statements are presented in Hong Kong dollar ("HK$" or "HKD"), which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2022 for the preparation of the 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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- Clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

- Specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 March 2023, including the related terms and conditions stipulated in the agreements between the Group and the relevant lenders, the application of the amendments will not result in reclassification of the Group's liabilities.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 4 to the consolidated financial statements, the Group applies HKAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting period beginning on 1 April 2023. The management of the Group is still in the progress of assessing the impact of the application of this amendments on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance (the "HKCO").

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation of consolidated financial statements (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specially, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Basis of consolidation (continued)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted after reattribution of relevant equity component and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets or financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 April 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Business combinations or asset acquisitions (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiaries' net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit (or groups of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Non-current assets held for sale (continued)

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of HKFRS 9 and investment properties, which continue to be measured in accordance with the accounting policies as set out in respective sections.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under development for such purposes).

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value adjusted to exclude any prepaid or accrued operating lease income.

Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Property, plant and equipment (other than right-of-use assets)

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purpose (other than freehold land and properties under development) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss, if any.

Freehold lands are not depreciated and are measured at cost less subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Property, plant and equipment (other than right-of-use assets) (continued)

Depreciation is recognised so as to write off the cost of property, plant and equipment other than properties under development less their residual values over their estimated useful lives, using the straight-line method. No depreciation is provided on buildings and hotel under development which have not been in use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset is recognised in profit or loss.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in assets revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to retained profits.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (included in property, plant and equipment) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Impairment losses on property, plant and equipment (including right-of-use assets) and contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and contract cost to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Impairment losses on property, plant and equipment (including right-of-use assets) and contract costs (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

Except for COVID-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications (continued)

When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

COVID-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the COVID-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group as a lessor

Classification and measurement of leases

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Leases (continued)

The Group as a lessor (continued)

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Investments in associates and joint ventures (continued)

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Interests in joint operations (continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Inventories

Properties for sale

Properties for sale consist of completed properties and properties under development.

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development and completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to completed properties for sale upon completion.

The Group transfers properties for sale to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Other inventories

Other inventories, comprising food and beverage, are stated at the lower of cost and net realisable value. Costs of other inventories are determined on a first-in-first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade debtors, other receivables, customers' deposits under escrow, amounts due from related companies/party, amount due from a shareholder of non-wholly owned subsidiary, debt instruments classified at FVTOCI, pledged deposits, loan receivables and bank balances), and other items including lease receivables and loan commitment which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For loan commitment, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subjects to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For undrawn loan commitment, the ECL is the present value of the difference between the contractual cash flows that are due to the Group if the holder of the loan commitment draws down the loan, and the cash flows that the Group expects to receive if the loan is drawn down.

For ECL on loan commitment for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables and lease receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and lease receivables, where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital notes issued by a group entity, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments (including perpetual capital notes) is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition, it is a part of portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including creditors, amount due to a related company, amounts due to associates, amounts due to shareholders of non-wholly owned subsidiaries, notes, bank and other borrowings, and other liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Financial instruments (continued)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period with changes in fair value recognising in profit or loss immediately.

A derivative contract over a group entity's own equity is accounted for as equity instrument only when it will be settled by the group entity delivering a fixed number of its own equity instruments and receiving a fixed amount of cash or another financial asset. Change in fair value of the equity instrument is not recognised in the consolidated financial statements.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative standalone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Sales of properties

Revenue from properties sales is recognised over time when the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue from properties sales is recognised at a point in time when the completed property is delivered and transferred to customers, being at the point that the customer complete the handover procedures and obtains the control of the completed property.

For the progress towards complete satisfaction of a performance obligation that is recognised over time, revenue is recognised based on the stage of completion of the contract using the input method. The Group's sales contracts with customers include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Sales of properties (continued)

A contract asset is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade debtors when the rights become unconditional.

The Group receives deposits from customers when they sign the sale and purchase agreement.

Deposits received on properties sold prior to the date of revenue recognition are recorded as contract liabilities under current liabilities.

Construction contracts

Revenue from construction contracts is recognised over time when the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised based on the stage of completion of the contract using output method.

The Group's construction contracts include payment schedules which require monthly payments over the construction period.

Hotel operations and management, car park operations and facilities management, property management services

As the customers simultaneously receive and consume the benefit provided by the Group's performance as the Group performs, the Group recognises the service fee received or receivable from the customers as its revenue over time based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Gaming and related operations

Gaming revenue is the aggregate net difference between gaming wins and losses. The Group accounts for gaming revenue on a portfolio basis given the similar characteristics of wagers by recognising net win per gaming day.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (property sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency ("foreign currencies") are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Foreign currencies (continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributable to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits schemes

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Equity-settled share-based payment transactions

Equity-settled share-based payments to employee are measured at the fair value of the equity instruments at the grant date.

Share options granted to employees

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

Taxation (continued)

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale except for freehold land. Freehold land is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

(a) the same taxable entity; or

(b) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deterred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgement in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue recognised from sales of properties over time

Certain revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. Management, in interpreting the applicable laws and exercising its judgements, has identified sales contracts in Singapore and Malaysia provide the Group with enforceable right to payment for performance completed to date while sales contracts in Hong Kong, regions in People's Republic of China excluding Hong Kong (the "PRC"), Australia and the United Kingdom do not provide the Group with such rights.

During the year ended 31 March 2023, revenue from sales of properties recognised over time by the Group amounted to HK$1,145,915,000 (2022: HK$252,601,000).

Deferred taxation on investment properties

For the purposes of measuring deferred taxes, arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that (a) the Group's investment properties in Hong Kong, UK and Singapore are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, (b) the Group's investment properties in Australia (except for freehold land) and the regions in the PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties in Hong Kong, UK and Singapore, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The presumption that the carrying amounts of the Group's investment properties situated in Australia (except for freehold land) and the regions in the PRC are recovered entirely through sale has been rebutted and the deferred tax on the changes in fair value of those investment properties is recognised according to the relevant tax rules.

The carrying amounts of the freehold land are recovered entirely through sales.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Fair value measurement of financial instruments

Certain of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the management of the Group uses market-observable data to the extent it is available. Where Level 1 and Level 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation. At the end of each reporting period, the management of the Group works closely with the third party qualified external valuers to establish and determine the appropriate valuation techniques and inputs for certain Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken.

Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various financial instruments are disclosed in note 47.

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by independent qualified professional valuers ("Valuers"). The determination of the fair value involves certain assumptions of market conditions which are set out in note 15.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to assumptions including market rent, gross development value, estimated cost to completion, market unit rate and capitalisation rate would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 March 2023, the carrying amount of the Group's investment properties is HK$8,113,310,000 (2022: HK$7,888,061,000).

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Deferred taxation

As 31 March 2023, a deferred tax asset of HK$61,849,000 (2022: HK$44,385,000) in relation to unused tax losses to the extent of HK$328,971,000 (2022: HK$212,661,000) has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the remaining tax losses and deductible temporary difference of HK$2,080,832,000 (2022: HK$1,785,506,000) and HK$359,036,000 (2022: HK$370,438,000), respectively due to unpredictability of future profit streams. The reliability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future such that the deferred tax assets can be utilised. The management of the Group determine whether deferred tax assets would be recognised based on profit projections of the respective group entities and the expected reversal of taxable temporary differences in the coming years. The Group reviews the probability of utilising tax losses in future at the end of each reporting period. In cases where the actual future profits generated are more or less than expected, an additional recognition or a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the year in which such a recognition or reversal takes place.

In addition, the Group provides deferred tax liabilities in relation to the earnings expected to be distributed from its subsidiaries outside Hong Kong. Deferred tax liabilities have not been provided on remaining distributable profits of these entities as stated in note 35 as the Group plans to retain these profits in the respective entities for their daily operations and future developments. In case where the actual distribution of profits are larger than expected or changes in the Group's future development plan which affects the expected future distributions, material tax liabilities may arise, which will be recognised in profit or loss in the period in which such events occur.

5. CAPITAL RISK MANAGEMENT

It is the Group's policy to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern and to sustain future development of the Group's business. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which includes bank borrowings, notes, net of cash and cash equivalents, pledged deposits and customers' deposits under escrow), and total equity of the Company, comprising mainly issued share capital, share premium, perpetual capital notes and retained profits.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall structure through issuance of new shares, raising new debts and repayment of existing debts, if necessary.

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reporting about components that are regularly reviewed by the chief operating decision makers (the "CODM"). Information reported to the Group's CODM, who are the executive directors of the Company, for the purposes of resource allocation and assessment of performance is mainly focused on the different management teams of the related business operations by various geographical locations (including interests in associates and joint ventures) stated as below:

- Property development (including investment properties developed and managed by the same management team)
- Property investment
- Hotel operations and management (including investment properties which are an integral part of the hotel buildings and which are managed by the hotel management team as well as securities investments made and monitored by the same team)
- Car park operations and facilities management
- Gaming operations (including investment in The Star Entertainment Group which is engaged in the gaming business in Australia and is classified as equity instruments at FVTOCI)
- Securities and financial product investments in HK
- Provision of mortgage services (including as securities investments made and monitored by the same team)

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

	Segment revenue		Segment profit (loss)	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Property development				
– Australia	**510,178**	1,658,006	**148,894**	297,266
– Hong Kong (the "HK")	**249,937**	125,627	**76,929**	8,356
– Malaysia	**15,432**	7,253	**7,043**	(3,076)
– PRC	**128,455**	568,224	**605,230**	368,684
– Singapore	**1,145,915**	265,346	**50,246**	94,509
– The United Kingdom (the "UK")	**1,516,218**	753,901	**241,089**	96,064
	3,566,135	3,378,357	**1,129,431**	861,803
Property investment				
– Australia	**16,696**	10,170	**3,610**	21,341
– HK	**36,366**	34,427	**50,542**	543,472
– PRC	**55,134**	41,731	**51,436**	9,905
– UK	**7,834**	6,421	**10,629**	8,283
	116,030	92,749	**116,217**	583,001
Hotel operations and management				
– Australia	**218,398**	166,888	**(54,090)**	(79,605)
– HK	**653,632**	772,794	**144,129**	198,855
– Malaysia	**133,901**	90,854	**20,064**	39,286
– PRC	**144,411**	163,322	**(29,081)**	1,648
– Singapore	**111,402**	72,224	**55,230**	19,281
– UK	**149,245**	90,703	**30,862**	34,777
– Europe (other than UK)	**98,054**	48,623	**834**	25,561
	1,509,043	1,405,408	**167,948**	239,803

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For the year ended 31 March 2023

6. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

	Segment revenue		Segment profit (loss)	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Car park operations and facilities management				
– Australia and New Zealand	**624,022**	571,924	**22,944**	93,827
– UK	**95,189**	43,050	**(1,475)**	(4,738)
– Europe (other than UK)	**31,958**	28,917	**17,519**	(2,798)
– Malaysia	**3,129**	20,386	**(1,036)**	2,464
	754,298	664,277	**37,952**	88,755
Gaming operations				
– Australia	**–**	–	**(22)**	(11)
– Czech Republic	**296,229**	231,478	**63,227**	62,156
	296,229	231,478	**63,205**	62,145
Securities and financial product investments in HK	**59,472**	93,135	**5,234**	(123,730)
Provision of mortgage services				
– Australia	**36,729**	23,797	**15,998**	22,137
– HK	**7,925**	6,435	**7,040**	17,408
	44,654	30,232	**23,038**	39,545
Segment revenue/segment profit	**6,345,861**	5,895,636	**1,543,025**	1,751,322
Unallocated corporate income and expenses			**(85,508)**	(108,115)
Gain on disposal of subsidiaries (note 39)			**–**	552,207
Net foreign exchange loss			**(116,751)**	(605)
Finance costs			**(611,018)**	(341,082)
Profit before tax			**729,748**	1,853,727

None of the segments derived any revenue from transactions with other segments.

No revenue from any single customer contributed over 10% of the total revenue of the Group.

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, certain bank interest income, gain on disposal of subsidiaries, net foreign exchange loss, directors' emoluments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's assets by reportable segment as at the end of the reporting period. Segment assets represent assets held by each segment including investment properties held for sale without allocation of corporate assets which are mainly cash and cash equivalents.

	2023 HK$'000	2022 HK$'000
Property development		
– Australia	**8,246,033**	8,175,630
– HK	**5,691,556**	3,583,193
– Malaysia	**368,436**	410,297
– PRC	**2,885,768**	2,923,978
– Singapore	**2,409,442**	3,002,364
– UK	**4,735,242**	4,604,814
	24,336,477	22,700,276
Property investment		
– Australia	**311,129**	304,954
– HK	**5,019,107**	4,717,015
– PRC	**5,620**	2,599
– UK	**33,465**	24,368
	5,369,321	5,048,936
Hotel operations and management		
– Australia	**4,675,309**	4,253,779
– HK	**5,022,024**	4,590,723
– Malaysia	**847,602**	884,049
– PRC	**2,055,649**	2,665,998
– Singapore	**571,463**	581,801
– UK	**1,024,777**	882,273
– Europe (other than UK)	**320,435**	266,443
	14,517,259	14,125,066
Car park operations and facilities management		
– Australia and New Zealand	**1,044,931**	1,271,205
– Europe	**377,143**	550,281
– Malaysia	**132,745**	138,512
	1,554,819	1,959,998
Gaming operations		
– Australia	**356,361**	902,297
– Czech Republic	**286,373**	357,336
	642,734	1,259,633

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6. SEGMENT INFORMATION (continued)

(b) Segment assets (continued)

	2023 HK$'000	2022 HK$'000
Securities and financial product investments in HK	**1,563,492**	1,781,836
Provision of mortgage services		
– Australia	**776,805**	747,116
– HK	**228,593**	272,050
	1,005,398	1,019,166
Segment assets	**48,989,500**	47,894,911
Unallocated corporate assets	**4,433,280**	6,909,405
Total assets	**53,422,780**	54,804,316

(c) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers determined based on the operating location and (ii) the Group's non-current assets by location of assets, excluding investment securities, derivative financial instruments, amount due from an associate, amounts due from joint ventures, amount due from an investee company, loan receivables, pledged deposits, other assets and deferred tax assets.

	Revenue from external customers		Non-current assets	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Australia and New Zealand	**1,406,023**	2,430,785	**6,839,751**	7,236,902
Czech Republic	**394,282**	280,101	**528,831**	543,572
HK	**1,007,332**	1,032,418	**10,527,134**	9,704,351
Malaysia	**152,462**	118,493	**828,424**	880,890
PRC	**328,000**	773,277	**4,123,060**	4,407,598
Singapore	**1,257,317**	337,570	**537,163**	532,786
UK	**1,768,487**	894,075	**1,216,776**	1,205,043
Europe (other than UK)	**31,958**	28,917	**154,466**	325,251
	6,345,861	5,895,636	**24,755,605**	24,836,393

6. SEGMENT INFORMATION (continued)

(d) Other information

The following table sets out amounts included in the measure of segment profit or loss or segment assets:

	2023								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Impairment loss under ECL model recognised on trade debtors	(2,890)	5,126	(11,195)	2	(3,105)	-	-	6,344	(5,718)
Depreciation of property, plant and equipment	(10,458)	(1,259)	(323,077)	(12,916)	(92,109)	-	-	(5,195)	(445,014)
Gain on disposal of property, plant and equipment	417	-	743	57	17,269	-	-	(425)	18,061
Reversal of impairment loss on property, plant and equipment	-	-	-	-	26,555	-	-	-	26,555
Change in fair value of investment properties	-	49,422	(9,480)	-	-	-	-	-	39,942
Change in fair value of financial assets at FVTPL	-	-	13,533	(3,107)	-	10,067	-	-	20,493
Change in fair value of derivative financial instruments	-	-	16,637	-	-	3,257	-	14,184	34,078
Share of results of associates	-	6,553	(8,050)	-	-	-	-	-	(1,497)
Share of results of joint ventures	145,573	-	8,006	-	2,947	-	(20,695)	-	135,831
Interests in associates	-	236,523	1,494,766	-	-	-	-	-	1,731,289
Interests in joint ventures	1,809,161	4,040	297,243	-	39,698	-	285,213	-	2,435,355
Acquisition in property, plant and equipment	21,495	2,689	1,209,172	2,044	37,721	-	-	395	1,273,516
Additions of investment properties	-	338,085	-	-	-	-	-	-	338,085
Investment securities	5	-	125,981	356,361	-	1,194,298	437,623	-	2,114,268
Amortisation of contract costs	158,529	-	-	-	-	-	-	-	158,529

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6. SEGMENT INFORMATION (continued)

(d) Other information (continued)

	2022								
	Property development HK$'000	Property investment HK$'000	Hotel operations and management HK$'000	Gaming operations HK$'000	Car park operations and facilities management HK$'000	Securities and financial product investments HK$'000	Provision of mortgage services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or loss or segment assets:									
Impairment loss under ECL model recognised on trade debtors	(3,168)	(7,251)	(104)	-	(9,261)	-	-	-	(19,784)
Impairment loss under ECL model recognised on debt instruments at FVTOCI	-	-	-	-	-	(78,258)	-	-	(78,258)
Depreciation of property, plant and equipment	(10,181)	(1,233)	(310,905)	(11,640)	(122,888)	-	-	(5,397)	(462,244)
Gain on disposal of property, plant and equipment	(187)	-	37,713	143	157,182	-	-	1,170	196,021
Impairment recognised on right-of-use assets	-	-	-	-	(33,642)	-	-	-	(33,642)
Change in fair value of investment properties	100,865	540,265	2,410	-	-	-	-	-	643,540
Change in fair value of financial assets at FVTPL	-	-	998	(1,533)	-	(27,188)	-	-	(27,723)
Change in fair value of derivative financial instruments	-	-	17,878	-	-	21,632	-	14,686	54,196
Share of results of associates	-	(5,990)	(15,861)	-	-	-	-	-	(21,851)
Share of results of joint ventures	575	-	(29,036)	-	377	-	1,143	-	(26,941)
Interests in associates	-	241,415	1,679,952	-	-	-	-	-	1,921,367
Interests in joint ventures	1,730,448	5,733	254,579	-	41,121	-	319,929	-	2,351,810
Acquisition in property, plant and equipment	6,339	1,978	1,107,045	-	24,767	-	-	720	1,140,849
Additions of investment properties	-	196,854	-	-	-	-	-	-	196,854
Investment securities	5	-	86,466	943,345	-	1,593,234	410,219	-	3,033,269
Amortisation of contract costs	124,745	-	-	-	-	-	-	-	124,745

Information about segment liabilities are not regularly reviewed by CODM. Accordingly, segment liabilities information is not presented.

7. REVENUE

Revenue represents the aggregate amount of proceeds from sales of properties and construction, gross rental from leasing of properties, income from hotel operations and management, car park operations and facilities management, gaming operations, provision of property management services, interest income and dividend income from financial instruments and other operations as set out as follows:

	2023 HK$'000	2022 HK$'000
Sales of properties	3,276,917	3,282,073
Construction revenue	241,340	65,173
Hotel revenue		
– room revenue	1,329,766	1,218,513
– food and beverage	136,278	133,872
Car park income		
– parking revenue	654,000	582,857
– management fee	101,702	83,107
Gaming revenue	388,762	302,328
Less: gaming tax	(133,097)	(94,965)
Net gaming revenue from gaming operation	255,665	207,363
Provision of property management services	57,572	19,032
Other operations	9,756	9,146
Revenue from contracts with customers	6,062,996	5,601,136
Leasing of properties – operating lease	176,734	169,824
Loan interest income	7,925	6,435
Interest income from financial instruments	94,183	115,794
Dividend income from financial instruments	4,023	2,447
	6,345,861	5,895,636
Timing of revenue recognition from contracts with customers		
– At a point in time	2,532,701	3,379,853
– Over time	3,530,295	2,221,283
	6,062,996	5,601,136

The disaggregation of revenue by geographical location is consistent with the segment disclosures under note 6.

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For the year ended 31 March 2023

7. REVENUE (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	For the year ended 31 March 2023					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Property development*	3,566,135	(47,878)	–	–	–	3,518,257
Hotel operations	1,509,043	(73,807)	(116,034)	10,564	–	1,329,766
Car park operations	754,298	1,404	–	–	–	755,702
Gaming operations	296,229	–	(30,000)	(10,564)	–	255,665
Provision of property management services	–	57,572	–	–	–	57,572
Food and beverage	–	–	136,278	–	–	136,278
Other operations	–	–	9,756	–	–	9,756
Revenue from contracts with customers	6,125,705	(62,709)	–	–	–	6,062,996
Leasing of properties	116,030	62,709	–	–	(2,005)	176,734
Provision of mortgage services	44,654	–	–	–	(36,729)	7,925
Interest income and dividend income from financial instruments	59,472	–	–	–	38,734	98,206
Total revenue	6,345,861	–	–	–	–	6,345,861

	For the year ended 31 March 2022					
	Segment revenue HK$'000	Leasing of properties and car park income HK$'000	Food and beverage HK$'000	Gaming HK$'000	Interest and dividend income HK$'000	Consolidation HK$'000
Property development*	3,378,357	(31,111)	–	–	–	3,347,246
Hotel operations	1,405,408	(67,992)	(126,695)	7,792	–	1,218,513
Car park operations	664,277	1,687	–	–	–	665,964
Gaming operations	231,478	–	(16,323)	(7,792)	–	207,363
Provision of property management services	–	19,032	–	–	–	19,032
Food and beverage	–	–	133,872	–	–	133,872
Other operations	–	–	9,146	–	–	9,146
Revenue from contracts with customers	5,679,520	(78,384)	–	–	–	5,601,136
Leasing of properties	92,749	78,384	–	–	(1,309)	169,824
Provision of mortgage services	30,232	–	–	–	(23,797)	6,435
Interest income and dividend income from financial instruments	93,135	–	–	–	25,106	118,241
Total revenue	5,895,636	–	–	–	–	5,895,636

* Revenue from property development includes sales of properties and construction revenue.

7. REVENUE (continued)

Performance obligations for contracts with customers

Sales of properties recognised at a point in time

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers other than sales of properties in Singapore and Malaysia. Revenue from sales of such residential properties is therefore recognised at a point in time when the handover procedure is completed and the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

In different locations, the Group receives 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits result in contract liabilities being recognised before the sales of properties.

The Group considers the deposits do not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money.

Sales of properties recognised over time

Revenue from sales of properties in Singapore and Malaysia is recognised over time because the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Revenue for these sales of properties is recognised based on the stage of completion of the contract using input method.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits range from 5% to 20% of total contract sum, when the Group receives a deposit before construction commences, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. The contract assets are transferred to trade receivables when the rights become unconditional.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

7. REVENUE (continued)

Performance obligations for contracts with customers (continued)

Construction revenue

Construction revenue is recognised based on the stage of completion of the contract using output method. The Group's construction contracts include payment schedules which require monthly payments over the construction period, with reference to the survey of works performed.

Hotel revenue

The hotel room revenue from customers are recognised over time using output method when the services and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

Car park income

The car park revenue from customers are recognised over time using output method when the service and facilities are provided.

Gaming revenue

Gaming revenue is the aggregate net difference between gaming wins and losses, and is recognised at a point in time.

Provision of property management services

Revenue from property management service is recognised over time using output method as income when the services and facilities are provided.

Food and beverage

For income from food and beverage, revenue is recognised when the food and beverage are delivered to the customer.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at the reporting period and the expected timing of recognising revenue from sales of properties and construction revenue are as follows:

	2023 HK$'000	2022 HK$'000
Within one year	**6,746,270**	6,921,471
More than one year but not more than two years	**3,054,380**	773,827
More than two years	**–**	2,210,501
	9,800,650	9,905,799

The amount disclosed above do not include contracts for property management services and car park management fee in which the Group bills a fixed amount each month according to the terms.

As at 31 March 2023 and 31 March 2022, contracts with customers with unsatisfied performance obligations for the income from gaming operations, hotel revenue and parking revenue have original expected duration of one year or less.

Lease revenue

During the years ended 31 March 2023 and 2022, all income from lease of properties are fixed lease payments.

8. OTHER GAINS AND LOSSES

	2023 HK$'000	2022 HK$'000
Change in fair value of investment properties	39,942	643,540
Change in fair value of financial assets at FVTPL	20,493	(27,723)
Loss on disposal of debt instruments at FVTOCI	(84,753)	(129,785)
Change in fair value of derivative financial instruments	34,078	54,196
Net foreign exchange loss	(116,751)	(605)
Gain on disposal of property, plant and equipment	18,061	196,021
Gain on disposal of subsidiaries	–	552,207
Impairment loss under ECL model recognised on debt instruments at FVTOCI	–	(78,258)
Impairment loss under ECL model recognised on trade debtors	(5,718)	(19,784)
Gain arising from structured financing arrangement (Note)	108,962	–
	14,314	1,189,809

Note: As detailed in the Company's announcement published on 15 March 2022, on 14 March 2022, the Group entered into a structured financing arrangement which involved the followings: (1) advancing cash amounting to GBP38,503,000 to the R&F Properties (HK) Company Limited ("R&F Prop HK") and its subsidiary (collectively referred to as the "R&F Group"); (2) entering into a guarantee of the bank loan in the place of R&F Group amounting to GBP57,200,000 (the "Target Bank Loan"); and (3) transferring 100% equity interest of R&F Properties VS (UK) Co., Ltd ("Target Company") to the Group from the R&F Group with a repurchase option issued to the counterparty which is exercisable at any time after the completion and on or before the end of six months after the completion of the transaction. As such, the Group did not obtain control of the assets held by the Target Company. As the transaction represented an acquisition of assets with repurchase option, the Group did not consolidate the Target Company and has accounted for the cash advanced as a receivable arising from structured financing arrangement. During the year ended 31 March 2023, gain of HK$108,962,000 recognised. The R&F Group subsequently exercised the option to repurchase the interest in the Target Company, as detailed in the Company's announcement published on 2 September 2022, which has been completed on 5 October 2022.

9. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on:		
Bank borrowings	1,019,749	517,062
Other loans	11,582	8,751
Interest on lease liabilities	12,914	20,246
Interest on notes	234,224	248,234
Amortisation of front-end fee of bank loans	33,019	18,804
Others	10,573	24,568
Total interest costs	1,322,061	837,665
Less: amounts capitalised to:		
– properties for sale (properties under development)	(617,505)	(441,116)
– property, plant and equipment (owned properties under development)	(93,538)	(55,467)
	611,018	341,082

Borrowing costs capitalised during the year which arose on the general borrowing pool of the Group were calculated by applying a capitalisation rate of 2.39% to 6.04% (2022: 1.68% to 5.25%) per annum to expenditure on the qualifying assets.

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10. INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
The income tax expense comprises:		
Current tax:		
Hong Kong Profits Tax	**91,934**	75,042
PRC Enterprise Income Tax ("PRC EIT")	**61,821**	83,988
PRC Land Appreciation Tax ("PRC LAT")	**21,227**	70,344
Australia Income Tax	**9,898**	15,659
Malaysia Income Tax	**3,034**	370
UK Income Tax	**7,612**	264
Singapore Income Tax	**1,530**	–
Czech Republic Income Tax	**17,707**	9,447
	214,763	255,114
Dividend withholding tax and interest withholding tax	**150,858**	–
Under (over) provision in prior years:		
Hong Kong Profits Tax	**30,098**	38,819
PRC EIT	**(62,947)**	–
Australia Income Tax	**(7,630)**	(1,779)
	(40,479)	37,040
Deferred taxation (note 35)	**24,394**	51,037
	349,536	343,191

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

PRC EIT is calculated in accordance with the EIT Law and Implementation Regulations of the EIT Law at the rate of 25% for both years.

PRC LAT is levied at the deemed levying rates in accordance with the relevant PRC tax laws and regulations.

Pursuant to EIT Law and Implementation Regulations of the EIT Law, distribution of the profits earned by the subsidiaries in the PRC since 1 January 2008 to holding companies is subject to the PRC withholding tax at the applicable tax rate of 5% or 10%.

The domestic statutory tax rate of Australia, Malaysia, Singapore, UK and Czech Republic is 30%, 24%, 17%, 19% and 19% (2022: 30%, 24%, 17%, 19% and 19%) of the estimated assessable profits, respectively.

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to profit before tax per the consolidated statement of profit or loss as follows:

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000	Consolidated HK$'000
2023							
(Loss) profit before tax	(212,567)	586,604	34,641	17,897	33,698	269,475	729,748
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 25%	
Tax at the applicable income tax rate	(35,074)	146,651	10,392	4,295	5,729	52,362	184,355
Tax effect of expenses not deductible for tax purpose	115,896	10,525	18,287	2,194	943	21,493	169,338
Tax effect of income not taxable for tax purpose	(8,065)	(139,970)	(29,954)	(4,368)	(2,142)	(55,051)	(239,550)
PRC LAT	-	21,227	-	-	-	-	21,227
Tax effect of taxable temporary difference previously not recognised	(70)	(579)	1,119	-	-	(110)	360
Tax effect of deductible temporary difference not recognised	989	1,225	-	339	-	2,701	5,254
Utilisation of tax losses previously not recognised	(10,871)	(7,103)	(215)	-	-	(931)	(19,120)
Tax effect of PRC LAT	-	(5,307)	-	-	-	-	(5,307)
Utilisation of deductible temporary differences previously not recognised	(2,872)	-	-	-	(3,000)	-	(5,872)
Tax effect of tax losses not recognised	53,990	18,640	15,511	-	-	-	88,141
Tax effect of share of results of associates	(1,081)	-	2,415	-	-	-	1,334
Tax effect of share of results of joint ventures previously not recognised	493	-	(40,816)	(664)	-	-	(40,987)
Under (over) provision in prior years	30,098	(62,947)	(7,630)	-	-	-	(40,479)
Withholding tax	49,051	160,875	26,486	-	-	-	236,412
Others	(2,482)	(3,390)	(1,273)	1,575	-	-	(5,570)
Income tax expense for the year	190,002	139,847	(5,678)	3,371	1,530	20,464	349,536

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10. INCOME TAX EXPENSE (continued)

	Hong Kong HK$'000	PRC HK$'000	Australia HK$'000	Malaysia HK$'000	Singapore HK$'000	Others HK$'000 (note)	Consolidated HK$'000
2022							
Profit before tax	302,158	346,798	321,770	38,007	115,280	729,714	1,853,727
Applicable income tax rate	16.5%	25%	30%	24%	17%	19% to 25%	
Tax at the applicable income tax rate	49,856	86,699	96,532	9,122	19,598	138,395	400,202
Tax effect of expenses not deductible for tax purpose	173,494	399	10,582	1,177	9,988	3,316	198,956
Tax effect of income not taxable for tax purpose	(119,258)	(8,925)	(82,318)	(10,577)	(32,402)	(132,683)	(386,163)
PRC LAT	–	70,344	–	–	–	–	70,344
Tax effect of taxable temporary difference previously not recognised	(10,907)	–	552	–	–	–	(10,355)
Tax effect of deductible temporary difference not recognised	135	934	–	283	–	–	1,352
Utilisation of tax losses previously not recognised	(14,718)	–	(29,938)	–	–	–	(44,656)
Tax effect of PRC LAT	–	(17,586)	–	–	–	–	(17,586)
Utilisation of deductible temporary differences previously not recognised	(2,448)	(3,357)	–	–	–	–	(5,805)
Tax effect of tax losses not recognised	2,725	11,931	7,291	1,582	180	–	23,709
Tax effect of share of results of associates	988	–	4,758	–	–	–	5,746
Tax effect of share of results of joint ventures	(95)	–	2,921	(38)	1,952	–	4,740
Recognition of tax effect of PRC LAT previously not recognised	–	74,243	–	–	–	–	74,243
Under (over) provision in prior years	38,819	–	(1,779)	–	–	–	37,040
Others	(2,498)	(376)	(6,699)	(1,200)	684	1,513	(8,576)
Income tax expense for the year	116,093	214,306	1,902	349	–	10,541	343,191

Note: Included in others is mainly non-taxable gain on disposal of DCLL and Elite amounting to HK$546,831,000 as set out in note 39.

Details of the deferred taxation are set out in note 35.

11. PROFIT FOR THE YEAR

	2023 HK$'000	2022 HK$'000
Profit for the year has been arrived at after charging:		
Cost of properties sold and construction contract recognised as an expense		
– Over time	**1,029,635**	379,146
– At point of time	**1,853,326**	1,887,271
	2,882,961	2,266,417
Auditor's remuneration	**23,799**	22,071
Depreciation of property, plant and equipment (included depreciation of leased properties with HK$78,862,000 (2022: HK$94,141,000))	**445,014**	462,244
Amortisation of contract cost	**158,529**	124,745
(Reversal of) impairment loss recognised on property, plant and equipment included in "depreciation and impairment of hotel and car park assets"	**(26,555)**	33,642
Staff costs (included HK$499,908,000 (2022: HK$430,945,000) in cost of sales and services)		
– Directors' emoluments (note 14(a))	**29,970**	38,198
– Other staffs	**949,295**	779,634
	979,265	817,832
and after crediting:		
Bank interest income	**59,531**	24,877
Other interest income	**8,880**	25,102
Government grants (Note a)	**27,104**	56,468
Compensation income included in other income (Note b)	**475,320**	–

Notes:

(a) During the current year, the Group recognised government grants received from the government from various regions in aggregate amount of HK$27,104,000 (2022: HK$56,468,000) in respect of COVID-19-related subsidies. The amount is included in other income.

(b) Amount represents the compensation in relation to settlement agreement entered between the Group and relevant parties as mentioned in the Company's announcements published on 27 July 2021 and 16 August 2021 ("Settlement Agreement") on 27 July 2021 at a total consideration of RMB408,000,000. Pursuant to the Settlement Agreement, the Group is obliged to fulfil all of the stipulated obligations in order to entitle the consideration of RMB408,000,000. During the year ended 31 March 2023, the Group had received the entire compensation from relevant parties amounting to RMB408,000,000 (equivalent to approximately HK$475,320,000) (31.3.2022: HK$307,500,000). Based on the external legal counsel opinion, the Group had fulfilled all the obligations as stipulated in the settlement agreement and recognised the full compensation amount as other income in the current year.

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the consolidated profit for the year attributable to the shareholders of the Company of HK$172,185,000 (2022: HK$1,300,381,000) and the number of shares calculated as follows:

	2023 **'000**	2022 '000 (restated)
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,675,396**	2,644,507
Effect of dilutive potential ordinary shares:		
Scrip dividend	**485**	53
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,675,881**	2,644,560

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2022 has been adjusted for the bonus issue which is assumed to have occurred from on 1 April 2021 (as detailed in note 36(iii)).

13. DIVIDENDS

	2023 **HK$'000**	2022 HK$'000
Dividends recognised as distribution during the year:		
2023 interim dividend of HK4.0 cents per share (2022: 2022 interim dividend of HK4.0 cents per share)	**107,545**	96,516
2022 final dividend of HK16.0 cents per share (2022: 2021 final dividend of HK15.0 cents per share)	**387,139**	359,262
	494,684	455,778

The 2023 interim dividend and 2022 final dividend were declared in form of a scrip dividend to shareholders who were given an option to elect to receive cash in lieu of all or part of their scrip dividend at a share price of HK$1.888 and HK$2.122 per share respectively. Shares are issued during the year on the shareholders' election for shares are set out in note 36. These new shares rank pari passu to the existing shares of the Company.

A final dividend for the year ended 31 March 2023 of HK10.0 cents (2022: HK16.0 cents) per share, totalling of HK$270,591,000 (2022: HK$387,139,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' and chief executive's emoluments

The emoluments paid and payable to each of the directors and chief executive of the Company for the year, disclosed pursuant to the applicable Listing Rules and the HKCO, is as follows:

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2023				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	3,287	62	3,374
Craig Grenfell WILLIAMS	25	2,335	153	2,513
Cheong Thard HOONG	25	12,320	18	12,363
Wing Kwan Winnie CHIU	25	8,811	18	8,854
Independent Non-executive Directors:				
Kwok Wai CHAN (retired with effect from 30 August 2022)	125	–	–	125
Lai Him Abraham SHEK	250	–	–	250
Kwong Siu LAM	250	–	–	250
Wai Hon Ambrose LAM (appointed with effect from 30 August 2022)	176	–	–	176
	926	28,793	251	29,970

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(a) Directors' and chief executive's emoluments (continued)

Name of directors	Fees HK$'000	Salaries, bonuses and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2022				
Executive Directors:				
David CHIU	25	2,040	–	2,065
Dennis CHIU	25	2,851	–	2,876
Craig Grenfell WILLIAMS	25	5,318	162	5,505
Cheong Thard HOONG	25	10,189	18	10,232
Wing Kwan Winnie CHIU	25	16,817	18	16,860
Independent Non-executive Directors:				
Kwok Wai CHAN	220	–	–	220
Lai Him Abraham SHEK	220	–	–	220
Kwong Siu LAM	220	–	–	220
	785	37,215	198	38,198

David CHIU is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive.

The fee paid or payable to Executive Directors and Independent Non-executive Directors shown above were mainly for their services in connection with their services as directors of the Company.

The salaries, bonuses, other benefits and retirement benefits scheme contributions paid or payable to Executive Directors shown above were mainly for their services in connection with the management of the affairs of the Group.

Performance related incentive payment was paid/payable to Cheong Thard HOONG of HK$nil (2022: HK$5,240,000), Wing Kwan Winnie CHIU of HK$nil (2022: HK$11,228,000) and Craig Grenfell WILLIAMS of HK$nil (2022: HK$2,940,000) respectively and included in salaries and other benefits, which was determined with reference to their performances.

Neither the chief executive nor any of the directors waived any emoluments in the years ended 31 March 2023 and 31 March 2022.

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES (continued)

(b) Five highest paid employees

Of the five individuals with the highest emoluments in the Group, three (2022: three) were directors whose emoluments are disclosed above. The remuneration of the remaining two (2022: two) individuals are as follows:

	2023 HK$'000	2022 HK$'000
Salaries and other benefits	**6,094**	15,369
Retirement benefits scheme contributions	**36**	36
	6,130	15,405

The emolument of five highest paid employees who are not directors of the Company was within the following bands:

	2023 Number of employee	2022 Number of employee
HK$2,000,001 to HK$2,500,000	**–**	–
HK$2,500,001 to HK$3,000,000	**–**	–
HK$3,000,001 to HK$3,500,000	**2**	1
HK$12,000,001 to HK$12,500,000	**–**	1
	2	2

No emolument was paid to the directors and the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

15. INVESTMENT PROPERTIES

	Completed properties HK$'000	Properties under construction or development HK$'000	Total HK$'000
At 1 April 2021	5,384,348	2,775,400	8,159,748
Additions	33,400	163,454	196,854
Reclassify to property, plant and equipment	(2,410)	–	(2,410)
Reclassify from property, plant and equipment	12,180	–	12,180
Reclassify from completed properties for sale	46,003	–	46,003
Disposal of a subsidiary (note 39)	(1,226,419)	–	(1,226,419)
Disposals	(72,856)	–	(72,856)
Increase in fair value	114,944	528,596	643,540
Exchange alignment	79,671	51,750	131,421
At 31 March 2022	4,368,861	3,519,200	7,888,061
Additions	40,897	297,188	338,085
Reclassify from completed properties for sale	27,969	–	27,969
Reclassify from property, plant and equipment	–	101,500	101,500
Disposals	(1,185)	–	(1,185)
Increase in fair value	11,461	28,481	39,942
Exchange alignment	(183,773)	(97,289)	(281,062)
At 31 March 2023	4,264,230	3,849,080	8,113,310

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 18 years (2022: 1 to 18 years). The rental payment of leases of offices and retail stores are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

Included in investment properties under development as at 31 March 2023 amounting to HK$2,570,000,000 (2022: HK$2,240,000,000) are in relation to the sales and purchase agreement for disposal of a wholly-owned subsidiary as set out in note 30.

15. INVESTMENT PROPERTIES (continued)

During the year ended 31 March 2022, fair value gain of investment properties amounting to HK$643,540,000 was recognised in profit or loss. It mainly related to the fair value gain of an investment property under construction or development situated in Hong Kong amounting to HK$499,373,000 attributed by an increase in gross development value per square foot for office and car park.

The fair value of the completed investment properties in Hong Kong and outside Hong Kong at 31 March 2023, 31 March 2022 and at the date of transfer have been arrived at on the basis of a valuation carried out on those dates by the following Valuers:

Location of the investment properties	Valuers	Qualification
Australia	CBRE Valuations Pty Limited Colliers International (WA) Pty Ltd	Member of the Australian Property Institute
HK/PRC	Cushman & Wakefield Limited Knight Frank Petty Ltd.	Member of the Hong Kong Institute of Surveyors
Singapore	Savills Valuation and Professional Services (S) Pte Ltd. Knight Frank Pte Ltd.	Member of the Singapore Institute of Surveyors and Valuers
UK	Hallams Property Consultants LLP Thwaites Real Estate Ltd	Royal Institution of Chartered Surveyors

In determining the fair value of the relevant properties, the Group engages Valuers to perform the valuation. The management of the Company works closely with the Valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Company report the findings of the valuation to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties.

The valuation of the completed investment properties, which falls under level 3 of the fair value hierarchy, was arrived at by reference to market unit rates which represent market evidence of transaction prices for similar properties at similar locations or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units of the properties are made reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the Valuer for similar properties in the locality and adjusted for the Valuer's knowledge of factors specific to the respective properties.

15. INVESTMENT PROPERTIES (continued)

For investment properties under construction or development, which falls under level 3 of the fair value hierarchy, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The key inputs in the valuations include the market value of the completed investment properties, which are estimated with reference to sales evidence of similar properties in the nearest locality, with adjustments made to account for differences in locations and other factors specific to the respective properties based on the Valuers' judgement. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is determined by the Valuers based on its analyses of recent land transactions and market value of similar completed properties in the respective locations.

The fair value measurement of Group's major investment properties and information about the fair value hierarchy at 31 March 2023 and 31 March 2022 are as follows:

The key inputs used in valuing the investment properties under the income capitalisation approach were the capitalisation rates used and market rent. A slight increase in the capitalisation rate used would result in a significant decrease in the fair value of the investment properties, and vice versa.

The key inputs used in valuing the investment properties under the direct comparison approach and under the residual value approach were the market unit rate, and gross development value and estimated cost to completion, respectively. A significant increase in the market unit rate and gross development value would result in a significant increase in the fair value of the investment properties and investment properties under construction or development respectively, and vice versa. A significant increase in the estimated cost to completion would result in a significant decrease in the fair value of the investment properties under construction or development, and vice versa.

15. INVESTMENT PROPERTIES (continued)

Details of the significant unobservable input are as follows:

Class of property	Carrying amount 2023 HK$'000	2022 HK$'000	Significant unobservable input(s)
Completed investment properties			
Income capitalisation approach			
Office portion in HK	**484,700**	493,600	(1) Capitalisation rate 2.125% – 2.375% (2022: 2.125% – 2.375%) per annum (2) Monthly market rent HK$28 to HK$37.3 (2022: HK$29 to HK$38) per square foot
Retail portion in HK	**1,336,762**	1,318,329	(1) Capitalisation rate 2.5% – 3.5% (2022: 2.5% to 3.5%) per annum (2) Monthly market rent HK$13.6 to HK$178 (2022: HK$13.5 to HK$176.0) per square foot
Car park in HK	**21,100**	18,580	(1) Capitalisation rate 3.2% (2022: 3.2%) per annum (2) Monthly market rent HK$1,600 (2022: HK$1,500) per car parking space
Retail portion in the PRC	**1,780,680**	1,905,310	(1) Capitalisation rate 5% – 5.5% (2022: 5% – 5.5%) per annum (2) Monthly market rent Renminbi ("RMB") 29 to RMB323 (2022: RMB28 to RMB323) per square metre
Office portion in the PRC	**57,000**	59,000	(1) Capitalisation rate 4.5% (2022: 4.5%) per annum (2) Monthly market rent RMB85 (2022: RMB85) per square metre

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15. INVESTMENT PROPERTIES (continued)

Class of property	Carrying amount 2023 HK$'000	2022 HK$'000	Significant unobservable input(s)
Retail portion in Australia	**311,129**	304,954	(1) Capitalisation rate 5.75% to 7% (2022: 4.75% to 12%) per annum (2) Monthly market rent Australian Dollar ("A$") 465 to A$14,500 (2022: A$457 to A$15,000) per square metre
Retail portion in the PRC	**13,680**	14,760	(1) Capitalisation rate 5.0% (2022: 5.0% per annum) (2) Monthly market rent RMB29 to RMB88 (2022: RMB32 to RMB79) per square metre)
Retail portion in the UK	**33,465**	24,367	(1) Capitalisation rate 8.5% to 13% per annum (2022: 11% per annum) (2) Monthly market rent GBP6 to GBP19.8 per square foot (2022: GBP4.5 to GBP10.5 per square foot)
Completed investment properties (continued)			
Direct comparison approach			**Market unit rate**
Car park in the PRC	**81,510**	88,929	RMB260,000 (2022: RMB260,000) per car parking space
Retail portion in Singapore	**144,204**	141,032	Singapore Dollar ("S$") 39,297 (2022: S$39,297) per square metre
	4,264,230	4,368,861	

15. INVESTMENT PROPERTIES (continued)

Class of property	Carrying amount 2023 HK$'000	2022 HK$'000	Significant unobservable input(s)
Investment properties under construction or development measured at fair value			
Residual value approach			**Gross development value and estimated cost to completion**
Office, retail and car park in HK	**2,570,000**	2,240,000	Gross development value of HK$20,000 (2022: HK$19,500) per square foot for office Gross development value of HK$26,000 (2022: HK$25,000) per square foot for retail Gross development value of HK$3,000,000 (2022: HK$3,000,000) per car parking space
			Estimated cost to completion Budgeted cost to completion of HK$5,470 per square foot (2022: HK$3,832 per square foot)
			Developers' profit of 10% (2022: 10%)
			Marketing cost of 5% (2022: 4.5%)
Direct comparison approach			**Market unit rate**
Residential in the PRC	**1,279,080**	1,279,200	RMB6,307 to RMB11,430 (2022: RMB8,100 to RMB8,400) per square metre
	3,849,080	3,519,200	

There has been no change to the valuation technique during the year. In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

As at 31 March 2022, the ongoing COVID-19 pandemic resulted in greater market volatility depending on how the COVID-19 pandemic may progress and evolve which led to higher degree of uncertainties in respect of the valuations in the period, and Valuers drew attention in their valuation reports in respect of investment properties located in Australia with fair value amounting to HK$304,954,000 that the valuation was valid and the value assessed may change significantly and unexpectedly over a short period of time.

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16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold lands HK$'000	Leased properties HK$'000	Owned properties: Completed HK$'000	Owned properties: Under development HK$'000	Leasehold improvements, furniture, fixtures and equipment HK$'000	Total HK$'000
COST						
At 1 April 2021	2,651,455	785,085	9,071,209	1,735,590	1,625,031	15,868,370
Additions	–	12,102	1,249	1,080,356	47,142	1,140,849
Disposals	–	–	(686,557)	–	(29,823)	(716,380)
Lease early termination	–	(19,004)	–	–	–	(19,004)
Reclassify to investment properties	–	–	(13,324)	–	–	(13,324)
Reclassify from investment properties	–	–	2,410	–	–	2,410
Exchange alignment	(26,025)	(24,100)	(71,751)	(27,964)	(26,425)	(176,265)
At 31 March 2022	2,625,430	754,083	8,303,236	2,787,982	1,615,925	16,086,656
Additions	–	49,593	17,729	1,108,935	97,259	1,273,516
Disposals	–	–	(93,444)	–	(12,179)	(105,623)
Lease early termination	–	(188,212)	–	–	–	(188,212)
Reclassify to investment properties	–	–	–	(101,500)	–	(101,500)
Reclassify to completed properties	–	–	287,249	(287,249)	–	–
Reclassify to assets held for sale	–	–	(92,107)	–	(681)	(92,788)
Exchange alignment	(45,100)	(64,050)	(396,038)	(216,347)	(81,217)	(802,752)
At 31 March 2023	2,580,330	551,414	8,026,625	3,291,821	1,619,107	16,069,297
DEPRECIATION AND IMPAIRMENT						
At 1 April 2021	321,002	180,232	1,717,236	–	1,056,145	3,274,615
Provided for the year	40,585	94,141	217,820	–	109,698	462,244
Impairment loss recognised in profit or loss	–	33,642	–	–	–	33,642
Disposals	–	–	(74,698)	–	(21,024)	(95,722)
Lease termination	–	(12,428)	–	–	–	(12,428)
Transfer to investment properties	–	–	(1,144)	–	–	(1,144)
Exchange alignment	(1,582)	(21,430)	(37,851)	–	(20,981)	(81,844)
At 31 March 2022	360,005	274,157	1,821,363	–	1,123,838	3,579,363
Provided for the year	40,986	78,862	226,550	–	98,616	445,014
Reversal of impairment loss recognised in profit or loss	–	(18,112)	(8,443)	–	–	(26,555)
Disposals	–	–	(5,877)	–	(4,634)	(10,511)
Lease termination	–	(44,337)	–	–	–	(44,337)
Reclassify to assets held for sale	–	–	(48,413)	–	(109)	(48,522)
Exchange alignment	(5,324)	(11,211)	(73,098)	–	(47,801)	(137,434)
At 31 March 2023	395,667	279,359	1,912,082	–	1,169,910	3,757,018
CARRYING VALUES						
At 31 March 2023	2,184,663	272,055	6,114,543	3,291,821	449,197	12,312,279
At 31 March 2022	2,265,425	479,926	6,481,873	2,787,982	492,087	12,507,293

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The owned properties are depreciated on a straight-line basis over their useful lives ranging from 25 to 50 years or the remaining term of the lease of land, whichever is the shorter. The leasehold lands and leased properties are depreciated over the terms of the leases. Other items of property, plant and equipment are depreciated on a straight-line basis at the rates of 10% to 20% per annum, or for leasehold improvements, depreciated over its useful life or the terms of the lease, whatever is shorter. No depreciation is provided on freehold land and buildings under development.

The Group is in the process of obtaining the title of certain completed hotel properties located outside Hong Kong with carrying amount of HK$98,190,000 (2022: HK$98,190,000).

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 March 2023			
Carrying amount	2,184,663	272,055	2,456,718
As at 31 March 2022			
Carrying amount	2,265,425	479,926	2,745,351
For the year ended 31 March 2023			
Depreciation charge	40,986	78,862	119,848
Reversal of impairment loss recognised	–	(18,112)	(18,112)
Gain from lease early termination	–	(13,480)	(13,480)
For the year ended 31 March 2022			
Depreciation charge	40,585	94,141	134,726
Impairment loss recognised	–	33,642	33,642

	2023 HK$'000	2022 HK$'000
Expense relating to short-term leases and leases of low-value assets	**2,847**	1,794
Additions to right-of-use assets	**49,593**	12,102
Total cash outflow for leases	**102,197**	135,297

The Group leases various car parks, offices and office equipment for its operations. Lease contracts are entered into for fixed term of 1 to 10 years (2022: 1 to 18 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group as lessee (continued)

In addition, the Group owns several hotels and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

The Group has extension options in a number of leases for car parks. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessors. The Group assessed, at lease commencement date, it is reasonably certain to exercise the extension options. Therefore, all the relevant lease payments in the extended period have been included in the calculation of lease liabilities. In addition, the Group reassesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event.

The Group regularly entered into short-term leases for slot machines for gaming, motor vehicles and office equipment. As at 31 March 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of leases for which short-term lease expense was recognised.

17. GOODWILL

Goodwill arose from the acquisition of 73.75% equity interest in certain subsidiaries, which are engaged in car park operations, in previous year.

The management determines that there is no impairment on the carrying amount of the goodwill based on the estimated cash generated from the car park operations in Australia. The calculation uses cash flow projections based on financial budgets approved by the management covering a 5-years period, and at a discount rate of 17% (2022: 17%) per annum. The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the goodwill exceeding its recoverable amount.

18. INTERESTS IN ASSOCIATES

	2023 **HK$'000**	2022 HK$'000
Unlisted investments, at cost	**1,580,263**	1,580,263
Exchange adjustments	**(111,380)**	51,820
Share of post-acquisition results and other comprehensive income, net of dividends received	**262,406**	289,284
	1,731,289	1,921,367

18. INTERESTS IN ASSOCIATES (continued)

Particulars of principal associates, which are incorporated and operating in Hong Kong except otherwise indicated, at the end of the reporting period are as follows:

Name of associate	Class of shares held	Registered capital/ Proportion of nominal value of issued capital held by the Company indirectly		Principal activities
		2023	2022	
Bermuda Investments Limited	Ordinary	**25%**	25%	Property investment
Omicron International Limited*	Ordinary	**30%**	30%	Investment holding
Peacock Estates Limited	Ordinary	**25%**	25%	Property investment
Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd+	Ordinary	**25%**	25%	Development and construction of integrated resorts

* Incorporated in the British Virgin Islands and operating in HK
\+ Incorporated and operating in Australia

The above table lists the associates of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Summarised financial information of material associates

Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC") is regarded as the material associate of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this associate is set out below and represents amounts shown in the associate's consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"), equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DBC for the year ended 31 March 2023 and 2022 was as follows:

	2023 HK$'000	2022 HK$'000
Non-current assets	**12,145,219**	10,291,924
Current assets	**661,248**	639,701
Non-current liabilities	**(6,137,280)**	(3,837,192)
Current liabilities	**(690,123)**	(394,765)

18. INTERESTS IN ASSOCIATES (continued)

Summarised financial information of material associates (continued)

	2023 HK$'000	2022 HK$'000
Revenue	–	–
Loss for the year	(32,913)	(63,445)
Other comprehensive (expense) income for the year	(8,721)	463,872
Total comprehensive (expense) income for the year	(41,634)	400,427

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2023 HK$'000	2022 HK$'000
Net assets of DBC	5,979,064	6,699,668
Proportion of the Group's ownership interest in DBC	25%	25%
Carrying amount of the Group's interest in DBC	1,494,766	1,674,917

Aggregate information of associates that are not individually material:

	2023 HK$'000	2022 HK$'000
The Group's share of profit (loss) and other comprehensive income (expense) after tax	6,731	(5,990)
Aggregate carrying value of the Group's interest in these associates	236,523	246,450

The Group has discontinued to recognise its share of losses of certain associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2023 HK$'000	2022 HK$'000
The unrecognised share of losses for the year	(17)	(4)
Cumulative unrecognised share of losses	(51,187)	(51,170)

19. INTERESTS IN JOINT VENTURES

	2023 HK$'000	2022 HK$'000
Unlisted investments, at cost	2,512,182	2,342,688
Share of post-acquisition results, net of dividends/distributions received	(28,502)	(55,974)
Exchange adjustments	(48,320)	65,101
Less: impairment	(5)	(5)
	2,435,355	2,351,810

Particulars of the Group's principal joint ventures at the end of the reporting period are as follows:

Name of entity	Country of registration/ incorporation and operation	Proportion of registered capital held by the Company indirectly 2023	2022	Principal activities
River Riches Limited	BVI/HK	50%	50%	Property development
Guangdong Xin Shi Dai Real Estate Limited	The PRC	50%	50%	Property development
QWB Residential Precinct Holdings Pty Ltd	Australia	50%	50%	Property development
BC Investment Group Holdings Limited (formerly known as BC Group Holdings Limited)	Cayman Islands/ Australia	53.11%	53.11%	Provision of mortgage service
Destination Gold Coast Consortium Pty Ltd	Australia	33.33%	33.33%	Property development
Destination Gold Coast Consortium Hotel Pty Ltd	Australia	33.33%	33.33%	Hotel operation
Destination Gold Coast Investments Pty Ltd ("DGCI")	Australia	25%	25%	Hotel operation
Cuscaden Homes Pte Limited	Singapore	10%	10%	Property development

The Group and the other joint venturers have contractually agreed sharing of control and have rights to the net assets of these entities. The decisions about the relevant activities of these entities required unanimous consent of the Group and the other joint venturers. Accordingly, these investments are accounted for as joint ventures.

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures

(i) River Riches is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with HKFRSs.

The summarised financial information regarding the assets and liabilities of River Riches for the year ended 31 March 2023 and 2022 was as follows:

	2023 HK$'000	2022 HK$'000
Current assets	**8,809,754**	8,447,632
Non-current liabilities	**(4,559,074)**	(6,050,154)
Current liabilities	**(2,270,612)**	(415,880)
The above amounts of assets include the following:		
Cash and cash equivalents	**44,401**	158,517
Revenue	**–**	–
Loss and total comprehensive expense for the year	**(1,530)**	(37)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2023 HK$'000	2022 HK$'000
Net assets of River Riches	**1,980,068**	1,981,598
Proportion of the Group's ownership interest in River Riches	**50%**	50%
Carrying amount of the Group's interest in River Riches	**990,034**	990,799

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(ii) QWB Residential Precinct Holdings Pty Limited (the "QWB Residential") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of QWB Residential for the year ended 31 March 2023 and 2022 was as follows:

	2023 HK$'000	2022 HK$'000
Current assets	**2,020,593**	1,236,861
Non-current liabilities	**(802,264)**	(263,732)
Current liabilities	**(131,823)**	(67,452)
The above amounts of assets include the following:		
Cash and cash equivalents	**17,967**	12,928
Revenue	**–**	–
Loss and total comprehensive expense for the year	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2023 HK$'000	2022 HK$'000
Net assets of QWB Residential	**1,086,506**	905,677
Proportion of the Group's ownership interest in QWB Residential	**50%**	50%
Carrying amount of the Group's interest in QWB Residential	**543,253**	452,839

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(iii) Destination Gold Coast Consortium Pty Ltd ("DGCC") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of DGCC for the year ended 31 March 2023 and 2022 was as follows:

	2023 HK$'000	2022 HK$'000
Non-current assets	**736,328**	886,576
Current assets	**641,453**	2,070,277
Non-current liabilities	**(427,811)**	(409,325)
Current liabilities	**(221,660)**	(1,742,443)
The above amounts of assets include the following:		
Cash and cash equivalents	**197,129**	88,351
Revenue	**1,580,037**	–
Profit (loss) and total comprehensive income (expense) for the year	**440,746**	(3,849)
Dividends received from DGCC during the year	**108,009**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2023 HK$'000	2022 HK$'000
Net assets of DGCC	**728,310**	805,085
Proportion of the Group's ownership interest in DGCC	**33.33%**	33.33%
Carrying amount of the Group's interest in DGCC	**242,770**	268,359

19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(iv) BC Investment Group Holdings Limited ("BC Group") is regarded as a material joint venture of the Group at the end of the reporting period and is accounted for using the equity method in the consolidated financial statements. The summarised financial information in respect of this joint venture is set out below and represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs, equivalent to HKFRSs.

The summarised financial information regarding the assets and liabilities of BC Group for the year ended 31 March 2023 and 2022 was as follows:

	2023 HK$'000	2022 HK$'000
Non-current assets	**22,744,870**	13,312,176
Current assets	**1,466,012**	1,075,529
Non-current liabilities	**(23,565,779)**	(14,044,717)
Current liabilities	**(376,112)**	(8,629)

	2023 HK$'000	2022 HK$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**1,323,591**	922,065
Loan receivables	**22,575,202**	13,122,169
Notes	**(23,565,779)**	(14,044,717)
Revenue	**1,145,102**	524,693
Expenses	**(1,187,091)**	(509,957)
Income tax income (expense)	**3,023**	(2,603)
(Loss) profit and total comprehensive (expense) income for the year	**(38,966)**	12,133

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2023 HK$'000	2022 HK$'000
Net assets of the BC Group	**268,991**	334,359
Proportion of the Group's ownership interest in BC Group	**53.11%**	53.11%
The Group's share of net assets of BC Group	**142,861**	177,578
Goodwill	**142,336**	142,336
Carrying amount of the Group's interest in BC Group	**285,197**	319,914

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19. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures (continued)

(v) Aggregate information of joint ventures that are not individually material:

	2023 HK$'000	2022 HK$'000
The Group's share of profit (loss) and total comprehensive income (expenses) for the year	**10,376**	(32,083)
Aggregate carrying value of the Group's interest in these joint ventures	**374,101**	319,899

20. INVESTMENT SECURITIES

	2023 HK$'000	2022 HK$'000
(i) Financial assets at FVTPL		
(a) Investments held for trading		
Listed equity securities	**15,465**	42,617
(b) Debt instruments at FVTPL		
Listed debt securities	**46,030**	152,851
(c) Equity instruments at FVTPL		
Unlisted equity securities	**17,136**	13,662
(d) Investment funds	**750,345**	675,399
(e) Convertible bonds	**–**	122,281
	828,976	1,006,810
(ii) Financial assets at FVTOCI		
(a) Debt instruments at FVTOCI		
Listed debt securities	**481,900**	704,557
Unlisted debt securities (note)	**447,031**	419,604
	928,931	1,124,161
(b) Equity instruments at FVTOCI		
Equity securities listed overseas	**356,361**	902,298
Total	**2,114,268**	3,033,269

20. INVESTMENT SECURITIES (continued)

	2023 HK$'000	2022 HK$'000
Analysed for reporting purposes as:		
Non-current assets	**634,452**	1,246,009
Current assets	**1,479,816**	1,787,260
	2,114,268	3,033,269

Note: Included in the unlisted debt securities are debt securities issued by the Group's joint venture amounting to HK$437,623,000 (2022: HK$410,220,000) which carry interest at one-month Bank Bill Swap Rate ("BBSW") and mature by earlier of the date on which the joint venture exercise its call option to redeem the debt securities or February 2024.

Other than the investment held for trading, the classification of investment securities under current assets is based on the realisation plan of the investment securities estimated by the management to meet with the Group's cash outflow in coming next twelve months.

Investment securities that are denominated in A$, Euro ("EUR"), GBP and USD, amounted to A$42,278,000 (equivalent to HK$222,380,000) (2022: A$2,954,000 (equivalent to HK$17,309,000)), EUR13,321,000 (equivalent to HK$113,898,000) (2022: EUR20,766,000 (equivalent to HK$181,290,000)), GBP32,643,000 (equivalent to HK$317,001,000) (2022: GBP2,172,000 (equivalent to HK$22,286,000)) and USD141,097,000 (equivalent to HK$1,106,198,000) (2022: USD143,106,000 (equivalent to HK$1,129,487,000)) respectively. All other investment securities are denominated in functional currency of the respective group entities.

21. LOAN RECEIVABLES

	2023 HK$'000	2022 HK$'000
Loan receivables	**227,967**	187,635
Less: amount due within one year and classified under current assets	**(5,889)**	(5,037)
Amount due after one year	**222,078**	182,598

Loan receivables represent mortgage loans secured by the properties of the borrowers.

Included in loan receivables is an amount of HK$1,222,000 (2022: HK$3,018,000) which bear interest ranging at prime rate minus 1.5% per annum for first two years and prime rate plus 0.5% per annum for the remaining period; an amount of HK$39,436,000 (2022: HK$39,938,000) are interest-free for the first 3 years and bear interest ranging from prime rate minus 2% to prime rate plus 3% per annum and are repayable by instalment thereafter; an amount of HK$187,290,000 (2022: HK$144,651,000) which bear interest ranging from prime rate minus 3% to prime rate plus 2% per annum for whole loan period and the remaining balance of HK$19,000 (2022: HK$28,000) are unsecured, interest-free and repayable on demand.

Details of impairment assessment of loan receivables are set out in note 47.

22. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

Pledged deposits included in non-current assets carry interest at rates ranging from 0.00% to 2.40% (2022: 0.00% to 1.95%) per annum. These deposits are pledged to secure bank loans repayable after one year.

The pledged deposits shown under current assets carry interest at market rates ranging from 0.00% to 4.00% (2022: 0.00% to 2.03%) per annum. These deposits, with maturity dates ranging from 1 to 6 months, are pledged to secure bank borrowings repayable within one year.

Bank deposits with maturity of less than three months and bank balances carry interest at market rates ranging from 0.00% to 4.65% (2022: 0.00% to 0.10%) per annum.

Bank balances and cash that are denominated in A$, EUR, GBP, S$ and USD, amounted to A$1,796,000 (equivalent to HK$9,444,000) (2022: A$13,669,000 (equivalent to HK$80,100,000)), EUR7,701,000 (equivalent to HK$65,844,000) (2022: EUR7,288,000 (equivalent to HK$63,626,000)), GBP93,252,000 (equivalent to HK$904,542,000) (2022: GBP128,216,000 (equivalent to HK$1,315,501,000)), S$2,824,000 (equivalent to HK$16,320,000) (2022: S$1,931,000 (equivalent to HK$11,164,000)) and USD15,051,000 (equivalent to HK$117,702,000) (2022: USD113,619,000 (equivalent to HK$888,505,000)) respectively. All other bank balances and cash are denominated in functional currency of the respective group entities.

Details of impairment assessment of pledged deposits and bank balances are set out in note 47.

23. PROPERTIES FOR SALE

As detailed in the Company's announcement published on 4 August 2022, during the year ended 31 March 2023, a subsidiary of the Group as developer has entered into development agreement with Urban Renewal Authority in respect of property development for sales in Hong Kong, with carrying value of HK$1,265,715,000 recognised in the consolidated financial statements as at 31 March 2023.

Included in properties for sale are properties with carrying value of HK$4,879,350,000 (2022: HK$6,688,600,000) which are not expected to be realised within the next twelve months.

24. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS

(a) Debtors, deposits and prepayments

	2023 HK$'000	2022 HK$'000
Trade debtors		
– Contracts with customers	**295,607**	448,354
– Lease receivables	**64,854**	59,693
Less: allowance for expected credit loss	**(71,658)**	(65,940)
	288,803	442,107
Utility and other deposits	**44,469**	55,470
Prepayment and other receivables	**217,928**	188,116
Other tax recoverable	**154,947**	119,909
	706,147	805,602

At 1 April 2021, trade receivable from contracts with customers amount to HK$863,853,000.

The following is an aged analysis of trade debtors and lease receivables, net of allowance for expected credit losses, based on the invoice date at the end of the reporting period, which approximates the respective revenue recognition date except unbilled receivables from sales of properties recognised over time:

	2023 HK$'000	2022 HK$'000
0–60 days	**192,824**	392,391
61–90 days	**5,784**	17,840
Over 90 days	**90,195**	31,876
	288,803	442,107

Trade debtors mainly represent receivables from renting of properties, use of hotel facilities and sales of properties. Rentals are payable on presentation of demand notes. Hotel room revenue is normally settled by cash or credit card. The Group allows an average credit period of 14 to 60 days to its corporate customers and travel agents.

Proceeds from sales of properties are settled according to the payment terms of the sale and purchase agreements.

As at 31 March 2023, included in the Group's trade and lease receivables balances are debtors with an aggregate carrying amount of HK$95,979,000 (2022: HK$49,716,000) which are past due at the reporting date. Out of the past due balances, HK$90,195,000 (2022: HK$31,876,000) has been past due 90 days or more and is not considered as in default as the default risk of these debtors is low after considering the creditworthiness and past payment history of these debtors and forward-looking information available at the end of the reporting period. The Group does not hold any collateral over these balances. The Group has no significant concentration on trade and lease receivables as the amounts spread over a number of counterparties and customers.

Details of impairment assessment of trade and other receivables are set out in note 47.

24. DEBTORS, DEPOSITS AND PREPAYMENTS AND CONTRACT ASSETS (continued)

(b) Contract assets

Contract assets represent the unbilled amount resulting from sale of properties recognised over time.

The contract assets relate to the Group's right to consideration for work performance and not billed because the right is conditional on the Group's future performance. The contract assets are transferred to trade debtors when the right becomes unconditional.

The Group's sales contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached. The Group requires certain customers to provide upfront deposits of certain percentage of total contract sum as part of its credit risk management policies.

25. CUSTOMERS' DEPOSITS UNDER ESCROW

The amount represents the portion of the sales proceeds that have been settled by the buyers of properties and are being held in the escrow accounts. During the construction period, the amount is earmarked for payment of certain properties under development and repayment of relevant bank loans. The fund is remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities.

Details of impairment assessment of customers' deposits under escrow are set out in note 47.

26. CONTRACT COSTS

Contract costs capitalised as at 31 March 2023 and 2022 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of selling and marketing expenses in the consolidated statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was HK$158,529,000 (2022: HK$124,745,000).

The Group applies the practical expedient and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets		Liabilities	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Derivatives that are not designated in hedge accounting relationships:				
Interest rate swap contracts	**3,643**	13,835	**–**	–
Cross currency swap contracts	**–**	4,084	**(7,964)**	(1,911)
Liabilities from profit guarantee arrangement (note 39)	**–**	–	**–**	(24,011)
	3,643	17,919	**(7,964)**	(25,922)
Analysed for reporting purpose as:				
Current	**3,643**	14,984	**(7,964)**	(25,922)
Non-current	**–**	2,935	**–**	–
	3,643	17,919	**(7,964)**	(25,922)

Interest rate swap contracts of HK$3,643,000 (2022: HK$13,835,000) with notional amount of USD5,000,000 (2022: USD20,000,000) for swapping certain 3-month USD LIBOR floating-rate bank borrowings from floating rates to fixed-rates, is subject to interest rate benchmark reform. Details are set out in note 47.

28. CREDITORS AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Trade creditors		
– Construction cost and retention payable	**872,698**	773,085
– Others	**194,169**	107,809
	1,066,867	880,894
Construction cost and retention payable for capital assets	**276,908**	336,622
Rental deposits and rental receipts in advance	**21,144**	32,994
Receipt in advance (Note)	**–**	307,500
Other tax payables	**128,321**	91,706
Other payables and accrued charges	**554,657**	534,962
	2,047,897	2,184,678

Note: Amount as at 31 March 2022 represents the first and second instalments received in relation to settlement agreement as detailed in note 11. As at 31 March 2022, the Group has received the first and second instalments from the relevant parties amounting to RMB250,000,000 (equivalent to approximately HK$307,500,000). The amount has been recognised in other income and included in note 11(b).

28. CREDITORS AND ACCRUALS (continued)

The following is an aged analysis of the trade creditors, based on the invoice date:

	2023 HK$'000	2022 HK$'000
0–60 days	970,251	746,097
61–90 days	1,064	3,158
Over 90 days	95,552	131,639
	1,066,867	880,894

29. CONTRACT LIABILITIES

	2023 HK$'000	2022 HK$'000
Sales of properties	590,916	666,423
Others	1,955	–
	592,871	666,423

As at 1 April 2021, contract liabilities amounted to HK$689,615,000.

The Group receives amounts ranging from 5% to 20% of the contract value as deposits from customers when they sign the sale and purchase agreement. The amount is expected to be settled within the Group's normal operating cycle and is classified as current based on the Group's earliest obligation to transfer the properties to customers.

During the year ended 31 March 2023, the Group has recognised revenue of HK$187,009,000 (2022: HK$307,202,000) that was included in the contract liabilities balance at the beginning of the year.

30. OTHER LIABILITIES

Included in other liabilities are deposit received for a disposal of a subsidiary of the Company as detailed below, amounting to HK$676,000,000 as at 31 March 2023 (2022: HK$338,000,000).

On 6 December 2021, the Group and CLP Properties Limited ("Purchaser") entered into a sale and purchase agreement to dispose of the entire equity interest of Sanon Limited ("Sanon"), a wholly-owned subsidiary of the Company, which currently owns a land under development situated in Kai Tak, Hong Kong, for a development divided into a hotel portion and non-industrial portion (including office portion). Pursuant to the sales and purchase agreement, Sanon will assign the hotel portion to another subsidiary of the Company as the hotel owner, under a hotel portion assignment to be entered by Sanon and the hotel owner prior to completion of the transaction, such that the Purchaser will acquire Sanon (holding only the non-industrial portion) at completion. The consideration under the sales and purchase agreement amounted to HK$3,380,000,000, subject to post-completion adjustments including additional costs in respect of any add-on designs required by the Purchaser.

As at 31 March 2023, the Group had received deposit of HK$676,000,000 (2022: HK$338,000,000) from the Purchaser, and the transaction is expected to be completed in second-half of 2024.

31. BANK AND OTHER BORROWINGS

	2023 **HK$'000**	2022 HK$'000
Bank loans	**27,426,716**	25,823,378
Other loans	**469,940**	870,030
	27,896,656	26,693,408
Less: front-end fee	**(85,348)**	(102,994)
	27,811,308	26,590,414
Analysed for reporting purpose as:		
Secured	**22,033,434**	20,587,588
Unsecured	**5,863,222**	6,105,820
	27,896,656	26,693,408
Current liabilities (Note)	**17,401,147**	11,450,133
Non-current liabilities	**10,410,161**	15,140,281
	27,811,308	26,590,414

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31. BANK AND OTHER BORROWINGS (continued)

The borrowings repayable based on scheduled repayment dates set out in the loan agreements are as follows:

	Bank loans		Other loans	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Revolving loans without specified repayment terms and loans repayable within one year	**4,005,806**	5,621,190	**392,340**	796,158
More than one year, but not exceeding two years	**3,728,548**	6,513,288	**–**	–
More than two years, but not exceeding five years	**6,176,733**	8,105,490	**–**	–
More than five years	**427,280**	447,631	**77,600**	73,872
	14,338,367	20,687,599	**469,940**	870,030
The carrying amounts of above borrowings that contain a repayment on demand clause or become repayable on demand as a result of breach of covenants (which have subsequently reached successful conclusion with relevant bankers for waivers and the negotiation of the terms) of bank loans (shown under current liabilities) but repayable:				
Within one year	**8,878,811**	3,915,575	**–**	–
More than one year, but not exceeding two years	**2,067,010**	401,553	**–**	–
More than two years, but not exceeding five years	**1,995,086**	641,871	**–**	–
More than five years	**62,094**	73,786	**–**	–
	13,003,001	5,032,785	**–**	–
Total	**27,341,368**	25,720,384	**469,940**	870,030

Note: Out of the amount of HK$7,113,073,000 of bank loans with breach of certain of the terms of the bank loans agreements, the amount of HK$3,378,296,000 represented bank loans with original repayment term of more than one year which were reclassified from non-current liabilities to current liabilities as of 31 March 2023, which are primarily as a result of exceeding required gearing ratio of the Group. As of the date of approval for issuance of the consolidated financial statements, the bankers had either agreed not to demand immediate repayment or the directors of the Company have reached successful conclusion with relevant bankers for the negotiation of the terms.

31. BANK AND OTHER BORROWINGS (continued)

Currencies	Interest rates	2023 HK$'000	2022 HK$'000
HK$	HIBOR plus 0.75% to 2.25% (2022: HIBOR plus 0.75% to 1.62%)	**17,712,223**	15,235,483
RMB	3 to 5 years or above People's Bank of China Prescribed Interest Rate ("PBOC PIR") (2022: 3 to 5 years or above PBOC PIR)	**684,982**	710,567
S$	SOR plus 0.92% to 1.03% (2022: SOR plus 0.92% to 1.03%)	**1,845,398**	2,340,380
MYR	Malaysia Base Lending Rates ("Malaysia BLR") minus 1.50% and Malaysia Bank's Cost of Funds ("Malaysia COF") plus 1.50% (2022: Malaysia BLR minus 1.50% and Malaysia COF plus 1.50%)	**118,156**	138,879
A$	BBSW plus 1.64% to 3% (2022: BBSW plus 1.07% to 3%)	**4,766,897**	5,420,367
GBP	Sterling Overnight Interbank Average Rate ("SONIA") plus 1.85% to 2.95% (2022: SONIA plus 1.55% to 2.55%)	**2,377,317**	2,130,993
USD	HIBOR plus 1.20% (2022: LIBOR plus 1.55%)	**310,000**	625,751
EUR	Czech Republic Lombard Rate ("Czech Republic LR") plus 1.95% to 3.1% (2022: Czech Republic LR plus 1.95% to 3.1%)	**81,683**	90,988
		27,896,656	26,693,408

Bank and other borrowings that are denominated in GBP, A$, USD and EUR which are not denominated in functional currency of respective group entities, amounted to GBP137,007,000 (equivalent to HK$1,328,963,000) (2022: GBP78,337,000 (equivalent to HK$803,740,000)) A$63,959,000 (equivalent to HK$336,422,000) (2022: A$159,235,000 (equivalent to HK$933,120,000)) and USD39,541,000 (equivalent to HK$310,000,000) (2022: USD80,019,000 (equivalent to HK$625,751,000)) respectively. All other bank and other borrowings are denominated in functional currency of the respective group entities.

As at the end of the reporting period, the Group has undrawn borrowing facilities at floating rate, amounting approximately HK$7 billion (2022: HK$8 billion), of which approximately HK$3 billion (2022: HK$4 billion) are expiring within one year.

32. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Within one year	**57,693**	74,567
Within a period of more than one year but not more than two years	**52,889**	63,225
Within a period of more than two years but not more than five years	**90,629**	132,184
More than five years	**178,943**	339,760
	380,154	609,736
Less: amount due for settlement with 12 months shown under current liabilities	**(57,693)**	(74,567)
Amount due for settlement after 12 months shown under non-current liabilities	**322,461**	535,169

All lease obligations that are denominated in functional currencies of the relevant group entities.

The weighted average incremental borrowing rate applied to lease liabilities ranged from 1.5% to 6.0% (2022: 1.5% to 6.0%).

33. AMOUNTS DUE FROM/TO SHAREHOLDERS OF NON-WHOLLY OWNED SUBSIDIARIES

As at 31 March 2023, the amount of S$42,927,000 (equivalent to HK$253,701,000) (2022: S$42,927,000 (equivalent to HK$248,120,000)) due from a shareholder of a non-wholly owned subsidiary is the advance of the expected return to be declared to a shareholder of FEC Skyline Pte. Ltd. as a result of sales of the property development project. The amount is unsecured, interest-free and no fixed repayment date.

As at 31 March 2023, included in the amounts due to shareholders of non-wholly owned subsidiaries is an amount of S$27,075,000 (equivalent to HK$160,012,000) (2022: S$28,375,000 (equivalent to HK$164,006,000)) due to a shareholder of FEC Skypark Pte. Ltd., a 80% subsidiary of the Company for financing the property development project in Singapore. The amount is unsecured, interest-free and repayable on demand. The remaining amounts due to shareholders of non-wholly owned subsidiaries under current liabilities are unsecured, interest-free and either repayable on demand or without fixed terms of repayment.

34. NOTES

	2029 Notes HK$'000	2023 Notes HK$'000	2021 Notes HK$'000	2030 Notes HK$'000	2033 Notes HK$'000	2024 Notes HK$'000	Total HK$'000
At 1 April 2021	77,663	1,095,843	1,834,899	198,558	197,449	1,814,504	5,218,916
Issue of new notes	–	–	–	–	–	1,187,233	1,187,233
Less: transaction costs directly attributable to issue	–	–	–	–	–	(6,623)	(6,623)
Interest charged during the year	4,332	51,439	31,463	10,426	10,744	139,830	248,234
Interest paid during the year	(3,801)	(30,497)	(30,122)	(8,804)	(6,473)	(104,829)	(184,526)
Interest payable due within 12 months and included in other payable	(268)	(18,848)	–	(1,467)	(3,999)	(29,856)	(54,438)
Repayment	–	–	(1,831,516)	–	–	–	(1,831,516)
Exchange adjustments	–	8,437	(4,724)	–	–	23,135	26,848
At 31 March 2022	77,926	1,106,374	–	198,713	197,721	3,023,394	4,604,128
Interest charged during the year	4,357	48,250	–	10,454	10,773	160,390	234,224
Interest paid during the year	(3,801)	(42,398)	–	(8,804)	(6,557)	(122,458)	(184,018)
Interest payable due within 12 months and included in other payable	(279)	(3,880)	–	(1,496)	(3,941)	(31,821)	(41,417)
Repurchased and cancelled	–	(78,047)	–	–	–	(82,522)	(160,569)
Exchange adjustments	(5)	2,788	–	–	–	7,514	10,297
At 31 March 2023	78,198	1,033,087	–	198,867	197,996	2,954,497	4,462,645

34. NOTES (continued)

2029 Notes

On 5 September 2019, a subsidiary of the Company issued notes with aggregate principal amount of HK$80,000,000 with maturity date on 5 September 2029 (the "2029 Notes") to independent third party. The 2029 Notes bear interest at 5.1% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2029 Notes outstanding was HK$80,000,000 (2022: HK$80,000,000).

2023 Notes

On 6 November 2017, the Company issued notes with aggregate principal amount of USD150,000,000 with maturity date on 13 May 2023 (the "2023 Notes") to independent third party. The 2023 Notes bear interest at 4.5% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2023 Notes outstanding was USD131,800,000 (equivalent to HK$1,033,312,000) (2022: USD141,775,000 (equivalent to HK$1,108,681,000)). Subsequent to the end of the reporting period, the 2023 Notes had been fully redeemed.

2021 Notes

On 8 September 2016, the Company issued notes with aggregate principal amount of USD300,000,000 with maturity date on 8 September 2021 (the "2021 Notes") to independent third party. The 2021 Notes bear interest at 3.75% per annum payable semi-annually. As at 31 March 2022, the 2021 Notes with aggregate principal amount USD236,630,000 (equivalent to HK$1,831,516,000) had been fully redeemed.

2030 Notes

On 6 August 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 6 August 2030 (the "2030 Notes") to independent third party. The 2030 Notes bear interest at 5.15% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2030 Notes outstanding was HK$200,000,000 (2022: HK$200,000,000).

2033 Notes

On 12 November 2020, a subsidiary of the Company issued notes with aggregate principal amount of HK$200,000,000 with maturity date on 11 February 2033 (the "2033 Notes") to independent third party. The 2033 Notes bear interest at 5.25% per annum payable semi-annually. As at 31 March 2023, the aggregate principal amount of the 2033 Notes outstanding was HK$200,000,000 (2022: HK$200,000,000).

2024 Notes

On 21 January 2021, a subsidiary of the Company issued notes with aggregate principal amount of USD235,000,000 with maturity date on 21 January 2024 (the "2024 Notes") to independent third party. The 2024 Notes bear interest at 5.10% per annum payable semi-annually. During the year ended 31 March 2022, the subsidiary of the Company issued additional notes with aggregate principal amount of USD150,000,000 (equivalent to approximately HK$1,187,233,000). As at 31 March 2023, the aggregate principal amount of the 2024 Notes outstanding was USD374,450,000 (equivalent to HK$2,935,688,000) (2022: USD385,000,000 (equivalent to HK$3,010,700,000)).

35. DEFERRED TAXATION

The major deferred tax liabilities (assets) recognised by the Group, and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Revaluation of assets HK$'000	Fair value adjustments on business combination HK$'000	Tax losses HK$'000	Provision of PRC LAT HK$'000	Dividend withholding tax HK$'000	Others HK$'000 (Note)	Total HK$'000
At 1 April 2021	78,169	430,838	80,560	40,161	(63,011)	(182,544)	–	413,406	797,579
Charge (credit) to profit or loss	15,408	(8,482)	(33,407)	(1,245)	11,232	(16,195)	–	9,483	(23,206)
Recognition of tax effect of PRC LAT previously not recognised	–	–	–	–	–	74,243	–	–	74,243
Disposals of subsidiaries (note 39)	–	–	–	–	223	–	–	–	223
Exchange alignment	(1,320)	10,457	4,303	(1)	7,171	17,678	–	(8,850)	29,438
At 31 March 2022	92,257	432,813	51,456	38,915	(44,385)	(106,818)	–	414,039	878,277
Charge (credit) to profit or loss	22,597	(3,145)	–	–	(26,099)	(47,158)	85,554	(7,355)	24,394
Exchange alignment	(1,367)	(39,015)	(5,268)	–	8,635	17,863	(3,227)	(124,333)	(146,712)
At 31 March 2023	113,487	390,653	46,188	38,915	(61,849)	(136,113)	82,237	282,351	755,959

Note: Others mainly represent the temporary difference arising from the deduction of the interest expenses and development expenditure at the development stage.

For the purposes of presentation of the consolidated statement of financial position, certain deferred tax (assets) liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2023 HK$'000	2022 HK$'000
Deferred tax assets	**(215,793)**	(177,203)
Deferred tax liabilities	**971,752**	1,055,480
	755,959	878,277

The Group recognises deferred tax in respect of the change in fair value of the investment properties located in the PRC and Australia, as these properties are held under a business model whose objective is to consume substantially all the economic benefits embodied in these investment properties over the time, i.e. through usage of such properties for rental purpose except for the freehold lands, which are always presumed to be recovered entirely through sales. No deferred tax recognised in respect of the change in fair value of the investment properties located in Hong Kong, Singapore and the United Kingdom, as those properties were recovered through sales.

At 31 March 2023, the Group has unused tax losses of HK$2,409,803,000 (2022: HK$1,998,167,000) available to offset against future profits. A deferred tax asset has been recognised in respect of such losses to the extent of HK$328,971,000 (2022: HK$212,661,000). No deferred tax asset has been recognised in respect of the remaining tax losses of HK$2,080,832,000 (2022: HK$1,785,506,000) due to the unpredictability of future profit streams.

35. DEFERRED TAXATION (continued)

At 31 March 2023, the Group has deductible temporary difference in relation to accelerated accounting depreciation of property, plant and equipment amounted to HK$359,036,000 (2022: HK$370,438,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Except for the dividends declared by a PRC subsidiary during the current year, deferred tax has not been provided for on the temporary differences attributable to profits of the subsidiaries of the PRC generated after 1 January 2008, Australia and Singapore of HK$3,284,656,000 (2022: HK$5,235,566,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

36. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Nominal value HK$'000
Authorised	4,000,000,000	400,000
Issued and fully paid:		
At 1 April 2021	2,395,076,741	239,508
Issue of shares in lieu of cash dividends (i)	24,541,938	2,454
At 31 March 2022	2,419,618,679	241,962
Issue of shares in lieu of cash dividends (ii)	44,324,636	4,433
Bonus issue of shares (iii)	241,961,867	24,196
At 31 March 2023	2,705,905,182	270,591

(i) On 16 February 2022 and 1 October 2021, the Company issued and allotted 6,696,801 and 17,845,137 new fully paid shares of HK$0.10 each at HK$2.830 and HK$2.796, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2022 interim dividend and 2021 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2022 and 2 September 2021, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(ii) On 17 February 2023 and 24 October 2022, the Company issued and allotted 17,283,812 and 27,040,824 new fully paid shares of HK$0.10 each at HK$1.888 and HK$2.122, respectively to the shareholders who elected to receive shares in the Company in lieu of cash for the 2023 interim dividend and 2022 final dividend pursuant to the scrip dividend scheme announced by the Company on 4 January 2023 and 14 September 2022, respectively. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(iii) The Company issued 241,961,867 bonus shares on the basis of one bonus share for every ten existing ordinary shares of the Company. These new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

36. SHARE CAPITAL (continued)

All the shares issued during the years ended 31 March 2023 and 2022 rank pari passu in all respects with the existing shares in the Company.

During the year, except the amount disclosed above for listed shares, the amount of notes disclosed in note 34 and the amount of perpetual capital notes disclosed in note 37, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities, notes or perpetual capital notes.

37. PERPETUAL CAPITAL NOTES

On 12 September 2019, 16 September 2019 and 24 February 2020, FEC Finance Limited ("FEC Finance"), an indirect wholly owned subsidiary of the Group, issued USD250,000,000, USD50,000,000 and USD60,000,000 7.375% guaranteed perpetual capital notes ("2019 Perpetual Capital Notes") at an issue price of 100 per cent of the aggregate nominal amount of the 2019 Perpetual Capital Notes. Any amount payable arising from distribution or redemption were unconditionally and irrevocably guaranteed by the Company under the USD1,000,000,000 guaranteed medium term note programme. Distribution on 2019 Perpetual Capital Notes are payable semi-annually in arrears on April and October each year ("Distributions Payment Date") and can be deferred at the discretion of FEC Finance and is not subject to any limit as to the number of times distributions. The 2019 Perpetual Capital Notes have no fixed maturity and are redeemable at FEC Finance's option on 18 October 2024 or any Distributions Payment Date at their principal amounts. While any distribution are unpaid or deferred, the Company cannot declare or, pay dividends or make distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank, which includes the ordinary shares of the Company.

The perpetual capital notes are classified as equity instrument. Any distributions made by FEC Finance to the holders are recognised in equity in the consolidated financial statements of the Group.

38. MAJOR NON-CASH TRANSACTIONS

(i) The Company issued shares in lieu of cash dividend payable to the Company's shareholders totalling HK$90,018,000 (2022: HK$68,855,000).

(ii) During the year ended 31 March 2023, the Group entered into new lease agreement for the use of leased properties for five years, the Group recognised HK$49,593,000 (2022: HK$12,102,000) of right-of-use assets and lease liabilities.

(iii) Included in additions of properties, plant and equipment, and investment properties are construction cost and retention payable for capital assets amounting to HK$148,716,000 and HK$90,839,000 (2022: HK$120,193,000 and HK$56,719,000), respectively, which are non-cash transactions.

39. DISPOSAL OF SUBSIDIARIES

On 15 June 2021, the Group entered into a sale and purchase agreement with Aldgate Hotel Bidco Limited ("Aldgate Hotel" or "Purchaser"), an independent third party to the Group, whereby the Group has agreed to sell, and Aldgate Hotel has agreed to purchase, the entire issued share capital of Dorsett City London Limited ("DCLL") and Elite Region Limited ("Elite"), wholly-owned subsidiaries of the Company for a consideration of GBP115,000,000 (equivalent to approximately HK$1,228,367,000). DCLL and Elite were the operator and owner of Dorsett City London Hotel, respectively. Such disposal was completed on 30 June 2021. Following the completion, DCLL and Elite ceased to be subsidiaries of the Company.

As part of the disposal, the Group entered into a hotel management agreement with the Purchaser to manage and operate Dorsett City London Hotel and agreed to provide a profit guarantee whereby the Group will compensate the Purchaser on a yearly basis, the shortfall between the annual guaranteed return of GBP6,065,000 (equivalent to approximately HK$66,290,000) and the gross operating profits to be generated by Dorsett City London Hotel, for a term of 2 years starting from the completion date of disposal.

The net assets disposed of DCLL and Elite at the date of disposal were as follows:

	HK$'000
Property, plant and equipment	567,808
Deferred tax assets	223
Debtors, deposits and prepayments	520
Other inventories	33
Tax recoverable	3,310
Trade and other payables	(8,296)
Net assets disposed of	563,598
Gain on disposal of DCLL and Elite:	
Consideration	1,228,367
Net assets disposed of	(563,598)
Transaction costs paid	(21,358)
Liabilities arising from profit guarantee arrangement	(56,406)
Reclassification of cumulative exchange reserve to profit or loss upon disposal	(40,174)
Gain on disposal	546,831
Consideration was satisfied by:	
Cash consideration received (Note)	1,017,172
Settlement of bank loan by the Purchaser (Note)	211,195
	1,228,367
Net cash inflow arising on disposal:	
Cash consideration received	1,017,172
Transaction costs paid	(21,358)
	995,814

Note: Included in the cash consideration received, there was HK$349,403,000 used to settle shareholders' loan due by Elite to the Group. Prior to the completion of the disposal, the Purchaser settled the bank loan of Elite directly through its bank loan account, which constitutes as a non-cash transaction.

39. DISPOSAL OF SUBSIDIARIES (continued)

The revenue and loss for the period from 1 April 2021 to 30 June 2021 of DCLL and Elite, which have been included in the consolidated statement of profit or loss, were HK$4,351,000 and HK$1,270,000 respectively. During the year ended 31 March 2022, DCLL and Elite contributed HK$7,499,000 to the Group's net operating cash flows, received HK$6,524,000 in respect of investing activities.

On 17 September 2021, the Group entered into a sale and purchase agreement with Kheng Leong Company (H.K.) Limited ("Kheng Leong"), an independent third party of the Group, whereby the Group has agreed to sell, and Kheng Leong has agreed to purchase 100% of all the issued shares and paid-up shares of Highest Reach Investments Limited ("Highest Reach") for an aggregate consideration of approximately S$215,871,000 (equivalent to HK$1,242,959,000). Pursuant to the sales and purchase agreement, the Group shall procure the settlement of the outstanding bank loan of approximately S$102,110,000 (equivalent to HK$588,154,000) ("Outstanding Bank Loan") prior to completion, failing which Kheng Leong shall deduct the Outstanding Bank Loan from the consideration of approximately S$215,871,000. As the Group did not settle the Outstanding Bank Loan prior to completion, the consideration was adjusted to approximately S$113,761,000 (equivalent to HK$654,805,000).

The disposal has been completed on 1 November 2021. Following the completion, Highest Reach and its subsidiaries have ceased to be subsidiaries of the Company.

The net assets disposed of Highest Reach and its subsidiaries at the date of disposal were as follows:

	HK$'000
Investment properties	1,226,419
Other debtors, deposits and prepayments	1,142
Restricted bank deposits	12,675
Bank balances and cash	8,769
Creditors, deposits received and accruals	(6,046)
Bank loan	(588,154)
Net assets disposed of	654,805
Gain on disposal of Highest Reach and its subsidiaries	
Consideration	654,805
Net assets disposed of	(654,805)
Transaction costs paid	(19,769)
Reclassification of cumulative exchange reserve to profit or loss upon disposal	25,145
Gain on disposal	5,376
Consideration was satisfied by:	
Cash consideration received	654,805
Net cash inflow arising on disposal:	
Cash consideration received	654,805
Bank balances and cash disposed of	(8,769)
Transaction costs paid	(19,769)
	626,267

39. DISPOSAL OF SUBSIDIARIES (continued)

The revenue and profit for the period from 1 April 2021 to 1 November 2021 of Highest Reach and its subsidiaries, which have been included in the consolidated statement of profit or loss, were HK$12,745,000 and HK$89,280,000 respectively. During the year ended 31 March 2022, Highest Reach and its subsidiaries contributed HK$8,217,000 to the Group's net operating cash flows and paid HK$5,361,000 in respect of financing activities.

40. CHARGE ON ASSETS

Bank borrowings of HK$22,033,434,000 (2022: HK$20,587,588,000) and lease liabilities of HK$1,195,000 (2022: HK$1,151,000) outstanding at the end of the reporting period are secured by a fixed charge over the following assets of the Group and together with a floating charge over other assets of the property owners and benefits accrued to those properties:

	2023 **HK$'000**	2022 HK$'000
Investment properties	**5,750,701**	5,060,911
Property, plant and equipment (excluding right-of-use assets)	**6,876,128**	6,102,316
Right-of-use assets	**2,110,319**	2,106,087
Properties for sale	**13,299,911**	12,706,140
Bank deposits	**713,400**	893,962
Investment securities	**38,738**	648,071
	28,789,197	27,517,487

In addition, the shares of certain subsidiaries are pledged as securities to obtain certain banking facilities granted to the Group at the end of the reporting period.

Restrictions or covenants on leases

In addition lease liabilities disclosed above, lease liabilities of HK$378,959,000 (2022: HK$608,585,000) are recognised with related right-of-use assets of HK$272,055,000 (2022: HK$491,594,000) as at 31 March 2023. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

41. CAPITAL COMMITMENTS

	2023 HK$'000	2022 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition, development and refurbishment of		
hotel properties	**787,354**	1,137,279
investment properties	**319,305**	718,902
Capital injection to investment funds	**99,065**	144,282
	1,205,724	2,000,463
The Group's share of the capital commitment relating to its joint ventures and associates, but not recognised at the end of the reporting date is as follows:		
Commitment to contribute funds for the acquisition, development and refurbishment of hotel properties	**436,739**	252,777
Commitment to provide a credit facility to a joint venture	**75,227**	80,580
	511,966	333,357

42. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group's investment properties and certain properties for sales temporary rented out have committed leases for next 1 to 17 years (2022: 1 to 18 years).

Minimum lease payments receivables on leases are as follows:

	2023 HK$'000	2022 HK$'000
Within one year	**111,771**	137,935
In the second year	**122,272**	118,108
In the third year	**83,417**	97,110
In the fourth year	**119,696**	87,405
In the fifth year	**72,980**	74,901
More than five years	**592,842**	621,300
	1,102,978	1,136,759

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

43. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Save as disclosed in note 52 to the consolidated financial statements, during the year, the Group also entered into the following transactions with related parties:

	2023 HK$'000	2022 HK$'000
Provision of building management service by associates	7,991	4,016
Provision of sales and marketing services by a joint venture	3,348	23,086
Interest income from a joint venture	583	11,608
Interest income from unlisted debt securities issued by a joint venture	21,800	23,797

Details of the balances with associates, joint ventures, an investee company and, a related company/party as at the end of the reporting period are set out in the consolidated statement of financial position and the relevant notes.

The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

(b) Remunerations paid and payable to the members of key management, who are the directors and the five highest paid individuals, during the year are disclosed in note 14.

On 28 June 2022, the Group has granted to Mr. Cheong Thard Hoong and Ms. Wing Kwan Winnie Chiu, directors of the Company, rights to purchase 457,502 and 114,376 shares of BC Group respectively at A$9.18 within a period of three years from the earlier of: (i) the date of completion of the initial public offering of the shares of BC Group or (ii) date of completion of a trade sale of the BC Group. The directors of the Company consider there is no financial impact as at 31 March 2023.

44. AMOUNTS DUE FROM/TO JOINT VENTURES/AN ASSOCIATE/RELATED COMPANY

The amounts due from/to associates, joint ventures, an investee company and a related company are set out in the consolidated statement of financial position. The amounts are unsecured, interest-free and either repayable on demand or without fixed terms of repayment. Except for an amount of GBP4 million (equivalent to HK$39,165,000) due from BC Group, a joint venture of the Group which carries interest at 5.95% per annum plus SONIA with a term of three years from the date of drawdown. The related companies are companies controlled by certain executive directors or their close family members who have significant influence over the Group through their direct and indirect equity interest in the Company.

45. SHARE OPTION SCHEMES

The Company's share option schemes ("FECIL Share Option Schemes") were adopted for the purpose of providing incentives and rewards to employees or executives or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under FECIL Share Option Schemes, the directors of the Company may grant options to eligible employees including directors of the Company and its subsidiaries, to subscribe for shares of the Company.

The Company's first and second share option schemes were expired on 28 August 2012 and 31 August 2022 respectively. In order to continue to provide incentives and rewards to the eligible employees and participants, the Company adopted its third share option scheme pursuant to a resolution passed by the Shareholders on 30 August 2022 for a period of 10 years commencing on the adoption date.

As at 31 March 2023 and 2022 there were no outstanding share options. No share options were granted, exercised, cancelled or lapsed for the year ended 31 March 2023.

46. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Schemes Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group makes defined contributions to the Employees Provident Fund for qualifying employees in Malaysia under which the Group is required to make fixed contributions under the defined contribution plans to separate entities. The Group has no legal or constructive obligations of further contributions to make up any deficiencies of fund assets to cover all employees benefits relating to their services to the Group.

The Group makes defined contribution to the Singapore Central Provident Fund which the Group is required to make a certain percentage of the salaries of the employees in Singapore, whereby the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefits plan.

The Group makes contribution to independent superannuation master funds for employees in Australia, based on a certain percentage of the employee's salaries and wages. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contribution.

46. RETIREMENT BENEFITS SCHEMES (continued)

The Group operates defined contribution schemes in respect of its employees in the United Kingdom. Contribution are made based on a certain percentage of salaries of the employees in the United Kingdom to the defined contribution scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs of the defined contribution schemes represent the contributions accrued to the scheme in respect of the accounting period.

The Group makes contribution to defined benefit pay-as-you go system administrated by the Czech Social Security Administration for employees in Czech Republic, based on certain percentage of the salaries of the employees in Czech Republic.

Total retirement benefits expenses charged to profit or loss amounted to HK$46,266,000 in the current year (2022: HK$43,486,000).

The Group's contribution to the retirement benefit schemes for its employees in Hong Kong, the PRC, Malaysia, Singapore Australia, the United Kingdom and Czech are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the retirement benefit schemes that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) of Appendix 16 of the Listing Rules.

47. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2023 HK$'000	2022 HK$'000
Financial assets		
Debt instruments as FVTOCI	**928,931**	1,124,161
Equity instruments at FVTOCI	**356,361**	902,298
Financial assets at FVTPL	**828,976**	1,006,810
Financial assets at amortised cost	**8,116,088**	10,018,835
Derivative financial instruments	**3,643**	17,919
	10,233,999	13,070,023
Financial liabilities		
Derivative financial instruments	**7,964**	25,922
Financial liabilities at amortised cost	**33,993,655**	32,784,490
	34,001,619	32,810,412

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies

The Group's major financial instruments included investment securities, borrowings, trade and other receivables, trade and other payables, cash and cash equivalents and notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, variable-rate loan receivables, borrowings and debt instruments. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk but would consider doing so in respect of significant exposure should the need arise.

In addition, the Group is also exposed to fair value interest rate as most of the debt instruments are at fixed rate. The sensitivity analysis for fair value interest rate risk for debt instruments measured at fair value are presented under price risk.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform and the progress towards implementation of alternative benchmark interest rates are set out under "interest rate benchmark reform" in this note.

Interest rate sensitivity analysis

The sensitivity analysis considers only loan receivables and borrowings which have significant impact on the consolidated financial statements and loan receivables outstanding at the end of the reporting periods were outstanding for the whole year. 50 basis points represent the best estimation of the possible change in the interest rates over the period until the end of next reporting period for borrowing and loan receivables.

If interest rates had been increased/decreased by 50 basis points (2022: 50 basis points) and all other variables were held constant, the Group's profit after tax, due to the impact of variable-rate loan receivables and borrowings, would have decreased/increased by HK$50,219,000 (2022: HK$42,548,000) and the interest capitalised would have increased/decreased by HK$62,353,000 (2022: HK$64,452,000).

No analysis for the impact of interest rate risk on debt instruments at FVTOCI as the management expected the impact is not significant.

In the management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the year end exposure does not reflect the exposure during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk

Certain group entities have transactions denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages the foreign currency risk by entering certain forward foreign exchange contracts closely monitoring the movement of the foreign currency rate.

The carrying amount of the Group's foreign currency denominated monetary items, at the end of the reporting period are as follows:

	Assets		Liabilities	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
A$	**279,612**	613,779	**336,422**	933,120
US$	**1,223,900**	2,250,182	**4,297,584**	4,755,518
EUR	**179,742**	199,312	**11,494**	9,577
S$	**216,331**	257,446	**–**	–
GBP	**1,221,543**	1,337,789	**1,328,963**	803,740

Inter-company balances

	Assets		Liabilities	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
A$	**10,429,765**	10,755,646	**1,165,741**	–
RMB	**102,525**	98,209	**1,119,226**	1,594,810
EUR	**294,418**	364,344	**–**	–
S$	**360,106**	165,881	**584,848**	–
GBP	**4,281,636**	3,631,692	**–**	–

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Foreign currency risk (continued)

Foreign currency sensitivity analysis

The Group's exposure to foreign currency risk is mainly on currencies other than USD for the individual group entity in Hong Kong since under the Linked Exchange Rate System and the management does not expect any significant exposure in relation to the exchange rate fluctuation between HK$ and USD. The following tables details the Group's sensitivity to a 10% (2022: 10%) weakening in the functional currencies of group entities against the relevant foreign currencies of respective group entities, while all other variables are held constant. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at the year end. For a 10% strengthening of the functional currencies of group entities against the relevant foreign currencies, these would be an equal and opposite impact on profit and other comprehensive income.

	(Decrease) increase in profit after tax	
	2023	2022
	HK$'000	HK$'000
A$	**(4,744)**	(26,665)
RMB	**(256,653)**	(209,196)
EUR	**14,049**	15,843
S$	**18,064**	21,497
GBP	**(8,970)**	44,593

	Increase (decrease) in other comprehensive income	
	2023	2022
	HK$'000	HK$'000
A$	**926,402**	1,075,565
RMB	**(101,670)**	(149,660)
EUR	**29,442**	36,434
S$	**(22,474)**	16,588
GBP	**428,164**	363,169

In the management's opinion, the sensitivity analysis is unrepresentative of the foreign currency risk as the year end exposure does not reflect the exposure during the year.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

Price risk

The Group is exposed to equity price risk and other price risk arising from financial assets at FVTPL and financial assets at FVTOCI.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt price risk at the end of the reporting period.

If the price of the respective equity and investment funds have been 5% (2022: 5%) higher/lower:

- profit after tax would have increased/decreased by HK$1,361,000 (2022: HK$2,350,000) as a result of the changes in fair value of equity securities at FVTPL.

- profit after tax would have increased/decreased by HK$31,327,000 (2022: HK$28,198,000) as a result of the changes in fair value of investment funds at FVTPL.

- FVTOCI reserve would have increased/decreased by HK$17,818,000 (2022: HK$37,671,000) as a result of the changes in fair value of securities at FVTOCI.

The management considered that the fluctuation of price on structured notes is not significant and no sensitivity analysis is presented.

No analysis for the impact of credit risk exposure and market interest rate exposure on fixed rate debt securities as the management expected the impact is not significant.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, pledged bank deposits, bank balances, amounts due from related parties, other receivables, loan receivables, customers' deposits under escrow, debt instruments at FVTPL and debt instruments at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except that the credit risks associated with loan receivables are mitigated because they are secured over properties.

Except for debt securities at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised below:

For the Group's investments in debt securities, the investment committee are responsible for the credit risk assessment and give advance to the board of directors. The investment committee also assesses the financial performance of the issuers to ensure that the issuers can satisfy the repayment of the principal and interest as they fall due. Failure to repay may result in collateral liquidation, if any, and/or legal actions against the issuers. The Group also monitors the credit rating and market news of the issuers of the respective debts securities for any indication of potential credit deterioration.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group concentration of credit risk mainly on amounts due from an investee company, amount due from a shareholder of a non-wholly owned subsidiary, amounts due from associates which is mainly due from two associates (2022: two associates), and amounts due from joint ventures which is mainly due from eight joint ventures (2022: six joint ventures). The Group actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group performs impairment assessment under ECL model on the outstanding balances.

The Group invests in rated and unrated debt securities as well as investment grade debt securities. The management regularly reviews and monitors the portfolio of debt securities. Summary of the fair value and principal amount of debt securities at FVTPL are set out below.

Debt securities at FVTPL

	2023		2022	
	Fair value HK$'000	**Principal amount HK$'000**	Fair value HK$'000	Principal amount HK$'000
AA- to BBB-	**–**	**–**	73,388	90,900
BB+ to B	**–**	**–**	74,809	80,116
Unrated	**46,030**	**46,373**	4,654	4,676
	46,030	**46,373**	152,851	175,692

Trade debtors arising from contracts with customers as well as lease receivables

In order to minimise the credit risk, the management of the Group has policies in place to ensure the sales of properties are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. Monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade debtors including lease receivables individually or collectively based on the Group's internet credit rating.

Loan receivables/amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company/bank balances and deposits

The credit risk of loan receivables and amounts due from associates, joint ventures, a shareholder of a non-wholly owned subsidiary and an investee company is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition. The directors of the Company consider that the probability of default is minimal after assessing the counter-parties financial background and underlying assets held by the related parties.

Loan receivables represent mortgage loans secured by the properties of the borrowers.

In determining the recoverability of loan receivables, the Group considers any change in the credit quality of the borrowers, the value of the underlying properties under mortgage, historical settlements of loan interests and other forward-looking information.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Debt instruments at FVTOCI

The Group only invests in debt securities with credit rating of B or above issued by Moody's or Standard & Poor's. The directors of the Company focus on the investment diversification and their credit ratings changes. During the year, the credit rating of certain debt securities which are issued by PRC property developers, have been down-graded to CCC triggered by default events.

The directors of the Company access ECL on the debt instruments at FVTOCI based on the default rates published by major international credit rating agencies that are applicable to the respective debt instruments credit grades. Summary of the fair value and principal amount of debt securities at FVTOCI are set out below.

	2023		2022	
	Fair value HK$'000	**Principal amount HK$'000**	Fair value HK$'000	Principal amount HK$'000
AA- to BBB-	**145,638**	**191,175**	106,817	116,534
BB+ to B	**131,546**	**156,892**	476,190	523,286
CCC	**195,607**	**247,483**	79,769	109,480
Unrated	**456,140**	**460,602**	461,385	466,830
	928,931	**1,056,152**	1,124,161	1,216,130

During the year ended 31 March 2023, as certain issuers, which are PRC property developers, were determined to be credit-impaired, the credit loss allowances on those individual debt instruments are measured on lifetime ECL basis. For the purpose of ECL assessment, the Group considers the gross principal amount and the related contracted interests of the debt instruments. The Group assesses ECL for debt instruments at FVTOCI by reference to the credit rating of the debt instruments announced by external credit rating agencies, the macroeconomic factors affecting each issuer, and the probability of default and loss given default of each debt instrument.

During the year ended 31 March 2023, the impairment loss on debt instruments at FVTOCI amounting to HK$nil (2022: HK$78,258,000) was recognised in profit or loss.

The credit risks on pledged deposits, bank balances and deposits are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade and leases receivables/	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets and other items which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	**2023 Gross carrying amount HK$'000**	2022 Gross carrying amount HK$'000
Debt instruments at FVTOCI						
Investment in debt securities	20	AA– to B	N/A	12-month ECL	**277,184**	583,007
		Unrated	Low risk	12-month ECL	**456,140**	461,385
		CCC	N/A	Lifetime ECL – credit-impaired	**195,607**	79,769
Financial assets at amortised cost						
Trade debtors (contract with customers)	24(a)	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	**233,202**	391,667
		N/A	Loss	Credit-impaired	**62,405**	56,687
Loan receivables	21	N/A	Low risk (Note 2)	12-month ECL	**227,967**	187,635
Amounts due from related parties and a shareholder of a non-wholly owned subsidiary	33 & 44	N/A	Low risk (Note 2)	12-month ECL	**2,234,567**	1,285,809
Pledged deposits	22	above A- (Note 3)	N/A	12-month ECL	**708,739**	893,962
Bank balances	22	above A- (Note 3)	N/A	12-month ECL	**4,431,485**	6,902,605
Other receivables	24(a)	N/A	Low risk (Note 2)	12-month ECL	**149,246**	145,833
Customers' deposits under escrow	25	N/A	Low risk (Note 2)	12-month ECL	**389,175**	468,696
Others						
Lease receivables	24(a)	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	**64,854**	59,693
Contract assets	24(b)	N/A	Low risk (Note 1)	Lifetime ECL (not credit impaired)	**233,410**	–
Undrawn amount of loan commitment	41	N/A	Lower risk (Note 2)	12-month ECL	**75,227**	80,580

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes:

1. Trade debtors, lease receivables and contract assets
   For trade debtors, lease receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors and contract assets, which are assessed individually, the Group determines the expected credit losses on trade and lease receivables collectively based on shared credit risk characteristics by reference to the Group's internal credit ratings.

   As at 31 March 2023, the Group provided HK$9,253,000 (2022: HK$9,253,000) impairment allowance for trade debtors, based on the collective assessment. Impairment allowance of HK$62,405,000 (2022: HK$56,687,000) were made on credit impaired debtors on an individual basis. The increase of impairment allowance made on credit impaired debtors was due to increase of long outstanding debtors in particular to car park segment.

2. Loan receivables, loan commitment, amounts due from related parties, customers' deposits under escrow and other receivables
   For the purposes of internal credit risk management, the Group uses internal credit rating to assess whether credit risk has increased significantly since initial recognition.

   For loan commitment to a joint venture and amounts due from related parties. The directors of the Company consider the exposure to credit risk of these loan receivables is low after taking into account the value of the collateral, historical settlements of loan interests and principal and other forward-looking information. The fair value of the collateral is higher than the outstanding amount of these receivables at the end of the reporting period. The loss given default and 12-month ECL of these loan receivables is considered as insignificant to the Group, and no allowance of expected credit loss is provided for these loan receivables.

   For loan commitment to a joint venture and amounts due from related parties, the directors of the Company consider the exposure to credit risk of these amounts is low after taking into consideration of the fair values of the underlying assets held by the related parties, the outlook of their future operations and the expected operating cash flows of the related parties.

   Customers' deposits under escrow represents the portion of the sale proceeds being held in the escrow accounts. The funds are remitted to the Group upon the issuance of the relevant certificates by the relevant government authorities. The directors consider the exposure of credit risk is low.

   For other receivables, the directors of the Company consider the exposure of credit risk, historical settlement and other forward-looking information. The loss under of 12-month ECL of the other receivables are insignificant to be recognised.

3. For pledged deposits and bank balances, the ECL is assessed by reference to probability of default and loss credit rating grade published by international credit agencies.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

The Group's liquidity position and its compliance with lending covenants are monitored periodically by the management of the Group, to ensure that it maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and external borrowings.

The rolling forecasts of the Group's liquidity reserve comprise undrawn facilities of bank loans (note 31) and cash and bank balances (note 22) on the basis of expected cash flow. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available. In preparing the consolidated financial statements of the Group, the directors of the Company have given careful consideration to the future liquidity of the Group. In the opinion of the directors of the Company, the Group will be able to continue as a going concern in the coming twelve months from the date of this report taking into consideration the working capital estimated to be generated from operating activities and the undrawn facilities of bank loans. Based on this, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the directors of the Company consider that it is appropriate to prepare these consolidated financial statements on a going concern basis. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2023							
Creditors and accruals	N/A	1,537,857	-	-	-	1,537,857	1,537,857
Other liabilities	3.0	-	5,109	-	-	5,109	4,960
Amount due to a related company	N/A	953	-	-	-	953	953
Amounts due to associates	N/A	7,848	-	-	-	7,848	7,848
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	168,084	-	-	-	168,084	168,084
Bank and other borrowings	4.09	17,931,459	6,272,303	4,543,891	519,527	29,267,180	27,811,308
Lease liabilities	2.97	68,271	99,418	61,544	230,372	459,605	380,154
Notes	4.97	4,350,352	49,760	152,326	454,531	5,006,969	4,462,645
		24,064,824	6,426,590	4,757,761	1,204,430	36,453,605	34,373,809
Loan commitment		75,227	-	-	-	75,227	75,227
Derivatives financial instrument – net settled							
Interest rate/currency swap contracts		7,964	-	-	-	7,964	7,964

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	On demand or within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2022							
Creditors and accruals	N/A	1,404,211	–	–	–	1,404,211	1,404,211
Other liabilities	3.0	3,628	2,249	2,249	209	8,335	6,086
Amount due to a related company	N/A	858	–	–	–	858	858
Amounts due to associates	N/A	7,245	–	–	–	7,245	7,245
Amounts due to shareholders of non-wholly owned subsidiaries	N/A	171,548	–	–	–	171,548	171,548
Bank and other borrowings	1.71	11,133,518	11,368,802	4,351,697	559,441	27,413,458	26,590,414
Lease liabilities	3.08	93,386	151,595	97,160	400,442	742,583	609,736
Notes	4.96	231,211	4,364,198	74,640	557,097	5,227,146	4,604,128
		13,045,605	15,886,844	4,525,746	1,517,189	34,975,384	33,394,226
Loan commitment		80,580	–	–	–	80,580	80,580
Derivatives financial instrument – net settled							
Interest rate/currency swap contracts		25,922	–	–	–	25,922	25,922

Bank borrowings with a repayment on demand clause or become repayable on demand as a result of breach of covenants are included in the "on demand or within one year" time band in the above maturity analysis. As at 31 March 2023 and 31 March 2022, the carrying amounts of these bank borrowings amounted to HK$13,003,001,000 and HK$5,032,785,000 respectively. Taking into account the Group's financial position and the bankers had either agreed not to demand immediate repayment or the directors of the Company have reached successful conclusion with relevant bankers for the negotiation of the terms, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Within one year HK$'000	One to three years HK$'000	Three to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2023						
Bank and other borrowings	**9,223,666**	**2,551,680**	**1,967,005**	**71,129**	**13,813,480**	**13,003,001**
At 31 March 2022						
Bank and other borrowings	3,947,823	1,041,951	21,817	76,730	5,088,321	5,032,785

The cash flows presented above for variable interest rate financial liabilities is subject to change if changes in interest rates differ from those at the end of the reporting period adopted in the above calculation.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate benchmark reform

As listed in notes 20, 27 and 31, the Group's unlisted debt instruments, bank borrowings and interest rate swaps which are indexed to SOR and the 3-month USD LIBOR will mature before the cessation of SOR and 3-month USD LIBOR as mentioned below. In addition, several of the Group's bank borrowings which are indexed with BBSW and HIBOR, BBSW and HIBOR will co-exist with AUD Overnight Index Average ("AONIA") and Hong Kong Dollar Overnight Index Average ("HONIA") respectively. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

LIBOR

The LIBOR settings in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings ceased immediately after 31 December 2021.

The Financial Conduct Authority has confirmed the remaining LIBOR settings will either cease to be provided by any administrator or no longer be representative immediately after 30 June 2023, in the case of the remaining US dollar settings.

BBSW

The Reserve Bank of Australia has indicated a multi-rate approach to be adopted in Australia, where AONIA has been identified as an alternative to BBSW and there is no plan to discontinue BBSW. Therefore, BBSW will co-exist with AONIA.

For the floating rate bank borrowings that are linked to BBSW, the management expects the BBSW will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

HIBOR

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

For the floating rate bank borrowings that are linked to HIBOR, the management expects the HIBOR will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

SOR

The Association of Banks in Singapore and the Singapore Foreign Exchange Market Committee have confirmed that SOR will cease to be provided by any administrator or no longer be representative immediately after 30 June 2023 and identified the Singapore Overnight Rate Average ("SORA") as the alternative interest rate benchmark for SOR and have set out a roadmap for this transition.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate benchmark reform (continued)

Risks arising from the interest rate benchmark reform

Except for the bank borrowings indexed with HIBOR and BBSW, the following are the key risks for the Group arising from the transition:

Interest rate related risks

For contracts which have not been transitioned to the relevant alternative benchmark rates and without detailed fallback clauses, if the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs and other index rates that are relevant to the Group, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

There are fundamental differences between IBORs and the various alternative benchmark rates. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments.

Liquidity risk

The additional uncertainty on various alternative rates which are typically published on overnight basis will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

Progress towards implementation of alternative benchmark interest rates

As part of the Group's risk management for transition, new contracts entered into by the Group are linked to the relevant alternative benchmark rates or interest rates which are not subject to reform to the extent feasible. Otherwise, the Group ensured the relevant contracts include detailed fallback clauses clearly referencing the alternative benchmark rate and the specific triggering event on which the clause is activated.

During the year, all contracts which are linked to GBP LIBOR have been transitioned to SONIA. For the floating rate bank borrowings that are linked to HIBOR and BBSW, the management expects the contracts will continue to maturity and the Group does not intend to transition the contracts to HONIA and AONIA respectively.

The following table shows the total amounts of outstanding contracts and the progress in completing the transition to alternative benchmark rates as at 31 March 2023. The amounts of financial assets and liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

47. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Interest rate benchmark reform (continued)

Progress towards implementation of alternative benchmark interest rates (continued)

Financial instruments	Maturing in	Carrying amounts/ notional amounts HK$'000	Transition progress
Non-derivative financial asset			
Unlisted debt instruments at FVTOCI linked to BBSW	2024	222,380	AONIA will co-exist with BBSW. The management expects the BBSW will continue to maturity.
Non-derivative financial liabilities			
Bank loans linked to HIBOR	2023 to 2028	17,663,026	HONIA will co-exist with HIBOR. The management expects the HIBOR will continue to maturity.
Bank loans linked to SOR	2023 to 2024	1,845,287	The contract will mature before the cessation of SOR.
Bank loans linked to BBSW	2025	4,425,238	AONIA will co-exist with BBSW. The management expects the BBSW will continue to maturity.

Note: No detailed fallback clauses for the above contracts.

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47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments

The fair values of the Group's financial assets and financial liabilities at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	31.3.2023 HK$'000	31.3.2022 HK$'000		
1a) Listed equity securities classified as financial assets at FVTPL	15,465	42,617	Level 1	Quoted bid prices in an active market
1b) Listed equity securities classified as equity instrument at FVTOCI	356,361	902,298	Level 1	Quoted bid prices in an active market
1c) Unlisted equity securities classified as financial assets at FVTPL	17,136	13,662	Level 2	Recent transaction price of equity securities issued to third parties
2a) Listed debt securities classified as financial assets at FVTPL	46,030	152,851	Level 1	Quoted bid prices in an active market
2b) Unlisted debt securities classified as financial assets at FVTOCI	447,031	419,604	Level 2	Reference to market value provided by brokers/financial institution
2c) Listed debt securities classified as financial assets at FVTOCI	481,900	704,557	Level 1	Quoted bid prices in an active market
3a) Investment funds classified as financial assets at FVTPL	446,585	427,873	Level 2	Redemption value quoted by the relevant investment funds with reference to the underlying assets (mainly listed securities) of the funds
3b) Investment funds classified as financial assets at FVTPL	303,760	247,526	Level 3	Reference to the net asset value of the unlisted equity investment provided by the external counterparties. Discount of 15.8% (2022: 15.8%) for lack of marketability

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Financial assets (liabilities) included in the consolidated statement of financial position	Fair value as at 31.3.2023 HK$'000	Fair value as at 31.3.2022 HK$'000	Fair value hierarchy	Valuation technique and key inputs
4) Convertible bond classified as financial assets at FVTPL	**–**	122,281	Level 3	Binomial Option Pricing Model The fair value is estimated based on the risk free rate, conversion price, underlying share price, expected volatility of the underlying share price, expected dividend yield and discount rate.
5a) Cross currency swap contracts classified as derivative financial instruments	**Assets – –** **Liabilities – (7,964)**	Assets – 4,084 Liabilities – (1,911)	Level 2	Discounted cash flow Future cash flows are estimated based on forward exchange (from observable forward exchange at the end of the reporting period) and contracted forward exchange, discounted at a rate that reflects the credit risk of various counterparties.
5b) Interest rate swap contracts classified as derivative financial instruments	**Assets – 3,643** **Liabilities – –**	Assets – 13,835 –	Level 2	Discounted cash flow Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted forward interest rates, discounted at a rate that reflects the credit risk of various counterparties.
6) Liabilities arising from profit guarantee arrangement	**Liabilities – –**	Liabilities – (24,011)	Level 3	Income approach Future cash flows are estimated based on the contractual terms to be payable by the Group, discounted using an appropriate discount rate.

There were no transfers between Levels 1, 2 and 3 during the years ended 31 March 2023 and 31 March 2022.

47. FINANCIAL INSTRUMENTS (continued)

c. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets and liabilities

	Investment funds classified as financial assets at FVTPL HK$'000	Liabilities arising from profit guarantee arrangement HK$'000	Convertible bonds classified as financial assets at FVTPL HK$'000
At 1 April 2021	114,637	–	–
Addition	111,224	56,406	129,500
Redemption	–	–	(2,660)
Unrealised fair value change recognised in profit or loss	23,528	(32,667)	(4,559)
Exchange realignment	(1,863)	272	–
At 31 March 2022	247,526	24,011	122,281
Addition	43,095	–	–
Disposal	(12,087)	–	–
Redemption	–	–	(110,500)
Unrealised fair value change recognised in profit or loss	25,706	(23,329)	(11,781)
Exchange realignment	(480)	(682)	–
At 31 March 2023	303,760	–	–

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable inputs for any of the level 3 financial instruments of the Group, as the management considers that the exposure is insignificant to the Group.

d. Financial instruments subject to enforceable master netting arrangements

The Group has entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with various banks. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Group currently has no legally enforceable right to set off the recognised amounts. No further disclosure is provided as the effects are considered insignificant.

48. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings HK$'000 (note 31)	Notes HK$'000 (note 34)	Dividend payable HK$'000	Amounts due to related companies HK$'000 (note 44)	Amounts due to associates HK$'000 (note 44)	Amounts due to shareholders of non-wholly owned subsidiaries HK$'000 (note 33)	Lease liabilities HK$'000 (note 32)	Other liabilities HK$'000	Total HK$'000
At 1 April 2021	22,357,765	5,218,916	-	807	51,326	168,997	726,897	6,332	28,531,040
New lease entered	-	-	-	-	-	-	12,102	-	12,102
Termination of lease contracts	-	-	-	-	-	-	(15,194)	-	(15,194)
Disposal of subsidiaries	(588,154)	-	-	-	-	-	-	-	(588,154)
Financing cash flows	4,598,828	(835,432)	(386,923)	51	(44,250)	-	(133,503)	-	3,198,771
Non-cash changes (note)	(211,195)	(54,438)	(68,855)	-	-	-	(180)	-	(334,668)
Finance costs	569,185	248,234	-	-	-	-	20,246	-	837,665
Dividends recognised as distribution	-	-	455,778	-	-	-	-	-	455,778
Foreign exchange translation	(136,015)	26,848	-	-	169	2,551	(632)	(84)	(107,163)
At 31 March 2022	26,590,414	4,604,128	-	858	7,245	171,548	609,736	6,248	31,990,177
New lease entered	-	-	-	-	-	-	49,593	-	49,593
Termination of lease contracts	-	-	-	-	-	-	(157,355)	-	(157,355)
Financing cash flows	761,700	(344,587)	(404,666)	95	603	132,677	(99,350)	-	46,472
Non-cash changes (note)	-	(41,417)	(90,018)	-	-	-	-	-	(131,435)
Finance costs	1,074,923	234,224	-	-	-	-	12,914	-	1,322,061
Dividends recognised as distribution	-	-	494,684	-	-	16,525	-	-	511,209
Proceeds on disposal of partial interest in a subsidiary	-	-	-	-	-	(156,800)	-	-	(156,800)
Foreign exchange translation	(615,729)	10,297	-	-	-	4,134	(35,384)	(1,126)	(637,808)
At 31 March 2023	27,811,308	4,462,645	-	953	7,848	168,084	380,154	5,122	32,836,114

Note: During the year ended 31 March 2022, the non-cash changes mainly represented settlement of bank loan by the Purchaser amounting to HK$211,195,000 as disclosed in note 39. During the current year, the non-cash changes mainly represented accrued interest payables of HK$41,417,000 (2022: HK$54,438,000) included in "other payables and accrued charges" as disclosed in note 28, and issuance of shares in lieu of cash dividend amounting to HK$90,018,000 (2022: HK$68,855,000) as disclosed in note 38.

In addition, the Group has made distributions of HK$207,890,000 (2022: HK$189,191,000) to owners of perpetual capital notes during the year ended 31 March 2023.

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49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$'000	2022 HK$'000
Non-current Asset		
Interests in subsidiaries	**6,379,003**	6,117,754
Current Asset		
Bank balances, deposits and cash	**6,505**	7,748
Current Liabilities		
Creditors and accrued charges	**23,842**	25,137
2023 Notes (note 34)	**1,033,087**	–
	1,056,929	25,137
Net Current Liabilities	**(1,050,424)**	(17,389)
Total Assets Less Current Liabilities	**5,328,579**	6,100,365
Capital and Reserves		
Share capital	**270,591**	241,962
Share premium	**4,712,161**	4,650,772
Reserves	**345,574**	101,004
	5,328,326	4,993,738
Non-current Liabilities		
2023 Notes (note 34)	**–**	1,106,374
Deferred tax liabilities	**253**	253
	253	1,106,627
	5,328,579	6,100,365

Note:

The movement of equity is as follows:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2021	239,508	4,584,371	35,964	628,830	893	5,489,566
Loss and other comprehensive expense for the year	–	–	–	–	(108,905)	(108,905)
Dividends	–	–	–	(455,778)	–	(455,778)
Share issued in lieu of cash dividend	2,454	66,401	–	–	–	68,855
At 31 March 2022	241,962	4,650,772	35,964	173,052	(108,012)	4,993,738
Profit and other comprehensive income for the year	–	–	–	–	739,254	739,254
Dividends	–	–	–	–	(494,684)	(494,684)
Share issued in lieu of cash dividend	4,433	85,585	–	–	–	90,018
Bonus issue of share	24,196	(24,196)	–	–	–	–
At 31 March 2023	270,591	4,712,161	35,964	173,052	136,558	5,328,326

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the year are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
			2023 %	2022 %	
Direct subsidiaries					
Ample Bonus Limited	BVI/HK	101 shares of US$1	100	100	Investment holding
Pacific Growing Limited	HK	1 share of HK$1	100	100	Investment holding
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
The Fifth Apartments Pty Ltd	Australia	100,000,001 share of A$1	100	100	Property development
Indirect subsidiaries					
19 Bank Street Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
344 Queen Car Park Pty Ltd	Australia	10,000 shares of A$121.78	77.75	77.75	Car park operation
All Greatness Limited	BVI/HK	1 share of US$1	100	100	Property development
Amphion Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Angel Meadows (FEC) Limited	UK	100 shares of £1	100	100	Property development
Annick Investment Limited	HK	2 shares of HK$1	100	100	Property investment
Apexwill Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Arvel Company Limited	HK	10,000 shares of HK$1	100	100	Property investment
Asian Harvest Investments Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Ballarat Central Car Park Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Boundary Farm Car Park Ltd	BVI	2 shares of US$1	88.88	88.88	Car park operation
Bournemouth Estates Limited	HK	2 shares of HK$10	100	100	Property development
Bravo Trade Holdings Limited	BVI/HK	1 share of US$1	100	100	Property development
Bryce International Limited	BVI/HK	100 shares of US$1	100	100	Investment holding
Capital Fortune Investment Limited	HK	2 shares of HK$1	100	100	Investment holding
Care Park Finance Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Holdings Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Leasing Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Park Properties Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Investment holding
Care Park Group Pty Ltd	Australia	1,000 shares of A$121.78	77.75	77.75	Car park operation
Care Property Pty Ltd	Australia	100 shares of A$1	77.75	77.75	Car park operation
Carterking Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Cathay Motion Picture Studios Limited	HK	30,000 shares of HK$100	100	100	Property investment
Charter Joy Limited	HK	2 shares of HK$1	100	100	Hotel operation
Charter National International Limited	HK	2 shares of HK$1	100	100	Property development
Ching Chu (Shanghai) Real Estate Development Company Limited (i)	PRC	Registered and paid up capital of US$8,800,000	100	100	Hotel management

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2023 %	2022 %	Principal activities
Chun Wah Holdings Limited	HK	200 shares of HK$1	100	100	Property development
City Sight Limited	HK	1 share of HK$1	100	100	Loan financing
Complete Delight Limited	BVI/HK	1 share of US$1	100	100	Hotel operation
Cosmopolitan Hotel Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Crouch End (FEC) Limited	UK	1 share of £1	100	100	Property development
Dorsett Bukit Bintang Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Property development
Dorsett Hospitality International Limited	Cayman Islands	2,100,626,650 shares of HK$0.1	100	100	Investment holding
Dorsett Hospitality International (M) Sdn Bhd	Malaysia	2 shares of MYR2	100	100	Investment holding
Dorsett Hospitality International (Singapore) Pte. Limited	Singapore	1 share of S$1	100	100	Hotel management and consultancy service
Dorsett Hospitality International Services Limited	HK	2 shares of HK$1	100	100	Hotel management
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	5,000,000 shares of MYR1	100	100	Hotel operation
Drakar Limited	Isle of Man/ UK	1 share of £1	100	100	Property development
Dunjoy Limited	HK	2 shares of HK$1	100	100	Investment holding
E-Cash Ventures Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Everkent Development Limited	HK	2 shares of HK$1	100	100	Hotel operation
Expert Vision Trading Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Far East Consortium (Australia) Pty Ltd.	Australia	2 shares of A$1	100	100	Property development
Far East Consortium (B.V.I.) Limited	BVI/HK	50,000 shares of US$1	100	100	Investment holding
Far East Consortium (Netherlands Antilles) N.V.	Curacao	99,000 shares of US$1	100	100	Investment holding
Far East Consortium China Investments Limited	HK	6,000 shares of HK$100	100	100	Investment holding
Far East Consortium Holdings (Australia) Pty Limited	Australia	12 shares of A$1 235 redeemable preference shares of A$42.55	100	100	Investment holding
Far East Consortium Limited	HK	830,650,000 shares of HK$1	100	100	Investment holding and property investment
Far East Consortium Real Estate Agency Limited	HK	1 share of HK$1	100	100	Sales agency service
Far East Real Estate and Agency (H.K.) Limited	HK	60,000 shares of HK$100	100	100	Investment holding and loan financing
Far East Vault Limited	HK	1 share of HK$1	100	100	Vault Service

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2023 %	2022 %	Principal activities
FEC 640 Bourke Street Melbourne Pty Limited	Australia	1 share of A$1	100	100	Property development
FEC Care Park Holdings (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Investment holding
FEC Care Park Holdings Pte Ltd	Singapore	1 share of S$1	100	100	Investment holding
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Investment holding
FEC Development Management Limited	UK	1 share of £1	100	100	Administrative services
FEC Finance (Australia) Pty Ltd	Australia	1 share of A$1	100	100	Corporate treasury management
FEC May22 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
FEC Northern Gateway Development Limited	UK	1 share of £1	100	100	Property development
FEC QWB Integrated Resort Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
FEC Strategic Investments (Netherlands) B.V.	Amsterdam	120,000 shares of DeFi Land ("DFL") 1	100	100	Investment holding
FEC Suites Pte. Ltd	Singapore	1 share of S$1	100	100	Property development
Fortune Plus (M) Sdn. Bhd.	Malaysia	935,000 shares of MYR1	100	100	Property investment
Garden Resort Development Limited	HK	100 shares of HK$1	100	100	Property development
Gold Prime Group Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Grand Expert Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Hong Kong Hotel REIT Finance Company Limited	HK	1 share of HK$1	100	100	Loan financing
Jarton Limited	HK	1 share of HK$1	100	100	Property development
Kuala Lumpur Land Holdings Limited	Jersey/HK	100 shares of £1	100	100	Investment holding
Madison Lighters and Watches Company Limited	HK	4 shares of HK$1	100	100	Investment holding
Mass Perfect Limited	HK	1 share of HK$1	100	100	Investment holding
May21 Pty Ltd.	Australia	1 share of A$1	100	100	Property development
Mega Source Global Limited	HK	500,000 shares of HK$1	100	100	Property development
Merdeka Labuan Sdn. Bhd.	Malaysia	105,000,000 MYR1	100	100	Hotel operation
N.T. Horizon Realty (Jordan) Limited	HK	2 shares of HK$100	100	100	Property investment
New Time Plaza Development Limited	HK	1,000 shares of HK$1	100	100	Investment holding
New Union Investments (China) Limited	HK	300 shares of HK$1	100	100	Investment holding
Novel Orient Investments Limited	HK	1 share of HK$1	100	100	Hotel operation
Panley Limited	HK	1 share of HK$1	100	100	Hotel operation

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50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2023 %	2022 %	Principal activities
Peacock Management Services Limited	HK	2 shares of HK$1	100	100	Administration services
Perth FEC Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub One Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Three Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Seven Pty Ltd	Australia	1 share of A$1	100	100	Property development
Perth Hub Six Pty Ltd	Australia	1 share of A$1	100	100	Property development
Polyland Development Limited	HK	2 shares of HK$1	100	100	Property development
Quadrant Plaza Pty Ltd	Australia	N/A	77.75	77.75	Car park operation
Quadrant Plaza Unit Trust	Australia	N/A	77.75	77.75	Car park operation
Queens Wharf Holdings Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Richfull International Investment Limited	HK	1 share of HK$1	100	100	Bar operation
Ruby Way Limited	HK	2 shares of HK$1	100	100	Hotel operation
Sanon Limited	HK	1 share of HK$1	100	100	Property development and investment
Shanghai Chingchu Property Development Company Limited (ii)	PRC	Registered and paid up capital of US$35,000,000	98.2	98.2	Property development and investment
Shepparton Car Park Pty Ltd	Australia	10,050 shares of A$0.17093	77.75	77.75	Car park operation
Singford Holdings Limited	BVI/HK	1 share of US$1	100	100	Treasury management
Star Bridge Development Limited	HK	2 shares of HK$1	100	100	Investment holding
Subang Jaya Hotel Development Sdn Bhd	Malaysia	245,000,000 shares of MYR1	100	100	Hotel operation
Target Term Sdn. Bhd.	Malaysia	2 shares of MYR1	100	100	Car park operation
Tantix Limited	HK	1 share of HK$1	100	100	Property development
Teampearl Company Limited	HK	5,001 A shares of HK$1 4,999 B shares of HK$1	100	100	Property development
The Hotel of Lan Kwai Fong Limited	HK	10,000 shares of HK$1	100	100	Hotel operation
Topping Faithful Limited	HK	1 share of HK$1	100	100	Sales agency service
Tracia Limited	Isle of Man/ UK	1 share of £1	100	100	Investment holding

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ establishment and operation	Issued and fully paid share capital/ registered and paid up capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2023 %	2022 %	Principal activities
Trans World Hotels & Entertainment, a.s. ("TWHE")	Czech Republic	400 shares of CZK75,000 and 100 shares of CZK700,000	90	100	Gaming and hotel operation
Trans World Hotels Austria GmbH	Austria	1 share of EUR40,000	90	100	Hotel operation
Trans World Hotels Germany GmbH	Germany	1 share of EUR20,000	90	100	Hotel operation
Venue Summit Sdn. Bhd.	Malaysia	250,000 shares of MYR1	100	100	Hotel operation
Victoria Land Pty Limited	Australia	12 shares of A$1	100	100	Management services
Well Distinct Limited	BVI/HK	1 share of US$1	100	100	Investment holding
Wing Mau Tea House Limited	HK	100,000 shares of HK$1	100	100	Property development
Zhongshan Developments Limited	BVI/HK	1 share of US$1	100	100	Investment holding
武漢港澳中心物業管理有限公司(iii)	PRC	Registered and paid up capital of RMB500,000	100	100	Property management
武漢遠東帝豪酒店管理有限公司(i)	PRC	Registered and paid up capital US$29,800,000	100	100	Hotel operation
遠東帝豪酒店管理(成都)有限公司(i)	PRC	Registered and paid up capital US$38,000,000	100	100	Property development
上海帝盛酒店有限公司(iii)	PRC	Registered and paid up capital RMB500,000	100	100	Hotel operation

(i) Foreign investment enterprise registered in the PRC.
(ii) Sino-foreign equity joint venture registered in the PRC.
(iii) Domestic wholly owned enterprise registered in the PRC.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

50. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Details of subsidiaries that has material non-controlling interests

The table below shows details of subsidiaries of the Group that have material non-controlling interests as at 31 March 2023 and 2022.

	Profit (loss) allocated to non-controlling interests/owners of perpetual capital notes		Accumulated non-controlling interests/owners of perpetual capital notes	
	2023 **HK$'000**	2022 HK$'000	**2023** **HK$'000**	2022 HK$'000
Owners of perpetual capital notes (Note)	**209,864**	206,877	**2,903,563**	2,901,589
Subsidiaries with individually immaterial non-controlling interests	**(1,837)**	3,278	**389,676**	376,611

Note: FEC Finance Limited's issued ordinary shares are fully held by the Group. As disclosed in note 37, FEC Finance Limited issued perpetual capital notes which are classified as equity to parties outside the Group. Such non-controlling interests of FEC Finance Limited amounted to HK$2,903,563,000 (2022: HK$2,901,589,000) as at 31 March 2023.

51. CONTINGENT LIABILITIES

On 11 January 2022, Destination Brisbane Consortium Integrated Resort Holdings Pty Ltd ("DBC"), an associate of the Group, received a notification of a claim to be raised from the Multiplex D&C Subcontractor ("Multiplex") which seeks significant extensions of time and additional charge of costs due to delay. On 18 May 2022, Notice of Dispute was received from Multiplex, which essentially amalgamates all claims to date. No formal claim has been received yet, up to the end of the report period, legal advice has advised that the claim Multiplex purported is not strong and given the early status of the claim assessment process, DBC management have determined that as at 31 March 2023 there is no legal or constructive obligation (i.e. given no actual claim or supporting documents have been provided) nor is there a probability of cash outflow.

52. EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in note 34 of the consolidated financial statements, the Group has the following events subsequent to the end of the reporting period:

On 2 June 2023, the Group announced the potential spin-off and separate listing of the Group's Czech gaming business (comprising the Group's three casinos and one ancillary hotel in Czechia) and German and Austrian hotel business (comprising the Group's three hotels in Germany and one hotel in Austria) which are currently held by TWHE, an indirect non-wholly owned subsidiary of the Company.

In June 2023, DGCI, a joint venture of the Group, signed an agreement to sell Sheraton Grand Mirage Resort on the Gold Coast, Australia for A$192 million.

During the year ended 31 March 2021, legal proceedings, which were issued in the High Court of Justice in London, were served upon Ensign House (FEC) Limited ("EHFL") and FEC Development Management Limited. The proceedings were instigated by Ensign House Limited ("EHL"). The claim which is made by EHL is stated as a claim for "damages and/or equitable compensation and/or an account of profits and/or a constructive trust and/or interest under statute and/or in equity and/or other relief". The essence of the claim is that each of the defendants was involved in a breach of contract and/or breaches of other duties by using confidential information provided by or on behalf of EHL in connection with the acquisition by EHFL of the property known as Ensign House, Admiral's Way, Canary Wharf. On 27 June 2023, the case has reached approved judgment which the Group is liable for payments, the management of the Group consider the amount is insignificant and is preparing for appeal.

On 26 June 2023, FEC Care Park Holdings (Australia) Pty Ltd ("FEC Care Park"), an indirect wholly-owned subsidiary of the Group entered into the Settlement Deeds with, amongst others, the other Care Park Parties and the Belteky Parties, pursuant to which the parties thereunder have agreed to settle the Legal Proceedings on the terms set out in the Settlement Deeds. Pursuant to the Settlement Deeds, the parties agreed that, amongst others, the parties must procure their respective solicitors to sign on the minutes of proposed consent orders and to seek orders from the court to, amongst others, dismiss the claims under the Legal Proceedings, and Warmlink Pty Ltd ("Warmlink") shall transfer the 14% of the shares on issue in Care Park Group Pty Ltd ("CPG") held by Warmlink to FEC Care Park and Chartbridge Pty Ltd respectively. After the transfer, the Group's effective interest in CPG would increase from 77.75% to 90.41%. Details are set out in the Company's announcement dated 26 June 2023. Care Park Parties and Belteky Parties, amongst others, had some disputes, upon which the Care Park Parties commenced the Legal Proceedings. The Care Park Parties and the Belteky Parties, amongst others, have agreed to settle the Legal Proceedings on the terms set out in the Settlement Deeds. Capitalised terms used in this paragraph shall have the same meaning as those defined in the Company's announcement dated 26 June 2023.

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