

COASTAL 沿海

COASTAL GREENLAND LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 01124



Annual Report 2021/22

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DEFINITIONS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended, modified or supplemented from time to time
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“CIH”	Coastal International Holdings Limited, the controlling Shareholder
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Coastal Greenland Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“HK\$” and “HK cent(s)”	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this annual report only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Year” or “FY2022”	the year ended 31 March 2022
“%”	per cent.

The Chinese version of this annual report is a translation of the English version and is for reference only. In case of any discrepancies or inconsistencies between the English version and the Chinese version, the English version shall prevail.

CORPORATE INFORMATION

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in the PRC

38/F, Noble Center
No. 1006 Third Fuzhong Road
Futian District
Shenzhen

Principal Place of Business in Hong Kong

Suite 1712-16, 17th Floor
China Merchants Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
4th floor North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

(with effect from 15 August 2022:
17/F, Far East Finance Centre,
16 Harcourt Road
Hong Kong)

Executive Directors

Mr. JIANG Ming (*Chairman and Managing Director*)
Mr. XIA Xianglong (*resigned on 23 May 2022*)
Dr. LI Ting
Mr. LIN Chen Hsin
Ms. TONG Xinhua (*appointed on 23 May 2022*)

Non-Executive Directors

Mr. ZHU Guoqiang (*resigned on 3 January 2022*)
Mr. QIU Guizhong
Mr. ZHOU Xiya (*appointed on 3 January 2022*)

Independent Non-Executive Directors

Mr. WONG Kai Cheong
Mr. YANG Jiangang
Mr. HUANG Xihua

Company Secretary

Mr. CHENG Wing Bor FCCA, CPA

Auditor

BDO Limited
Certified Public Accountants

Websites

<http://www.coastal.com.cn>
<http://www.irasia.com/listco/hk/coastal>

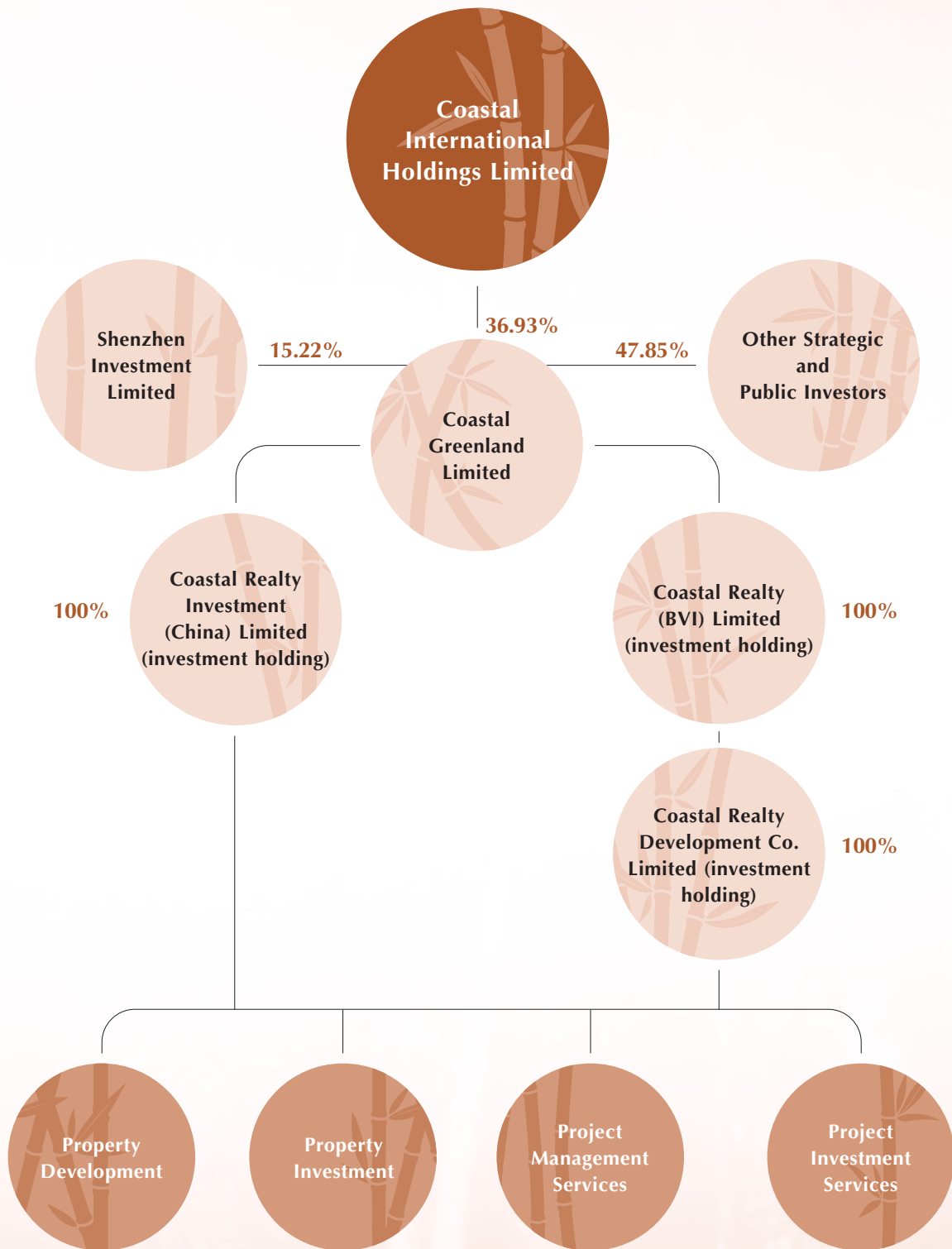
Investor Relations Contact

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Stock Code

1124

SHAREHOLDING STRUCTURE AND MAJOR OPERATIONS



FINANCIAL HIGHLIGHTS

The following is a summary of the published consolidated results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements.

RESULTS

	Year ended 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Revenue	6,741	129,588	30,964	200,508	1,791,404
(Loss) profit before taxation	(1,085,618)	(286,497)	(436,317)	20,355	364,757
(Loss) profit for the year attributable to owners of the Company	(942,595)	(281,028)	(336,784)	132,475	231,077
Dividends	-	-	-	-	-

ASSETS AND LIABILITIES

	As at 31 March				
	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000
Total assets	7,971,673	9,969,161	9,226,058	8,703,907	15,802,415
Total liabilities	(4,445,382)	(5,533,147)	(4,796,944)	(3,604,338)	(10,194,135)
Total equity	3,526,291	4,436,014	4,429,114	5,099,569	5,608,280
Non-controlling interests	62,658	(72,771)	(65,731)	(107,725)	(133,877)
Equity attributable to owners of the Company	3,588,949	4,363,243	4,363,383	4,991,844	5,474,403

FINANCIAL HIGHLIGHTS

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Revenue		
– Sale of properties	2,117	124,669
– Rental income	4,624	4,919
Total	6,741	129,588

	Year ended 31 March	
	2022 HK\$'000	2021 HK\$'000
Operating results by activity		
– Property development	(1,001,688)	(184,930)
– Property investment	(19,495)	7,284
– Project management services	(2,316)	(3,515)
Segment loss	(1,023,499)	(181,161)
Finance costs	(99,320)	(143,155)
Interest income	23,318	12,819
Interest expense recharged	72,570	117,770
Net foreign exchange gain	1,270	780
Share of loss of a joint venture	(989)	(16,495)
Share of loss of an associate	(832)	–
Other net unallocated expenses	(58,136)	(77,055)
Loss before taxation	(1,085,618)	(286,497)

CHAIRMAN'S STATEMENT

On behalf of the Board, I would like to present to the Shareholders the Group's financial results and operation report for the year ended 31 March 2022 as follows:

Results and Dividend

During the Year, the Group generated revenue of HK\$6.7 million. For the FY2022, the Group incurred a loss before taxation of HK\$1,085.6 million and a loss for the year attributable to owners of the Company of HK\$942.6 million. Loss per share for the Year was HK22.73 cents.

The Board does not recommend the payment of any dividend for the Year.

Business Overview

During the Year, the Group generated revenue of HK\$6.7 million, representing a decrease of approximately 95% as compared to the HK\$129.6 million for last year. For the FY2022, the Group incurred a loss before taxation of HK\$1,085.6 million, compared to HK\$286.5 million for last year. Loss for the year attributable to owners of the Company was HK\$942.6 million, compared to HK\$281.0 million for last year.

During the Year, the Group recorded contracted sales in the amount of HK\$17.3 million (2021: HK\$25.2 million) which corresponds to a total GFA of approximately 6,100 sq.m. (2021: 5,000 sq.m.). Included in the amount was HK\$14.1 million (2021: HK\$5.4 million) related to contracted sales attributable to a development project in which the Group has equity interests of 35% (2021: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of approximately 5,600 sq.m. (2021: 1,000 sq.m.).

Prospects

The COVID-19 outbreak occurred over the past years has caused disruptions to many industries which have inevitably posed a significant threat to the PRC as well as the global economy. To tackle with the crisis, the central government has implemented a series of stringent measures to contain the epidemic. With signs of stabilisation in combating the COVID-19, we believe consumer confidence will be gradually recovered and potentially housing demand will also be resuming gradually. Nevertheless, the credit crisis emerged from certain big names of the PRC property developers during the year has casted an uncertain atmosphere over the PRC property sector. Therefore, the construction and sales progress of the Group may be exposed to short-term volatilities and challenges. However, the Group remains cautiously optimistic on the outlook and the prospects for the real estate market.

Against the backdrop of these profound changes in the real estate market, the Group will continue to formulate its business strategy along the direction of government policies. Over the past years, the Group continues to look for opportunities to realise its investment in its development projects as part of the Group's business activities.

CHAIRMAN'S STATEMENT

Going forward, the Group will continue to seek opportunities of participation in city redevelopment of old villages or old plants and factories so as to replenish its property portfolio as an ongoing business exercise and as a means of replenishing a lower cost land bank. For business development, the Group will also look for different thriving business opportunities that will benefit the Group in the years ahead.

Appreciation

On behalf of the Board, I would like to express my gratitude to all business partners, customers, suppliers, bankers and Shareholders for their continued support and trust over the years. I would also like to take this opportunity to extend my appreciation to my fellow Directors and our staff for their diligence and contributions to the Group in the past year.

Jiang Ming

Chairman and Managing Director

Hong Kong
29 June 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

Property Development

The Group's business strategy for its property development business is to develop quality residential estates for the upper to middle class domestic market.

During the Year, the Group recorded contracted sales in the amount of HK\$17.3 million (2021: HK\$25.2 million) which corresponds to a total GFA of approximately 6,100 sq.m. (2021: 5,000 sq.m.). Included in the amount was HK\$14.1 million (2021: HK\$5.4 million) related to contracted sales attributable to a development project in which the Group has equity interests of 35% (2021: 35%) and of which the Group is the project manager. Such development project accounted for a corresponding GFA of approximately 5,600 sq.m. (2021: 1,000 sq.m.).

Property Investment

The Group holds some of its properties for investment purposes. The property investment portfolio of the Group includes commercial and residential properties located in the PRC. In managing the investment property portfolio, the Group takes into account the long-term growth potential and overall market conditions of the properties. The Group may sell some of its investment properties when it is in its interests to do so. Rental income for the Year mainly derived from properties in Shenzhen.

Project Management Services

During the Year, the Group was engaged as the project managers of two (2021: two) development projects namely Beijing Bay Project Phase II and Chongqing Silo City, both of the project's construction have been completed.

Project Investment Services

During the years ended 31 March 2022 and 2021, the Group did not generate any profit from the operations of this segment. The Group will continue to look for opportunities in relation to investment in and sale of property development/land development projects in the PRC.

Major Development Projects

A summary of the progress of the Group's major properties and development projects is set out below:

Anshan Coastal Xintiandi Project

The project is located in Tiedong District, Anshan with a total GFA of about 28,943 sq.m. and had been developed into a commercial development. The Group owned 100% of the project. The construction of the project was completed and delivered in December 2020. As of 31 March 2022, a remaining GFA of 16,863 sq.m., mainly comprised retail units and car parking area, is held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

Anshan Wisdom New City

Anshan Wisdom New City is located in Lishan District, Anshan with a total GFA of about 215,900 sq.m. and had been developed into a residential estate by three phases. The Group owned 100% of the project. The construction of the project was completed and delivered in December 2009 and December 2012 respectively. As of 31 March 2022, a remaining GFA of 738 sq.m., mainly comprised retail units, is held for sale.

Beijing Bay Project

The project is located in Changping District, Beijing. The Group owned 40% of the equity interests in the project and was appointed as the project manager of this project for the provision of project management services. The project was planned to be developed into a residential estate by four phases. The total GFA of Phase I to Phase III is about 379,134 sq.m..

The construction of Phase I and Phase II had been completed and all units were sold. Phase III has a total GFA of about 266,934 sq.m. and the construction has been commenced in September 2016. The construction is expected to be completed in the third quarter of 2022. Pre-sale has been commenced in December 2016. As of 31 March 2022, about 93% of the GFA was pre-sold. The development plan for Phases IV will be fixed as the development goes forward.

Chongqing Silo City

Chongqing Silo City is located in Beibei District, Chongqing. The Group owned 35% equity interests in the development which had been developed into residential properties with a total GFA of 266,149 sq.m.. The construction of the project was completed and delivered in the fourth quarter of 2016. As of 31 March 2022, a remaining GFA of 30,637 sq.m., mainly comprised retail units and car parking area, is held for sale. The Group was appointed as the project manager of this project for the provision of project management services.

Dalian Coastal International Centre

Dalian Coastal International Centre is located in Shahekou District, Dalian, with a total GFA of about 379,800 sq.m. and was planned to be developed into a residential/commercial complex. The development were carried out in two phases with GFA of about 217,200 sq.m. and 162,600 sq.m. for Phase I and Phase II respectively. The Group owned 100% of the project.

The construction of Phase I was completed and delivered in the first quarter of 2012. As of 31 March 2022, a remaining GFA of 8,163 sq.m., mainly comprised car parking area, is held for sale. The Group had disposed of the Phase II of Dalian Coastal International Centre to an independent third party in 2013.

Dalian Jianzhu Project

The project is located in Ganjingzi District, Dalian which had been developed into a residential development with a total GFA of about 168,900 sq.m.. The Group owned 100% interests in the development. Phase I and II of the project was completed and delivered in October 2011 and March 2014 respectively. As of 31 March 2022, a remaining GFA of 6,240 sq.m., mainly comprised car parking area, commercial and retail units, is held for sale.

MANAGEMENT DISCUSSION AND ANALYSIS

Jixi Silo City

Jixi Silo City is located in Jiguan District, Jixi which was planned to be developed into a residential development by phases. The total site area and the total GFA of the project are about 215,611 sq.m. and 679,489 sq.m. respectively. The Group owned 86% of the project.

During the Year, the Group agreed to surrender four parcel of lands in the project to the Jixi Municipal People's Government of Heilongjiang. The interests in the project remained to the Group were restricted to affordable houses. The total site area and the total GFA of the affordable houses are about 61,700 sq.m. and 176,960 sq.m. respectively. As of 31 March 2022, a remaining GFA of 5,998 sq.m. of the affordable houses is held for sale.

Schedule of Major Properties

Please refer to the Schedule of Major Properties on pages 148 to 150 of this annual report for further information about the properties and development projects of the Group.

Financial Review

Overall Performance

During the Year, the Group generated revenue of HK\$6.7 million, representing a decrease of approximately 95% as compared to the HK\$129.6 million for last year. For the FY2022, the Group incurred a loss before taxation of HK\$1,085.6 million, compared to HK\$286.5 million for last year. Loss for the year attributable to owners of the Company was HK\$942.6 million, compared to HK\$281.0 million for last year.

Revenue

The revenue of the Group was primarily derived from sales of properties and property rental income. For the FY2022, revenue decreased by approximately 95% to HK\$6.7 million from HK\$129.6 million in last year. Approximately 31% (2021: 96%) of the Group's revenue was generated from the sales of properties and approximately 69% (2021: 4%) from property rental income.

Sales of Properties

During the Year, the recognised sales revenue from sales of properties was HK\$2.1 million, representing a decrease of approximately 98% from last year's HK\$124.7 million, which corresponds to a decrease by 96% in the total GFA delivered by the Group of 520 sq.m. (2021: 14,750 sq.m.). The property sales revenue for the FY2022 mainly came from the sale of inventory in developments completed in prior years, namely Anshan Coastal Xintiandi Project, Anshan Wisdom New City and Dalian Jianzhu Project which respectively accounted for approximately 33%, 29% and 25% of the total property sales revenue.

Rental Income

Revenue from property rental slightly decreased to HK\$4.6 million from last year's HK\$4.9 million. The decrease was primarily attributable to the decreased GFA for rental purpose. The property investment segment for the Year recorded a loss of HK\$19.5 million which included a loss on disposal of property, plant and equipment of approximately HK\$11.9 million during the year, comparing to a profit of HK\$7.3 million for last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Project Management Services Income

During the years ended 31 March 2022 and 2021, the Group did not generate any revenue from project management services as the Group is phasing out from the business in this segment. The project management services segment recorded a loss of approximately HK\$2.3 million for the Year comparing to HK\$3.5 million for last year.

Gross Profit Margin

The gross profit margin for the Year was approximately 61% as compared to 26% for last year. A significant increase in the gross profit margin was primarily attributable to the change in revenue mix in which a majority of the revenue was derived from rental income during the Year.

Other Income and Gains

Other income and gains for the Year was HK\$96.7 million as compared to HK\$163.2 million for last year. Other income and gains for the Year mainly represented interest expense recharged of HK\$72.6 million (2021: HK\$117.8 million) (see note 26(a)(i) to the consolidated financial statements), other interest income of HK\$17.1 million (2021: HK\$3.3 million) and bank interest income of HK\$6.2 million (2021: HK\$9.5 million).

Marketing, Selling and Administrative Expenses

Marketing and selling expenses decreased by approximately 79% to HK\$0.6 million from last year's HK\$2.8 million as a result of the Group's decreased level of selling activities for promoting its sales during the Year.

Administrative expenses decreased by approximately 3% to HK\$116.6 million from last year's HK\$120.5 million. The Group will continue to implement cost control measures so as to enhance its operational efficiency.

Impairment Loss Recognised on Properties Under Development/Loss on Surrender of Lands/ Other Expenses

Other expenses for the Year was HK\$65.8 million as compared to last year's HK\$133.0 million. Other expenses mainly comprised of impairment loss recognised on completed properties for sale of HK\$20.0 million (2021: nil), loss on disposal of property, plant and equipment of HK\$12.0 million (2021: nil), write-off of prepayment, deposits and other receivables of HK\$11.5 million (2021: HK\$46.4 million), loss on write-off of assets and liabilities upon deregistration of subsidiaries of HK\$10.0 million (2021: HK\$42.8 million) and loss on disposal and deemed disposal of subsidiaries of HK\$10.1 million (2021: nil).

For impairment loss recognised on properties under development of HK\$494.1 million (2021: HK\$67.1 million) and loss on surrender of lands of HK\$408.2 million (2021: nil), please refer to note 11 to the consolidated financial statements.

Finance Costs

During the Year, the Group incurred finance costs before capitalisation (mainly interest for bank and other borrowings) of HK\$179.8 million, representing an increase of approximately 16% as compared to the HK\$154.8 million incurred for last year. The increase was mainly attributable to an increase in the average outstanding balance of bank and other borrowings as compared to last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Interest expenses charged to profit or loss for the Year was HK\$99.3 million as compared to last year's HK\$143.2 million. The decrease was mainly due to a larger amount of finance costs were qualified for capitalisation as compared to last year.

Financial Resources and Liquidity

The Group's principal source of fund is the cash flow generated from property sales and leasing supplemented by bank and other borrowings.

As at 31 March 2022, the Group's cash and bank balances amounted to approximately HK\$350.8 million (2021: HK\$438.3 million). An analysis by currency denomination of the cash and bank balances is as follows:

	2022 HK\$'000	2021 HK\$'000
RMB	344,692	429,249
HK\$	3,190	6,270
US\$	2,893	2,811
	350,775	438,330

As at 31 March 2022, the net borrowings of the Group, being interest-bearing bank and other borrowings less cash and bank balances and pledged bank deposits, amounted to approximately HK\$1,281.1 million (2021: HK\$2,457.4 million). Net debt to total equity ratio, which is expressed as a percentage of net borrowings over total equity of the Group, decreased by approximately 19% to 36% from last year's 55%. The significant improvement was due to the repayment of a loan balance of approximately HK\$1,604.2 million during the year as noted in note 26(a)(i) to the consolidated financial statements.

Borrowings and Charges

As at 31 March 2022, the Group's total bank and other borrowings amounted to HK\$1,631.9 million (2021: HK\$2,895.7 million), of which HK\$1,533.3 million (2021: HK\$1,261.8 million) were variable-rate borrowings and the remaining were fixed rate borrowings. Long-term borrowings amounted to HK\$1,350.6 million (2021: HK\$922.9 million), representing approximately 83% (2021: 32%) of the total borrowings, and short-term borrowings were HK\$281.3 million (2021: HK\$1,972.9 million) representing approximately 17% (2021: 68%) of the total borrowings. As at 31 March 2022, the ranges of effective interest rate per annum of the Group in respect of its fixed and variable rate borrowings were 10.80% (2021: 7.52% to 10.80%) and 2.32% to 7.00% (2021: 2.22% to 6.50%) respectively.

As at 31 March 2022, total facilities granted to the Group amounting to HK\$5,918.5 million (2021: HK\$5,679.3 million) of which HK\$1,202.2 million (2021: HK\$828.2 million) were utilised. The facilities are restricted to be used for a re-development project which is located in Zhuhai City of the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2022, certain assets of the Group including land and buildings, investment properties, right-of-use assets, deposits for future acquisition of land use rights and bank deposits with aggregate carrying value of HK\$4,152.2 million (2021: HK\$3,685.5 million), personal guarantee and assets given by a substantial shareholder of the Company and corporate guarantee given by the Company, certain subsidiaries and third parties were pledged to secure the bank and other borrowings.

Material Acquisitions and Disposals

On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government and an independent third party in which the Group agreed to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People's Government with a compensation amount of RMB224.0 million. Details of which are set out in the announcement and circular of the Company dated 15 November 2021 and 25 February 2022 respectively.

Save for the aforementioned, there was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this annual report.

Contingent Liabilities

As at 31 March 2022, the Group had no contingent liabilities (2021: nil).

Exposure to Fluctuations in Exchange Rates

The Group's operations are principally in the PRC and accordingly a majority part of its income and expenditure is denominated in RMB. The exchange rates of RMB against HK\$ and US\$ have been quite stable over the past years. Also the Group's operations will not be unduly exposed to exchange rates fluctuations as all the major assets, mainly property development projects of the Group are located in the PRC and will generate RMB revenue to the Group. Except certain bank and other borrowings which are denominated in US\$ or HK\$, most of the Group's liabilities are denominated in RMB. Therefore, the Directors do not foresee that movement in the exchange rates of foreign currencies against RMB in the foreseeable future will cause a material adverse impact on the Group's operations.

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

Employees and Remuneration Policy

As at 31 March 2022, the Group had approximately 70 employees (2021: 85 employees) in the PRC and Hong Kong. The related employees' cost (including the Directors' remuneration) for the Year amounted to approximately HK\$48.0 million (2021: HK\$57.5 million). Employees are remunerated based on their work performance, skills and experience, and prevailing industry practice. Apart from basic salary and performance related bonus, the Group also provides other benefits to its employees including mandatory provident fund, medical insurance coverage and housing allowances.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

This environmental, social and governance (“ESG”) report (the “ESG Report”) demonstrates the Group’s concept and practice for sustainable development and social responsibility to its stakeholders from both environmental and social aspects.

Reporting Scope

The scope of this report is consistent with that of the annual report, with a focus on disclosing the performance of the Group with respect to ESG concepts and practice during FY2022. There were no significant changes to the scope of reporting for FY2022.

Reporting Guidelines and Principles

This ESG Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 to the Listing Rules and with the application of the following reporting principles.

Materiality: Assessment was conducted to diagnose materiality of the ESG issues during FY2022, thereby adopting the material issues as the focus of the ESG Report. The materiality of ESG issues was reviewed and confirmed by the Board. Please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment” for further details;

Balance: Information is disclosed as objectively as possible to provides stakeholders with an unbiased picture of the Group’s ESG performance;

Quantitative: The ESG Report is prepared in accordance with the ESG Reporting Guide and discloses key environmental performance indicators (“KPIs”) in a quantitative manner. Information regarding the methodologies, assumptions and/or calculation references, and sources of key conversion factors used for KPIs is stated wherever appropriate; and

Consistency: The statistical methodologies applied to the ESG Report were substantially consistent with the previous year for meaningful comparison. If there are any changes that may affect the comparison with previous reports, the Group will make explanatory notes to the corresponding section hereof.

THE ESG GOVERNANCE STRUCTURE

The Group combines a top-down strategy with bottom-up processes of operations departments for the ESG issues. The Board wishes to state that it considers sustainability issues as part of its strategic formulation. The Board, in close interaction with the senior management, believes that those important ESG issues are relevant to organisational and management needs and oversees those important ESG issues. Apart from determining the important ESG issues set out in this ESG Report, the Board also determines the Group’s response to the attendant risks and opportunities. The Board is responsible for overseeing the ESG policy of the Group while the senior management of the Group is responsible for the implementation of related policies and measures, to ensure the efficacy of risk management and corresponding internal control mechanisms is in place in respect of ESG, with an aim to promoting the sustainable development of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Managing Organisation	Responsibilities	Organisational Tasks
The Board	The highest decision-maker of ESG issues, which takes full responsibility for the ESG strategies and reporting	<ul style="list-style-type: none"> • Developing ESG management approaches, strategies and goals; • Regularly reviewing the performance on ESG targets of the Group; • Evaluating, prioritising, and managing important ESG issues and their risks to the Group's business; and • Reviewing and approving the annual ESG Report.
Senior Management	Arrange specific work for the ESG working group based on the ESG strategies established by the Board	<ul style="list-style-type: none"> • Implementing ESG risk management and internal control systems, and reporting the main ESG trends, ESG-related risks and opportunities to the Board; • Regularly reporting the ESG work progress and performance and the achievement of ESG targets to the Board; and • Reporting the annual ESG Report to the Board.
ESG Working Group	The senior management takes the lead and works together with the operations departments to carry out specific ESG work.	<ul style="list-style-type: none"> • Carrying out specific ESG work according to the arrangements of the senior management; • Collecting information and data to complete the annual ESG Report; and • Reporting to the senior management on the progress of ESG work and annual ESG Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

We believe that building trusted relationships with stakeholders of the Group is a key to sustainable business growth. We have been building a strong rapport with our stakeholders, including customers, investors, employees, business partners, shareholders, regulators and government agencies. We believe that we should maintain consistent engagement with stakeholders who have an interest in our business and who can influence the Group's operations, business approaches and strategies. Through these approaches, we gain invaluable insights on their expectations and concerns, effectively supporting the development of the Group's management decisions, policies and strategies, which in turn drive greater value for our stakeholders.

We communicate with internal and external stakeholders through a variety of communication channels to understand their opinions and suggestions on the Group's sustainability and strategies, and take the expectations and concerns of stakeholders as an important reference for the Group's ESG work.

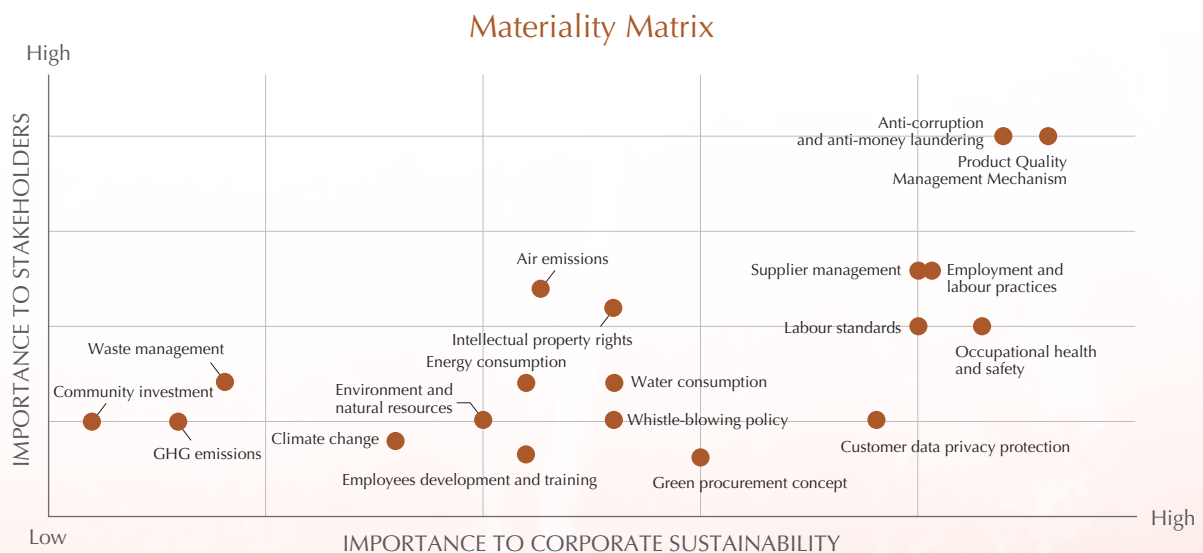
Stakeholders	Communication Channels	Expectations	Management Response
Government and other regulatory authorities	<ul style="list-style-type: none"> Public consultation Letter/email correspondences Visits and inspections 	<ul style="list-style-type: none"> Ensure operational compliance Fulfil tax obligation Stability in business operations 	<ul style="list-style-type: none"> Uphold integrity and comply with local laws and regulations Ensure on-time tax payment
Employees	<ul style="list-style-type: none"> Formal and informal team meetings Performance evaluation Training activities, seminars and briefing 	<ul style="list-style-type: none"> Welfare package Career development and promotion Health and safety Equal opportunities 	<ul style="list-style-type: none"> Provide competitive remuneration package Diversified training pathways Protection of labour rights Open recruitment
Customers/tenants	<ul style="list-style-type: none"> Customer satisfaction surveys Face-to-face meeting Email 	<ul style="list-style-type: none"> Integrity in performance of contracts High quality of products and after-sales services Protection of consumer privacy 	<ul style="list-style-type: none"> Regulate and standardise products and services Ensure an effective complaint handling mechanism Ensure protection of customer's privacy
Suppliers	<ul style="list-style-type: none"> Site visit Business meetings and discussion Screening and assessments 	<ul style="list-style-type: none"> Integrity in performance of contracts Open and transparent procurement procedures On-time payment 	<ul style="list-style-type: none"> Sincere cooperation Comply with contractual provisions Conduct routine communication

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Stakeholders	Communication Channels	Expectations	Management Response
Shareholders and investors	<ul style="list-style-type: none"> General meetings and other shareholders' meetings Financial reports, announcements and circulars Company website Emails 	<ul style="list-style-type: none"> Investment returns Corporate governance Transparency of the Company's information 	<ul style="list-style-type: none"> Ensure transparency and efficient communications through different communication channels

MATERIALITY ASSESSMENT

The Group regularly understands stakeholders' views and expectations on the Company's ESG issues through stakeholders' survey questionnaires and ensures that the information disclosed in the ESG Report fully covers the key issues or concern of the Company and its stakeholders. In light of two dimensions, namely "importance to stakeholders" and "importance to corporate sustainability", the Group has identified major ESG issues, formulated a matrix of key topics, and guided future sustainability management based on data analysis results from the questionnaires combining various channels such as the macro background of corporate development, domestic and international social responsibility standards, corporate development strategies and operation priorities, and industry benchmarks. In order to better respond to the recommendations and expectations of stakeholders, we will, in this ESG Report, disclose management methods and results for the following topics.



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The following sets forth the ESG issues that were important to the Group during FY2022 based on the materiality assessment conducted by the Board.

A. ENVIRONMENTAL

A1 Emissions

The Group has proactively enhanced its establishment of environmental protection and organised all of its employees to learn the laws and regulations regarding environmental protection, with an aim to promoting employees' awareness of environment protection and emission reduction issues. To set up a harmonious and healthy working environment and protect the health of its employees, smoking is prohibited in all office area of the Group.

Moreover, the Group has actively responded to the global development of a low-carbon economy and fulfilled its corporate social responsibilities that it has formulated the "Environmental Management Work Plan". While improving operational efficiency, the Group also strives to reduce the impact of its business operations on the environment and actively promotes the sustainable development.

The Group adopts the principles of "Prevention First and Combination of Prevention and Control" and "Enhancement in Process Control" throughout its environmental protection practices. To strengthen the awareness of environmental protection among all employees, the Group also promptly organised relevant learning and training sessions regarding the laws and regulations of the "Environment Protection Law", "Water Pollution Prevention and Control Law", "Air Pollution Prevention and Control Law" and "Solid Waste Pollution Prevention and Control Law", thereby further increasing all employees' awareness on issues concerning environmental protection and carbon reduction.

Air Emissions

All of the Group's real estate development projects are outsourced to third-party contractors. Therefore, the Group did not directly produce air, water and construction waste caused by construction projects. Air emissions were mostly generated by the use of the Company's vehicles. Summary of exhaust gas emissions performances are as follows:

Indicator	2022	2021	Unit
Diesel sulfur oxides	–	–	ton
Gasoline sulfur oxides	0.35	0.51	ton
Total sulfur oxides	0.35	0.51	ton

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Greenhouse Gases (“GHG”) Emissions

The Group advocated energy saving and energy consumption reduction. Committed to reducing the Group’s GHG emissions, the Group has set a target to reduce 10% of its GHG emissions intensity by the financial year ending 31 March 2025 (“FY2025”), using FY2021 as the baseline year 1. To achieve this target, the Group reduced the use of air-conditioners as far as possible, by monitoring and maintaining the indoor temperature at 26°C or above. Also, as much as possible energy-saving light bulbs have been adopted and the making use of natural lighting has been optimised in the office area. Due to COVID-19, electricity consumption levels and the frequency of Company’s vehicle use were reduced. Subsequently, as employees began to return to work under the staggered work schedule, we were able to maintain optimal levels of electricity consumption and the frequency of Company’s vehicle use. Summary of GHG emissions performances are as follows:

Indicator	2022	2021	Unit
Direct GHG emissions (scope 1)	7.35	9.80	tCO ₂ e
Indirect GHG emissions (scope 2)	32.02	42.13	tCO ₂ e
Total GHG emissions	39.37	51.93	tCO ₂ e
Total GHG emissions intensity	0.015	0.026	tCO ₂ e/sq.m.

Sewage Discharges into Water and Land

Owing to the Group’s business nature, discharges into land and water were insignificant.

Waste Management

To minimise the environmental impacts of wastes generated from the Group’s business operations, the Group has set a target to reduce 10% of its non-hazardous waste intensity by FY2025, using FY2021 as the baseline year 1. To achieve this target, the Group continues to place great effort in raising the awareness of its employees on the importance of managing the disposals of consumables and used papers. The Group has promoted a centralised management of recycle and reuse of used papers, and the separation of disposal of office waste and rubbish. Summary of major hazardous and non-hazardous wastes disposal performances are as follows:

Indicator	2022	2021	Unit
Fluorescent light tube	0.02	0.03	ton
Waste battery	0.02	0.04	ton
Waste liquid after facilities maintenance	0.01	0.01	ton
Total hazardous waste	0.05	0.08	ton
Total hazardous waste density	0.00003	0.00004	ton/sq.m

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Indicator	2022	2021	Unit
Waste paper	0.01	0.01	ton
Waste metal	0.03	0.05	ton
Waste plastic	0.01	0.01	ton
Waste glass	0.01	0.01	ton
Total non-hazardous waste	0.06	0.08	ton
Total non-hazardous waste density	0.00002	0.00004	ton/sq.m

A2 Use of Resources

The Group has formulated an array of relevant systems regarding optimisation of resources allocation and sustainable development strategies. Adhering to the principles of “Prevention First and Combination of Prevention and Control” and “Enhancement in Process Control” throughout its environmental protection practices, the Group thoroughly implemented Environmental Protection Law of the PRC. To strengthen the awareness of environmental protection among all employees, the Group also promptly organised relevant learning and training sessions regarding the laws and regulations of the “Environment Protection Law”, “Water Pollution Prevention and Control Law”, “Air Pollution Prevention and Control Law” and “Solid Waste Pollution Prevention and Control Law”, thereby further increasing all employees’ awareness on issues concerning environmental protection and carbon reduction.

Energy Consumption

The Group has committed to promoting the reduction mechanism of electricity consumption by setting an energy target to reduce 10% of its energy consumption intensity by FY2025, using FY2021 as the baseline year 1. To achieve this target and raise employees’ awareness in respect of energy conservation, the Group has advocated the use of public transport and subway and adopted a strict policy on the use of Company’s vehicle that Company’s vehicle would under normal circumstances only be arranged for the Directors and senior management of the Group. Summary of energy consumption performances are as follows:

Indicator	2022	2021	Unit
Diesel consumption	–	–	’000 kwh
Gasoline consumption	788.04	1,212.37	’000 kwh
Electricity consumption	5.81	8.30	’000 kwh
Total energy consumption	793.85	1,220.67	’000 kwh
Total energy consumption density	0.35	0.61	’000 kwh/sq.m

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Water Consumption

The Group advocated economic use of water and strives to further reduce water consumption by setting an energy target to reduce 10% of its water consumption intensity by FY2025, using FY2021 as the baseline year 1. The Group has been vigorously advocating for water conservation, encouraging all employees to develop a habit of saving water, and guiding employees to use water reasonably. Apart from that, the Group has taken water saving measures by conducting systematic spot checks of use of water on a daily basis. Summary of water consumption performances is as follows:

Indicator	2022	2021	Unit
Total water consumption	582	776.3	ton
Total water consumption density	0.15	0.19	ton/sq.m.

Owing to the Group's business nature, the Group did not encounter any problem in sourcing water that was fit for purpose.

Use of Packaging Materials

Owing to the Group's business nature, the use of packaging material was not considered to be an important ESG issue to the Group.

A3 Environment and Natural Resources

Office supplies and equipment have been preferably restricted to purchasing from suppliers complying with environmental policy. The Group has adopted the policy of procuring requisite products made of natural resources as far as possible. The Group has assigned dedicated personnel to carry out regular checks on total energy consumption and conducted assessment of the consumption efficiency on an irregular basis with a view to improving energy consumption efficiency.

The Company was one of the first Hong Kong enterprises tapping into the PRC real estate market, and it has pioneered an innovative "healthy residence" concept which has been developed and fine tuned to adapt with the changing environment. In 2004, the Group was a prime mover in the establishment of the first nationwide strategic alliance on "healthy residence" with the China National Engineering Research Center For Human Settlements. In 2013, the Group developed a detailed 10-year plan of green living concepts for its developments, in respect of which the Group published a manual of "Coastal Healthy Residence Evaluation Standards".

The "Coastal Healthy Residence Evaluation Standards" comprises ten categories of indicators. These are (1) community planning and spatial organisation, (2) green facilities and environmental protection, (3) outdoor ecological protection and landscape, (4) living quality and comfort, (5) architectural energy efficiency and low carbon, (6) water resources protection and energy conservation, (7) materials conservation and environmental protection, (8) green construction and management, (9) green interior design and health, and (10) property management and community culture.

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The “Coastal Healthy Residence Evaluation Standards” are used to determine the standards required for the Group’s various products. To ensure these standards are met, the Group has also developed four core “Coastal Healthy Residence Technology Systems” designed to cover all its operations. The four core systems are the Healthy Community Products System, the Healthy Living Technologies System, the Healthy Community Activities System, and the Exquisite Amenities Application System. These four core systems are composed of 20 sub-systems, 10 core technologies and 60 application technologies. Supporting tools include “Coastal Healthy Residence Technology Database”, and “Green Calculator for the Healthy Residences of Coastal Greenland Group”.

The core elements of this ambitious set of “Coastal Healthy Residence Technology Systems”, which are being built into the Group’s current and future developments where viable, are set out in the table below.

Structure of Coastal Healthy Residence Technology Systems

Four core systems	Healthy Community Products System	Healthy Community Activities System	Healthy Living Technologies System	Exquisite Amenities Application System
20 sub-systems and 10 core technologies	1. Basement lighting control and intelligent management 2. Sewage treatment and water reuse technology 3. Environmental pollution prevention, control and warning technology, etc.	1. Community healthcare Service 2. Fitness environment control, etc.	1. Fresh air system 2. Water supply technology 3. Floor and wall acoustic technology, etc.	1. Non-return valve 2. Intelligent home, etc.
60 application technologies	Technology for the prevention and treatment of rats, bedbugs, flies and mosquitoes; three dimensional wall and roof greening, ecological water treatment, plant air purification technology, etc.	Residential health insurance, environmental health control, nurture environment building, community environmental art, communication space and community cultural activities, etc.	Solar hot water, same-floor drainage, external shading, household centralized air-conditioning (constant temperature, humidity and oxygen), etc.	Environmental friendly construction materials, centralised dust absorption, water conservation instruments, indoor pest prevention and treatment, air-quality monitoring, energy efficient lighting, overall kitchen, overall bathroom, etc.

“Healthy residence” is a self-developed concept of the Group. The Group is also committed to integrating its self-developed healthy residence standards with the national and international green standards, including the national green building system. Highlights of our efforts and accomplishments in this regard are as follows. In 2005, the Group was one of the first Chinese real estate enterprises to join the U.S. Green Building Council, while the Group’s Beijing Silo City project was the first project in China to apply the Leadership in Energy and Environmental Design for Neighbourhood Development Certification. In 2013, the Group’s Chongqing Silo City was awarded the “Chongqing Golden Green Building Design Label Certificate”, and achieved the “National Two-star Green Building Design Label Certificate” issued by the Ministry of Housing and Urban-Rural Development, thus becoming Chongqing’s first golden green healthy residence project and national two-star building label project.

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The Group has gained much positive media coverage for its efforts in healthy and environmental friendly housing development. External certification and recognition is not the only indication of the Group's commitment to green living concept. According to the surveys conducted on the potential buyers of the Group, the Group's green and healthy residence concept is one of the prime factors in purchasers' decisions to purchase. The Group will constantly uphold its commitment in green and healthy residence concept.

A4 Climate Change

Climate change has gradually become an important threat to the global economy and society. Deteriorating climate conditions, such as floods, rainstorms and droughts triggered by climate change has brought many challenges to the ecological environment and business operations. The Chinese government has always been attaching great importance to and actively participating in the climate change governance and promoting the construction of ecological civilization in compliance with the commitments of the Paris Agreement. In 2020, PRC announced to strengthen its climate target, the Intended Nationally Determined Contributions, striving to reach the carbon peak by 2030, and aim to achieve carbon neutrality by 2060. In addition, regulatory authorities and capital markets are also gradually imposing stricter requirements for information disclosure related to climate.

In this context, the Group is actively studying the strategies and policies of the government in response to climate change, and actively pays attention to and prevents the effect of environmental and climate changes on the Company's operational risks, such as extreme weather may damage and destroy the Company's operational equipment, thus increasing the Company's operating costs. At the same time, the Group also strives to promote fine business and implement quality control measures, and is committed to enhancing its competitiveness in the industry. The Company studies and determines the risks of climate change in advance to enhance its risk resistance to resist force majeure. In the face of the risks and opportunities brought about by climate change, the Group has been adhering to a proactive attitude and actively taking response measures to promote sustainable ecological development by implementing energy-saving and emission reduction measures, improving green operation capabilities and exploring and setting goals emission reduction.

B. SOCIAL

B1 Employment

The Group built its solid human resources base with an effective talent building management system comprising comprehensive human resources policies, covering employment, promotion, skills and knowledge development, remuneration, leaves, equal opportunities and welfare of employees, which balance the needs of the dynamic development between the Group and the employees. The employees are encouraged to incorporate their individual personal goals into the Group's long term development. The management will review and revise such policy and system regularly to keep abreast of the market situation.

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Recruitment, Dismissal and Compensation

The Group seeks to employ and develop high-calibre talents, and has established a team of elite and talent reserve preparing for the corporate development. According to the overall requirements of the Group's "Talent Development Mechanism", the Group will select and employ outstanding graduates from domestic and overseas colleges to form project management teams to carry out the business operations. As at 31 March 2022, the Group had a total of 70 (2021: 85) full-time employees. The breakdown of employees according to gender, age distribution, employee category and geographical region were as follows:

Indicator	2022	2021	Unit
By gender			
Male	35	48	person
Female	35	37	person
By age distribution			
Under 30	5	8	person
30 to 50	43	51	person
Above 50	22	26	person
By employee category			
Senior management	9	10	person
Middle management	38	47	person
General staff	23	28	person
By geographical region			
Southern China region	40	44	person
Northeastern China region	13	19	person
Northern China region	4	7	person
Eastern China region	3	3	person
Southwestern China region	2	3	person
Hong Kong	8	9	person

The Group upholds the principle of equality and dedication and fully understands the needs of the employees and supports their career development. The Group will look after the benefits of the employees such as proper transfer of personnel files and social insurance accounts for employees who terminated their labour contract on voluntary basis. The Group will employ good measures to comply with legal procedures such as dismissal and termination of labour contracts for employees who failed to fulfill obligation of their labour contracts or have not passed the assessment for renewal of their employment upon the expiry of their labour contracts. During FY2022, there were 18 (2021: 18) employees leaving the Group, with the overall turnover of about 21.17% (2021: 19.46%). The breakdown of employee turnover according to gender, age distribution and geographical region were as follows:

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Indicator	2022	2021	Unit
By gender			
Male	16.47	12.97	%
Female	4.70	6.49	%
By age distribution			
Under 30	1.18	1.08	%
30 to 50	14.11	17.30	%
Above 50	5.88	1.08	%
By geographical region			
Southern China region	10.59	17.30	%
Northern China region	10.58	2.16	%

Promotion and Performance Appraisal

The Group has developed a comprehensive performance assessment mechanism, whereby annual plans and goals for staff's annual performance assessments are set, which provide guidance to each of its operation bodies in organising its work details and basis for its performance assessment. Such assessment mechanism will identify the under performance of the organisation and the staff whereby remedial actions can be taken as appropriate in due course. On the other hand, the performance assessment mechanism has played an important role in identifying well-performed organisation and talents, which form a basis for implementing motivating and reward measures. As such, the Group has further strengthened its talent assessment mechanism. Through various tools such as "Core Quality and Ability Model", "Position Characteristics and Quality Model", the Group has a comprehensive mechanism for examining and selecting its staff to fit into different positions and levels, creating and forming a equal and fair competition environment.

Working hours and Leaves

In order to ensure the reasonable working periods and hours of employees, the Group has established "Ordinary Management System for Staff" according to the related laws and regulations whereby a five-day work system and 8-hour standard working hour system are implemented in the office. Any overtime work of employees are provided with overtime pay or compensatory leave according to the system. In addition, permanent staff of the Group are entitled to paid holidays such as statutory holidays, annual leave, marital leave and maternity leave, family planning leave, breastfeeding leave and bereavement leave, etc.

Other Benefits

By complying with the legal requirements and general welfare systems of different cities, the Group has made contributions to basic social welfare insurances such as basic endowment, basic medical, unemployment, work injury, childbirth and others, housing fund and other benefits, with an aim to improving the endowment and medical insurance for its staff.

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Health and other benefits offered to employees as incentives include traffic accident insurance, annual medical check-ups, meal allowances and holiday benefits. The Group has been accoladed with the “China’s Best Employer 2007-08” award as a recognition in this respect.

The Group values and cares for its staff. Through providing various recreational activities such as organising irregular leisure tours and birthday parties for the staff and offering sports equipment and facilities (e.g. treadmill, cycle machines, etc.) to enhance the loyalty and sense of faithfulness, and foster the sense of belonging and team spirit of the staff. Although the frequency of staff activities was lower than in previous years due to the COVID-19, the Company strived to strengthen the connection between the management and the staff through the distribution of hygiene bags and online conferencing etc.

Diversity and Equal Opportunities

The Group has offered fair and reasonable job opportunities and strictly complied with the relevant legal procedures. With the principles of equality, openness and fairness, the Group has based on the calibre of the candidates and the requirements of the positions, disregarding the conditions of race, social status, nationality, religion, physical disabilities, sexual orientation, membership of labour unions and relationship with government departments, when making decisions of labour issues such as employment, remuneration, training opportunities, promotion, demotion or retirement. No discrimination is allowed in the daily operation.

To maintain amicable working relationship and to ensure that efficient and effective resolutions being applied to employee related issues that may arise, the Group has developed and adopted a set of “Employee Relations Management Measures” which provides an effective two-way communication guidelines between the management and the staff, and lays out clear procedures for handling staff grievances. In addition, a special mailbox has been set up for employees to express their opinions or concerns about the Group’s operations directly to the management, with issues covering immediate reports, complaints, reasonable advices etc., as a part of bridging the communication between the staff and the management.

B2 Health and Safety

Occupational Health and Safety

The Group attaches great importance to the health and safety of its employees. It strictly manages the occupational health of its employees in accordance with the Labour Law of the PRC, the Regulation on Work Injury Insurance and other national laws and regulations. The Group provides comprehensive protection plans for its employees, including free annual medical examinations and accidental injury insurance. It also offers reasonable attendance and leave measures to its employees, so as to ensure that employees could focus on health rehabilitation.

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In order to reduce occupational hazard, prevent occupational diseases and protect the health and relevant rights and interests of employees, the Group strictly abides by the Law of Occupational Disease Prevention and Treatment of the PRC, and provides its employees with a working environment and condition that meets the requirements of occupational health. The principle of safety first and people-oriented has been rooted in the entire operation and management activities of the Group's entire business in line with the strict requirements of the "Safety Culture Management Practice Guidelines". Safety education training policies and operation manual were established to clearly define the posts, staff and content in respect of safety education. Staff engaged in special operations are required to operate according to the standard operating procedures, to wear and use safety protective equipment correctly and carry out maintenance and pre-job checks on work tools and equipment. During the Year, no work-related fatalities with regard to occupational health and safety were reported and there were no lost days due to injury.

Response to COVID-19 Pandemic

During the COVID-19, the Group strictly implemented the epidemic prevention policies of various local governments and adopted appropriate office epidemic prevention measures to ensure that employees were protected from the epidemic and to maintain normal office operations. The Group has issued reminders to its employees to remind them the importance of practicing and maintaining good personal hygiene. During the epidemic, the Group took the initiative to implementing flexible work arrangements so as to protect its employees from exposing to the social crowd contact and infection risk. The Group also reduces face-to-face meetings by using video conferencing so as to reinforce social distancing practice. In addition, the Group carried out office disinfection once a day and required employees to check their temperature before entering the Group's premises and to wear a facial mask at all times.

B3 Development and Training

Employee Development and Training

As the Group attaches great importance to talents, it integrates the concept of employee cultivation into talent development, which offers training opportunities to employees, actively creates favorable circumstance for the growth and development of employees, and thus liberalise talents' potential to an optimal extent. The Group implements the "Training Management System of the Group" continuously aiming to strengthening the development for all its employees on an ongoing basis. Each business unit regularly conducts training activities according to a pre-scheduled training program and the human resources department will do the assessment based on the training activities conducted such as frequency of the training classes scheduled, training attendances, results of tests and employee training duration etc.

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During FY2022, the Group's employees had received an average of approximately 42.92 (2021: 44.95) hours of training and development. The breakdown of the percentage of employees trained by gender and employee category were shown as follows:

Indicator	2022	2021	Unit
By gender			
Male	100.00	100.00	%
Female	100.00	100.00	%
By employee category			
Senior management	100.00	100.00	%
Middle management	100.00	100.00	%
General staff	100.00	100.00	%

The breakdown of average training hours completed by employee according to gender and employee category were shown as follows:

Indicator	2022	2021	Unit
By gender			
Male	43.52	43.13	hours
Female	42.32	47.32	hours
By employee category			
Senior management	17.80	18.90	hours
Middle management	44.10	47.32	hours
General staff	50.80	65.12	hours

In order to comply with the development characteristics of the internet era, the Group's human resources department builds an online learning system through the WeChat public platform, providing various audio-visual information and learning courses to help employees understand cutting-edge information such as business development and management innovation, enabling employees to make full use of the spare time to choose their own learning content to the further improvement of capabilities.

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B4 Labour Standards

Prevention of Child and Forced Labour

All employment of the Group abides by the national laws and regulations related to employment and labour, such as the Labour Law of the PRC and the Labour Contract Law of the PRC. The Group has also formulated the internal regulations and relevant implementation rules of the “Employee Change Management System”. During the recruiting process, the Group shall avoid child and forced labour, safeguard the legitimate rights of employees, and ensure that the recruitment process to be fair, just, and open. At the same time, all job applicants are required to submit their credentials, like academic qualifications, professional skill certificates, references and identity card for verification and record purpose during recruitment. Any case of child labour or forced labour, when discovered, shall be investigated and acted upon and reported to the government authorities promptly in accordance with applicable laws. Further, the Group shall immediately terminate the employment contract and impose due punishment on the erring employee. During the Year, the Group was not aware of any child labour employment, forced labour or other occurrences violating human rights of employees.

B5 Supply Chain Management

Supplier Management

In order to ensure the group companies’ operation of construction projects and services are carried out in an environmental friendly manner, other than the above environmental protection measures, the Group also formulates policies to encourage outsourced supplier to promote fulfilment of environmental responsibility in construction and services.

The qualified suppliers in the Group’s supplier management information database are mainly located in the cities where business has been deployed. The number of qualified suppliers of the Group by geographical region are as follows:

Indicator	2022	2021	Unit
Southern China region	25	41	suppliers
Eastern China region	8	15	suppliers
Northern China region	13	27	suppliers
Northeastern China region	36	51	suppliers
Southwestern China region	5	8	suppliers
Total	87	142	suppliers

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When formulating policies in relation to outsourced supplier selection, the Group adopts an evaluation mechanism which takes into account social responsibilities and their contribution in environmental protection in addition to common commercial factors such as product and service quality. As such, the Group has established the “Measures for Management of Suppliers and Procurement of the Group” and a strict management process on bidding evaluation process of outsourced supplier. Before selecting suppliers, the Group will conduct on-site inspections on suppliers and make a detailed assessment of the performance regarding their raw material inspection, three wastes treatment and quality control mechanism on the Form of Supplier Appraisal Report, the rating scale of which includes A, B, C, D and Blacklist. Pursuant to which, suppliers being rated as Blacklist will be eliminated and suppliers being rated as Class D will be suspended and undergo a reassessment after one year. At present, all of the Group’s outsourcing contractors under project construction and services are managed in the above manner.

Besides, after the construction materials are delivered to the project site by suppliers, the Group will check the specifications of the materials, verify the relevant licenses and certificates according to the Guidance on Operation of Project Site Materials Inspection of the Group to ensure that the material compositions meet the quality and environmental protection standards. The Group conducts review and assessment on suppliers semi-annually such that any suppliers who fail to meet environmental and safety standards, such as excessive emission of formaldehyde, suppliers who for several times do not pass the quality control assessments as well as suppliers who causes significant quality issues in the Group’s projects will get their cooperation with the Group terminated.

Green Procurement Concept

The Group has always adhered to the concept of green procurement and is committed to creating a green and environmental-friendly business environment with supply chain partners. It clearly proposes sustainable development standards and requirements in the selection of materials. At the same time, it also fully considers related issues such as material waste and environmental pollution in construction activities and waste recycling.

In the process of cooperating with various suppliers, the Group actively promotes a green and low-carbon work model, and requires the use of “paperless office” and “online operation” methods for communication with suppliers as much as possible, which not only can improve work efficiency, but also can reduce the energy consumption of communication and operation. The green procurement concept and maximising paperless operation model of the Group have been widely recognised by suppliers. The Group is willing to work with all partners to contribute to the construction of energy conservation and emission reduction, and the construction of a green and sustainable social and economic environment.

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B6 Product Responsibility

In order to ensure a close awareness of customers' needs and an effective and efficient management system of customer service, the Group has established a set of strict management and controlling standards for improving the experiences of customers of real estate industry, covering product planning, design management, construction management as well as sales and after sales services. These standards are established, adhering to the core philosophy of "creating excellence together with customers", to provide customers with quality products and services. For customer service management, the Group integrates customer requests with information reception, task assignment, task tracking and monitoring, customer satisfaction analysis and other customer service management by virtue of professional service system. After years of operation, the system has achieved an ideal combination of online and offline services. During the Year, the Group was not aware of any non-compliance with laws and regulations relating to products and services provided by the Group that would have a significant impact on the Group.

Advertising and Labelling

During FY2022, the Group did not have business dealings that had significant advertising and labelling issues.

Intellectual Property Rights

The Group strictly complies with laws and regulations such as the Advertising Law of the PRC, the Interim Measures for the Administration of Internet Advertising, the Trademark Law of the PRC and the Copyright Law of the PRC, and has established internal regulations and implementation requirements on the use of brand logos to regulate the advertising of the Group's head office and its subsidiaries.

The Group cooperates with external professional trademark agents in the area of trademark registration to prepare for the renewal of and handle renewal procedures in advance for trademarks which are due for renewal.

In order to avoid infringement of the Group's intellectual property rights, contracts signed between the Company and third parties will provide for detailed agreements on intellectual property issues such as copyright of development and solution design of software. For material contracts, the Company will add confidentiality clauses, and require suppliers to complete the signing of confidentiality agreements at the early stage of project commencement. In respect of counterfeiting of trademarks, the Company will have its legal department conduct proactive investigations, and set up relevant channels to obtain reports from others in order to prevent counterfeiting as much as possible. During FY2022, there were no cases of infringement of trademarks or intellectual property rights by the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product Quality Management Mechanism

The Group strictly complies with relevant laws and regulations, including but not limited to the Law of the PRC on Protection of the Rights and Interests of Consumers, the Law of the PRC on Urban Real Estate Administration, the Regulations on Urban Real Estate Development and Management Control, the Regulation on the Quality Management of Construction Projects, the Standard for Construction Safety Inspection, the Technical Code for Fire Safety of Construction Site, etc., and formulated a series of policy systems and operating guidelines to standardise project construction management and ensure the quality and safety of all projects.

During the construction process, each project company regularly reports the construction status in accordance with the project management system of the Group. The Group strictly monitored project progress and clarified the implementation of various guidelines and management measures, so as to ensure construction quality of the projects. Items were graded in accordance with the inspection list and requirements prescribed by the Group, and counted toward a final inspection score. The supervision unit issued suspension notices to sites whose scores were unsatisfactory. Their construction could not resume until rectification by the construction unit was completed and checked.

Upon project completion, a completion acceptance team comprising the design unit, the general contractor, subcontractors and the supervision unit reported to government authorities for completion acceptance after finishing the pre-acceptance. We set stringent acceptance standards for completion inspection. In addition to following completion acceptance regulations issued by local governmental construction authorities, we have also established a complete set of customer acceptance and inspection procedures, covering public space, entrance space, decoration, doors and windows, kitchen space, living room parts, sanitation, and meter readings. A pre-delivery inspection and acceptance team comprising a project company, marketing department and engineering department examined houses prior to project delivery in accordance with local administration requirements and the agreement with the property management company. During the Year, the Group has not received any reported recalls nor any form of complaints from its customers in respect of the Group's products provided.

Customer Data Privacy Protection

The information of customers accumulated over the years is stored in the Group's marketing management system. For the management of the marketing system, the Group has established a set of secure and enforceable management systems, which include daily data security checks, monitoring and prevention of internal and external network attacks, approval of data access and dynamic update of system passwords and other security management systems in order to ensure that customer information is stored securely and that there is no information leakage. During FY2022, the Group did not experience any leakage of customer information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B7 Anti-corruption

Anti-corruption and Anti-money Laundering

The Group unswervingly complies with the Criminal Law of the PRC, the Anti-Money Laundering Law of the PRC and other national regulations in relation to anti-corruption and anti-money laundering, and formulates a series of management policies, such as the Disciplinary Management System of the Group and the “Punishment Rules for Typical Acts of Omission of Leaders of the Group”, with an aim to prohibiting soliciting or accepting inappropriate commercial interests, improper use and appropriation of corporate properties as well as disregard of conflict of interests. The Group also opened public email for the purpose of reporting such potential violations. It also welcomes all sectors of the community to report any irregularities. All employees of the Group’s headquarters and subordinate companies shall comply with the conflict of interest handling principles formulated by the management and report to the company and solve potential conflict of interests in the process of work. On the other hand, the Group advocates the maintenance and compliance of business ethics and regularly carries out training and communication in order to promote the awareness of staff at all levels on anti-corruption and anti-money laundering. During FY2022, the Group conducted one (2021: one) staff training on anti-corruption and anti-money laundering, with a total of 38 (2021: 41) participants, covering the topics including contractual anti-bribery, internet security, critical compliance obligations, insider information control, and other common issues.

During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and anti-money-laundering that would have a significant impact on the Group.

Whistle-blowing Policy

Whistle-blowing system was introduced for reporting violations of the Company’s code of conduct manual and/or making complaints on business partners. A special mailbox has been set up for employees to enable such complaints to reach the management. Such written communications are supplemented by quarterly internal round-table management/staff conferences, in which the concerns and recommendations of the staff are carefully listened and considered by the management. The Group endeavours to protect the whistle-blower from common concerns such as victimisation and potential retaliation. The employee reporting in good faith under this procedure shall be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

B8 Community Investment

One of the Group’s core initiatives is to create a harmonious, sustainable and healthy community. Therefore, the primary focus of the Group is on the health and welfare of the local communities. The Group believes that a healthy and supportive local community is of vital importance for maintaining a stable and prosperous society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

By fully utilising the capabilities of the Group's customer services provided to each development project, the Group has established a smooth and efficient communication mechanism to communicate with residents in communities, through which the Group is able to gain a thorough understanding of their daily needs and expectations. On that basis, the Group proactively devises community public services and maintains a good community partnership with them.

The Group responds positively to the national strategy on addressing the housing needs of low-income group and contributes to the development of harmonious society. Over the past years, the Group has participated in the establishment of local housing security system during the development of its projects in cities such as Beijing and Anshan. For example, in order to resolve the housing problems faced by the families in Haidian District, Beijing, the Group undertook the construction of Beijing Bay Project, a commodity housing project with price preset ceiling which is located in Changping District, Beijing. The Group has proactively respond to the government's call for protecting livelihoods and supported the government in shared housing, offering assistance to the public with rigid demand in housing.

The Group has built-in social responsibility into the core value of its operations since its inception. Over the past 30 years, the Group has contributed funds to many social welfare programmes, and donated tens of million dollars to charity organisations. Furthermore, the Group has made significant donations and sponsorships to different bodies and programme organisers such as the China Youth Development Foundation, Beijing's Peace and Development Foundation, the teachers' training programme of the Coastal Mental Health Seed Fund for Schools in Western China, the "Tsinghua University Scholarship" project, and the "Water Cellar for Mothers" project of China Women's Development Foundation. Further information about these donations and sponsorships are set out in the following paragraph:

In September 2014, the Group donated certain audio-visual equipments, children's books, household products, sports equipments and other materials to the Qiliping Town Center School in Hongan County in Hubei Province. In May 2014, the Group made a sponsorship donation of HK\$3 million to the 2014 Hong Kong Youth Music Festival (YMF), aimed at promoting cross-strait Asian youth cultural exchanges. In 2013, through the "Emergency Student Relief Action of Hope Project" of the China Youth Development Foundation, the Group donated RMB500,000 to 500 needy students in the Ya'an disaster area to help them resume their studies. In 2010, the Group sponsored Beijing's Peace and Development Foundation in its initiatives for peace and development in China, which included teachers' trainings in Sichuan and Xinjiang, and contributions to local work on children's mental health. In 2009, the Group set up the "Coastal Mental Health Seed Fund for Schools in Western China" to assist the associated teachers' training programme. In 2008, the Group donated RMB2.5 million to the "Tsinghua University Scholarship" project to establish the "Coastal-Tsinghua University Scholarship Fund", for poor students. For the May 12 Earthquake in 2008, the Group donated RMB1.5 million to the Dujiangyan Red Cross for the repairing of the Dujiangyan Center for Disease Control, marking a start of the Group's participation in the post-disaster reconstruction work. In 2007, the Group donated RMB3 million to the "Water Cellar for Mothers" project of the China Women's Development Foundation, under which water cellars were built in regions suffering from water shortages. The donations were made on the basis of "a home sold, a cellar donated".

BIOGRAPHY OF DIRECTORS

Executive Directors

Mr. Jiang Ming, aged 64, is one of the founders of the Group. He has been an executive Director, Vice Chairman and Managing Director of the Company since its inception in 1997. On 31 December 2012, he was re-designated from the Vice Chairman to Chairman of the Company. He is also the chairman of the Nomination Committee of the Board (the “Nomination Committee”) and an authorised representative of the Company. He has over thirty-eight years’ experience in investment and corporate management. He is primarily responsible for corporate direction, development of the Group’s business, strategy planning and the overall management of the Group. Mr. Jiang holds a Master’s degree in Business Administration from the National University of Singapore. He is also a vice-chairman of the Fujian Province Foreign Enterprises Association and an honorary professor at the Wuhan University. Prior to the establishment of the Group, he was a general manager of a joint venture enterprise in the PRC for over 7 years.

Dr. Li Ting, aged 46, has been an executive Director of the Company since 20 March 2017. He is also a member of the Investment Committee of the Board (the “Investment Committee”) and holds directorships in certain wholly-owned subsidiaries of the Company for the purpose of overseeing the management of such business. On 23 May 2022, he was re-designated as the chairman of the Investment Committee. Dr. Li is primarily responsible for the Group’s strategic planning, business management systems and innovative business development. Dr. Li graduated from Xi’an Jiaotong University in 1997 with a Bachelor’s degree in computer application and further obtained a Master’s degree and a Doctorate degree in management science and engineering from Xi’an Jiaotong University in 2000 and 2005 respectively. He also obtained a Master’s degree in business administration (EMBA) from China Europe International Business School in 2013. Dr. Li joined the Group in 2005 and has since then served as the general manager of the strategic management department of Coastal Realty Investment (China) Limited from 2005 to 2011, the chairman of the southern China region of Coastal Realty Investment (China) Limited from 2012 to 2013 and the vice president and chief knowledge officer of the Company from 2012 to present. The aforementioned companies are subsidiaries of the Group.

Mr. Lin Chen Hsin, aged 79, has been an executive Director of the Company and a member of the Investment Committee since 14 December 2018. He is primary responsible for administration of the Group’s Hong Kong office and the public relations of the Group. Mr. Lin graduated from the Shanghai Education Institute. He has over 20 years’ experience in import and export trading and manufacturing. He joined the Group in 1990 and served as an executive Director from 5 March 1997 to 31 December 2012 before. He is also an independent non-executive director of Reenova Investment Holding Limited, a company listed on the Singapore Exchange, from 8 March 2017 up to the present.

Ms. Tong Xinhua, aged 51, has been an executive Director of the Company since 23 May 2022. She is also a member of the Remuneration Committee of the Board (the “Remuneration Committee”) and Investment Committee. Ms. Tong is primarily responsible for the customer relationship management, administration management and risk management of the Group. Ms. Tong graduated from Huazhong University of Science and Technology, China with a bachelor’s degree in engineering in 1992. She also obtained a Master’s degree in Business Administration from the National University of Singapore in 1999. Ms. Tong joined the strategic management department of Coastal Realty Investment (China) Limited, a subsidiary of the Group, in June 1996, where she was responsible for strategic planning, customer and brand management, risk management and process management until December 2017. Ms. Tong served as the general manager of the intellectual capital department of the Group since January 2018 and the vice president of the Group since January 2020. Prior to joining the Group, Ms. Tong was engaged in planning and design management in a residential properties development company in Wuhan City, China.

BIOGRAPHY OF DIRECTORS

Non-Executive Directors

Mr. Qiu Guizhong, aged 48, has been a non-executive Director of the Company since 17 June 2019. Mr. Qiu holds a Master of Business Administration degree from Tongji University in Shanghai. He has extensive experience in human resource management, investment management, property and asset management and compliance control. He is currently the general manager of the office of directors and general counsel of Shenzhen Investment Limited (“Shenzhen Investment”), a company listed on the Main Board of the Stock Exchange (stock code: 604). Mr. Qiu joined Shenzhen Investment in 1997 and has since served in various roles, including the general manager of each of the office of the secretary of the board of directors, the human resources department, the information technology management department and the general management department.

Mr. Zhou Xiya, aged 45, has been a non-executive Director of the Company since 3 January 2022. Mr. Zhou obtained a Master’s Degree in Business Administration from Shanghai Jiaotong University. He has extensive experience in corporate strategy management, investment management and the real estate industry. He is currently the general manager of the strategy management department of Shenzhen Investment. Mr. Zhou joined Shenzhen Investment in 2007 and has since held positions as assistant general manager of the investment department and deputy general manager of the strategy management department. Prior to joining Shenzhen Investment, Mr. Zhou was a development manager at Nan Hai Corporation Limited (stock code: 680), the shares of which are listed on the Main Board of the Stock Exchange.

Independent Non-Executive Directors

Mr. Wong Kai Cheong, aged 60, has been an independent non-executive Director of the Company since 6 September 2004. He is also a member of the Audit Committee of the Board (the “Audit Committee”), Remuneration Committee and Nomination Committee. Mr. Wong is an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England & Wales. He is currently practising as a Certified Public Accountant in Hong Kong.

Mr. Yang Jiangan, aged 56, has been an independent non-executive Director of the Company since 31 December 2012. He is also the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Yang graduated from Peking University with a Bachelor’s degree in Law in 1987. He is currently the senior partner of AllBright Law Offices in Shenzhen. Prior to joining AllBright Law Offices in Shenzhen, Mr. Yang was a partner of Hills & Co. from 2004 to 2011. He had also practiced as a lawyer in the PRC with various law firms including Jiangxi Provincial Law Firm, Jiangxi Wenlan Law Firm and Guangdong Jindi Law Firm from 1987 to 2003.

Mr. Huang Xihua, aged 64, has been an independent non-executive Director of the Company since 1 June 2016. He is also the chairman of the Audit Committee and a member of the Nomination Committee. Mr. Huang graduated from Lanzhou Jiaotong University and Party School of the Central Committee of C.P.C. with a Bachelor’s degree in Engineering and a Postgraduate’s degree in Economics respectively. Mr. Huang is currently the chairman of Zuhui (Tianjin) Investment Ltd. Prior to joining Zuhui (Tianjin) Investment Ltd, Mr. Huang was an independent director of Bridge Trust Co. Ltd from 2007 to 2010. He had also served in China Railway No.5 Engineering (Group) Co., Ltd and had held the positions as the head, general manager and chairman from 1999 to 2002 and chairman of China Railway No. 2 Engineering Group Co., Ltd. (a company listed on the Shanghai Stock Exchange) from 2002 to 2007, a designated director of China Railway Group Limited in 2007 and the executive president of Hainan Boao Investment Holding Ltd of CITIC Group Corporation in 2008. Mr. Huang is one of the first group of senior professional managers and senior engineers accredited in the PRC. He had been awarded with the honours of model labour and outstanding entrepreneur of Guizhou Province, outstanding entrepreneur of Sichuan Province and outstanding entrepreneur of the construction enterprises in the PRC.

CORPORATE GOVERNANCE REPORT

This corporate governance report (the “CG Report”) presents the corporate governance matters of the Group during the period covering the FY2022 and up to the date of this annual report in which the CG Report is included (the “CG Period”).

Corporate Governance Practices

The Company acknowledges the importance of good corporate governance practices and is committed to maintaining sound internal control, transparency and accountability to all Shareholders. The Company has continued to apply and comply with the code provisions (“Code Provision(s)”) of the CG Code during the CG Period, except for below deviations:

Code provision A.2.1 (which has been renumbered as C.2.1 of the CG Code since 1 January 2022) stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual for a balance of power and authority. Mr. Jiang Ming is the Chairman and Managing Director of the Company. He is also one of the founders and a substantial shareholder of the Company and has considerable industry experience. The Board considers that this situation will not impair the balance of power and authority between the Board and the management of the Company because the balance of power and authority is governed by the operations of the Board which comprises experienced and high caliber individuals with demonstrated integrity. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process.

Code provision A.6.7 (which has been renumbered as C.1.6 of the CG Code since 1 January 2022) stipulates that independent non-executive Directors and other non-executive Directors should attend general meetings. One non-executive Director was unable to attend the AGM held on 17 September 2021 (the “2021 AGM”) due to other important engagements.

Code provision E.1.2 (which has been renumbered as F.2.2 of the CG Code since 1 January 2022) stipulates that the chairman of the board should attend the AGM. Mr. Jiang Ming, the Chairman of the Board, was unable to attend the 2021 AGM due to other business commitment. However, Mr. Lin Chen Hsin, an executive Director, had taken the chair of the 2021 AGM in accordance with the Bye-laws. Mr. Lin was of sufficient calibre and knowledge for communication with the Shareholders at the 2021 AGM.

Directors’ Securities Transactions

The Company has adopted the Model Code as the Company’s code of conduct regarding Directors’ securities transactions. Having made specific enquiries, all Directors confirmed that they have complied with the requirements as set out in the Model Code during the CG Period or (where appropriate) during his/her tenure as a Director in FY2022. Relevant employees who are likely to be in possession of unpublished inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

CORPORATE GOVERNANCE REPORT

Board of Directors

Board Composition

The Board currently comprises nine members consisting of four executive Directors, two non-executive Directors and three independent non-executive Directors which possesses a balance of skill and experience that are appropriate for the business needs of the Group. The Company will review the composition of the Board regularly to ensure that the Board possesses the appropriate and necessary expertise, skills and experience to meet the needs of the Group's business. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company respectively. The Directors during the CG Period were:

Executive Directors

Mr. Jiang Ming (*Chairman and Managing Director*)

Mr. Xia Xianglong (*resigned on 23 May 2022*)

Dr. Li Ting

Mr. Lin Chen Hsin

Ms. Tong Xinhua (*appointed on 23 May 2022*)

Non-executive Directors

Mr. Zhu Guoqiang (*resigned on 3 January 2022*)

Mr. Qiu Guizhong

Mr. Zhou Xiya (*appointed on 3 January 2022*)

Independent non-executive Directors

Mr. Wong Kai Cheong

Mr. Yang Jiangang

Mr. Huang Xihua

The biographical details of the Directors are set out on pages 37 to 38 of this annual report. Saved as disclosed above, none of the Directors has or maintained any relationships (including financial, business, family or other material relationships) with any of the Directors.

Appointment and Re-election of Directors

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and resignation of the Directors are described in the sections headed "Report of the Directors – Directors" and "Report of the Directors – Directors' Service Contracts" set out on pages 54 and 55 respectively.

CORPORATE GOVERNANCE REPORT

Independence Non-executive Directors

The independent non-executive Directors have the appropriate professional qualification and accounting and related financial management expertise as required under the Listing Rules. They provide a strong support towards the effective discharge of the duties and responsibilities of the Board. During the CG Period, the Company has all times complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive Directors including one independent non-executive Director with accounting or related financial management expertise and the number of independent non-executive Directors representing at least one-third of the Board. The Company has received annual confirmation of independence from each of the independent non-executive Directors and considers them to be independent of the management and free of any relationship that could materially interfere with the exercise of their independent judgement.

Roles and Functions of the Board and the Management

The Board takes responsibility to the management of all major matters of the Group, including the formulation and approval of corporate policy and overall strategy for the Group's operations, internal control and risk management and to provide effective oversight of the management of the Group's business and affairs. Apart from its statutory responsibilities, the Board also approves major investments and corporate transactions, reviews the financial performance of the Group, evaluates the performance and compensation of Directors and ensuring effective governance and oversight of ESG matters. These functions are either carried out directly by the Board or indirectly through committees established by the Board.

The Board also ensures the good corporate governance policies and practices are implemented within the Group, and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and the management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the CG Code and disclosure in the CG Report.

The day-to-day management, administration and operation of the Group are delegated to the senior management. The senior management is delegated with responsibilities to lead each operating unit for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. The senior management meet regularly with each operating unit to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions to the senior management as to matters that must be approved by the Board before decisions are made on behalf of the Company. The types of decisions to be delegated by the Board to the senior management include implementation of strategies and direction determined by the Board, operation of the Group's businesses, preparation of financial statements and operating budgets, and compliance with applicable laws and regulations. These arrangements are reviewed periodically to ensure that they remain appropriate to the needs of the Group's operations.

CORPORATE GOVERNANCE REPORT

Board Meetings

Regular Board meetings are held at least four times a year at approximately quarterly intervals and additional meetings are held when necessary. Directors may participate either in person or through video/telephone conferences. During the CG Period, the Board held four Board meetings to review and approve annual and interim results, to review quarterly management accounts and to approve major investments and corporate transactions.

At least 14 days' notice of each Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. For other Board and committee meetings, reasonable notice is generally given. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agendas and accompanying Board papers are sent not less than 3 days where possible before the date of Board meetings. All the minutes of the Board meetings are kept by the Company Secretary and are freely accessible to by any Director.

Other than regular meetings, the Chairman also meets with non-executive Directors and independent non-executive Directors without the presence of executive Directors, to facilitate an open discussion among the non-executive Directors on issues relating to the Group.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by way of a physical meeting, instead of a written resolution. Such Director who is considered to be materially interested in the matter shall abstain from voting and not be counted in the quorum.

Attendance of Directors

The attendance of individual Director at the meetings of the Board, the Board committees and the Shareholders held during the CG Period is set out in the following table:

Directors	No. of meetings eligible to attend/No. of meetings attended					
	Board Meeting	Nomination committee	Remuneration committee	Audit committee	Investment Committee	General Meeting
Executive Directors						
Mr. Jiang Ming (<i>Chairman of the Board</i>)	4/1	1/1	1/1	-	-	2/1
Mr. Xia Xianglong	3/2	-	-	-	1/1	2/1
Dr. Li Ting	4/4	-	-	-	1/1	2/2
Mr. Lin Chen Hsin	4/4	-	-	-	1/1	2/2
Ms. Tong Xinhua	1/1	-	-	-	-	-
Non-executive Directors						
Mr. Zhu Guoqiang	2/1	-	-	-	-	1/1
Mr. Qiu Guizhong	4/3	-	-	-	-	2/1
Mr. Zhou Xiya	2/2	-	-	-	-	1/1
Independent non-executive Directors						
Mr. Wong Kai Cheong	4/4	1/1	1/1	2/2	-	2/2
Mr. Yang Jiangang	4/4	-	1/1	2/2	-	2/2
Mr. Huang Xihua	4/4	1/1	-	2/2	-	2/2

CORPORATE GOVERNANCE REPORT

Access to Information

Directors at all times have full access to information of the Company. The Board is provided with monthly operating information and news update from time to time which contain up-to-date performance and information of the Company. Directors can have independent access to the management for information whenever they consider necessary.

Directors and Officers Liability Insurance

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities that may arise from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the CG Code. During the CG Period, no claim was made against the Directors and officers.

Directors' Continuous Professional Development

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on the first occasion of his appointment to enable him has proper understanding of the business and operations of the Company and full aware of his responsibilities and obligations under statute and common law, the Listing Rules and other relevant regulatory requirements and especially the Company's business and governance policies.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to facilitate the discharge of their responsibilities. The Company has provided timely technical updates, including the briefing on the amendments on the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuing briefing and professional development for Directors are arranged where necessary.

Board Committees

The Board has four Board Committees, namely, the Nomination Committee, the Remuneration Committee, the Audit Committee and the Investment Committee for overseeing particular aspects of the Company's affairs. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Nomination Committee

The Nomination Committee was established in March 2012 which is primarily responsible for reviewing the structure, size and composition of the Board with regard to the board diversity policy, identify individuals suitably qualified to become Board members, assess the independence of independent non-executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors. As at the date of this report, the Nomination Committee comprises three members, namely Mr. Jiang Ming (Chairman of the Nomination Committee), Mr. Wong Kai Cheong and Mr. Huang Xihua. A majority of the Nomination Committee are independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

In 2013, the Board has adopted a board diversity policy and revised the terms of reference for the Nomination Committee accordingly. The policy aims to set out the approach to achieve diversity on the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience and expertise, skills, knowledge and/or length of working history. The ultimate decision will be based on the merits and contributions that the selected candidates will likely be able to bring to the Board.

As at the date of this report, the Board comprised one female Director with the remaining Directors being male individuals. Senior management of the Group comprised 7 males and 2 female, and among the 70 full-time employees of the Group, the ratio of male to female staff was approximately 1:1. The Board considers that the Board, the Group's senior management and workforce are all diverse in terms of gender. At present, the Company has not set any measurable objectives for implementation of the diversity policies in relation to the Board members and the workforce of the Group. However, the Company will consider and review from time to time such diversity policies and setting of any measurable objectives where necessary.

During the CG Period, the Nomination Committee held one meeting which is to consider the appointment of Mr. Zhou Xiya and Ms. Tong Xinhua, assess the independence of the independent non-executive Directors, recommend the extension of the terms of office of non-executive and independent non-executive Directors and review the size and composition of the Board and the board diversity policy. After the above review, the Nomination Committee considered that the board diversity policy was appropriate and effective. The Nomination Committee recommended to the Board to appoint Mr. Zhou Xiya as a non-executive Director to fill the vacancy arising from the resignation of Mr. Zhu Guoqiang on 3 January 2022 and Ms. Tong Xinhua as an executive Director to fill the vacancy arising from the resignation of Mr. Xia Xianglong on 23 May 2022.

Remuneration Committee

The Remuneration Committee was established in December 2005 which is primarily responsible for making recommendations to the Board on the remuneration policy and structure for Directors and to review and determine the specific remuneration packages of all Directors. As at the date of this report, the Remuneration Committee comprises three members, namely Mr. Yang Jiangang (Chairman of the Remuneration Committee), Mr. Wong Kai Cheong and Ms. Tong Xinhua. A majority of the Remuneration Committee are independent non-executive Directors.

During the CG Period, the Remuneration Committee held one meeting which is mainly to assess the performance of Directors and make recommendation to the Board on the remuneration packages of the Directors and the remuneration policy and structure of the Company. The remuneration of Directors will be reviewed and determined with reference to their duties and responsibilities within the Company and the Group, their skills and experience, their work performance, the Group's performance and the prevailing industry practice and market situation.

CORPORATE GOVERNANCE REPORT

A remuneration package for executive Directors will normally comprise basic salary and allowances, mandatory provident fund and medical insurance coverage benefits and performance related discretionary bonus. Particulars of the Directors' emoluments are set out in note 12 to the consolidated financial statement.

Audit Committee

The Audit Committee was established in August 1999 which is primarily responsible for reviewing the Group's financial reporting process, risk management and internal control system and corporate governance issues and to make relevant recommendations to the Board. As at the date of this report, the Audit Committee comprises three members, namely Mr. Huang Xihua (Chairman of the Audit Committee), Mr. Yang Jiangan and Mr. Wong Kai Cheong. All members of the Committee are independent non-executive Directors.

During the CG Period, the Audit Committee held two meetings and has performed the major tasks summarised as below:

- reviewed the draft interim and annual consolidated financial statements of the Group for the six months ended 30 September 2021 and for the year ended 31 March 2022 and the related draft results announcements;
- reviewed the application of the new accounting standards promulgated by the Hong Kong Institute of Certified Public Accountants in the Group's consolidated financial statements;
- reviewed the Group's risk management and internal control system with management including review of the work done by the Group's risk management and internal audit department;
- reviewed the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and the Code of Conduct, and made recommendations to the Board;
- reviewed and monitored the training and continuous professional development of the Directors;
- reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;
- discussed and reviewed with the external auditor the statutory audit plan and matters relating to significant accounting and auditing issues; and
- reviewed and considered the audit fee of external auditor.

CORPORATE GOVERNANCE REPORT

Investment Committee

The Investment Committee was established in April 2007 which is primarily responsible for reviewing, pursuing and evaluating investment opportunities in property development and investment projects and to approve and execute such investments within the limit as delegated and authorised by the Board from time to time. As at the date of this report, the Investment Committee comprises three members, namely Dr. Li Ting (Chairman of the Investment Committee), Mr. Lin Chen Hsin and Ms. Tong Xinhua. All members of the Investment Committee are executive Directors.

The Investment Committee held one meeting during the CG Period which is mainly to review, evaluate and approve the identified investment opportunities in property development and investment projects.

Accountability and Audit

Directors' Responsibilities for Financial Statements

The Board is responsible for the timely presentation of balanced, clear and understandable annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements. In preparing the consolidated financial statements for the FY2022, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the consolidated financial statements, made judgements and estimates that are prudent and reasonable, and have prepared the consolidated financial statements on a going concern basis. The respective responsibilities of the Directors and the Company's external auditor on the financial statements of the Group are set out in the "Independent Auditor's Report" on pages 59 to 63 of this annual report.

Risk Management and Internal Control

The Board recognises the importance of a sound and effective risk management and internal control system to the Group's business operations and acknowledge its responsibility to establish, maintain and review the effectiveness of such systems. The Board assesses the effectiveness of the risk management and internal control systems through the reviews performed by the Audit Committee.

Risk governance structure

The Group's risk management and internal audit department is delegated with responsibility to ensure and maintain sound risk management and internal control systems by continuously reviewing and monitoring the operation of the risk management and internal control systems with procedures designed to manage, rather than eliminate, the risk of failure to achieve business objectives and ensure that they can provide reasonable, as oppose to an absolute, assurance against material misstatement or loss and to manage risks of failure in the Group's operational systems.

CORPORATE GOVERNANCE REPORT

The risk management and internal audit department helps the Group to accomplish its objectives by employing a systematic and disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes. Risk assessments are conducted semi-annually by the risk management and internal audit department whereby risk-based internal audit plans based on interviews and discussion with the senior management and staff are formulated and executed.

During the CG Period, the risk management and internal audit department conducted reviews of the effectiveness of the Group's system of internal controls, including those of its subsidiaries, joint venture and associate. The risk management and internal audit department issued reports to the Chairman and relevant management personnel covering various operational, financial processes and projects management issues involving risk management. It provides summary reports to the Audit Committee together with the status of the implementation of their recommendations in each Audit Committee meeting. The Audit Committee and the Board reviewed the summary reports prepared by the internal auditors and confirmed that they were not aware of any significant issues that would have an adverse impact on the effectiveness and adequacy of the risk management and internal control systems of the Group.

Whistle-blowing Policy

Whistle-blowing system was introduced for reporting violations of the Company's code of conduct manual and/or making complaints on business partners. A special mailbox has been set up for employees to enable such complaints to reach the management. Such written communications are supplemented by quarterly internal round-table management/staff conferences, in which the concerns and recommendations of the staff are carefully listened and considered by the management. The Group endeavours to protect the whistle-blower from common concerns such as victimisation and potential retaliation. The employee reporting in good faith under this procedure shall be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

Inside Information Policy

Proper procedures and measures have been taken by the Group to ensure compliance with the SFO. Such measures include arousing the awareness to preserve confidentiality of inside information within the Group, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees, disseminating information to specified persons on a need-to-know basis and strictly complying with the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

Principal Risks and Uncertainties

The Group's performance is affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not currently known to the Group or which may not be material now but could turn out to be material in the future.

CORPORATE GOVERNANCE REPORT

Business concentration

The Group's operation and major assets are concentrated in the PRC. Accordingly, the Group's business performance, financial position and future prospects are largely dependent on the performance of the property market in the PRC which may be adversely affected by unfavourable changes in the political, social, economic and legal environment. Control measures taken off to mitigate such risks are as follows:

- continual monitoring of the operating and political environment in the PRC that any forthcoming anticipate issues that may affect the business activities of the Group could be addressed to promptly;
- ongoing focus to strengthen the Group's brand values and, within the fast-changing business environment in the PRC, make prompt adjustment to the Group's business strategies when necessary; and
- maintaining a comfortable level of gearing.

Risks pertaining to the Property Development Market and Operation

Property development and investment usually entail heavy capital investment with a long investment period and market cycle which are challenges to be faced with in land/project acquisitions. Mistakes made in evaluation and decision would jeopardise the interest of the Group. Control measures taken of to mitigate such risk are as follows:

- Investment Committee is required to perform feasibility studies in a more scientific, accurate and practicable manner;
- respective investment criteria and risk appetite are set prior to land/project acquisition; and
- critical resources availability are adequately assessed in the acquisition plan.

People risk

A majority of the Group's development projects are penetrated to the northeast or second-tier cities of the PRC which resulted in difficulties to recruit, develop or retain sufficient staff with suitable capability and working experience to support the operations of the Group. Control measures taken of to mitigate such risk are as follows:

- review the competitiveness of the employees' compensation and benefits regularly;
- develop manpower plan to fulfill the human capital resources need for the Group's business strategy; and
- provide a comfortable working environment and atmosphere for the staff that would inspire their creativity and productivity.

CORPORATE GOVERNANCE REPORT

Financial Risk

The Group is exposed to financial risks relating to currency risk, interest rate risk, credit risk and liquidity risk in its ordinary course of business. Further details of such risks and relevant management policies are set out in notes 5 and 40 to the consolidated financial statements.

Auditor's Remuneration

During the FY2022, BDO Limited, the external auditor of the Company, provided the following services to the Group and the respective fees charged are set out below:

Services rendered for the Group	Fee paid/payable
	HK\$'000
Audit services	1,480
Non-audit service – other services	140
Total	1,620

Company Secretary

Mr. Cheng Wing Bor is the Company Secretary of the Company, responsible directly to the Board and is responsible for providing advice to the Board for ensuring the Board procedures are followed. He has complied with all the qualification, experience and training requirements under the Listing Rules.

Shareholders' Communications Policy

The Company has established and maintained various channels of communication with the Shareholders to ensure that they are kept abreast of key business imperatives. Information of the Company shall be communicated to the Shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), notices, announcements and circulars.

Annual general meeting and other general meetings may be convened, during which the Directors and designated senior management will attend the meeting and respond to requests for information and queries from the Shareholders and the investment community. The Chairman of the Board and the Directors will answer questions on the Company's business at the meeting. External auditors will also attend the AGM and to answer any question if necessary. The Board has reviewed the implementation of the shareholders' communications policy and is satisfied that it has been effective for the Board to understand the views and opinion of the shareholders through the available channels.

CORPORATE GOVERNANCE REPORT

The general meetings of the Company is the principal occasion at which the Board may interface directly with the Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend. Notice of the AGM and related papers shall be sent to the Shareholders in accordance with the requirements of the Bye-laws and the Listing Rules and such documents shall be also made available on the Company's website (<http://www.irasia.com/listco/hk/coastal>) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>).

Shareholders and the investor community may also contact the Company via email at the email address of the Company at investorsrelationship@coastal.com.cn.

Financial calendar

Event	Date
2021/2022 Interim Results Announcement	26 November 2021
2021/2022 Annual Results Announcement	29 June 2022
Despatch of 2021/2022 Annual Report	29 July 2022
Closure of Register of Members – 2022 AGM	13-16 September 2022 (both days inclusive)
2022 AGM	16 September 2022

Constitutional Document

The constitutional documents of the Company are available on the websites of the Company and the Stock Exchange. There were no changes in the constitutional documents of the Company during the CG Period.

Dividend Policy

According to the dividend policy adopted by the Company, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account among other things, the following factors: (i) the actual and expected financial performance of the Group, (ii) the retained earnings and distributable reserves of the Group, (iii) the expected working capital requirements and future expansion plans, (iv) liquidity position and (v) any other factors that the Board deem appropriate. The declaration and payment of dividends by the Company shall be determined at the sole and absolute discretion of the Board and is also subject to compliance with all applicable laws and regulations including the laws of Bermuda and the Bye-laws.

Shareholders' Rights

The rights of the Shareholders are set out in, amongst other things, the Bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act").

CORPORATE GOVERNANCE REPORT

Convening of special general meeting on requisition

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary to require a special general meeting to be convened pursuant to article 58 of the Bye-law. The written requisition must state the purposes of the meeting, be signed by the relevant Shareholder(s) and deposited at the Company's principal place of business in Hong Kong as set out in the "Corporate Information" section of this annual report for the attention of the Company Secretary.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a special general meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Putting forward proposal at general meetings

Shareholders may by written requisition request, deposit at the registered office of the Company, inclusion of a resolution relating to matters in a general meeting by following the requirements and procedures as set out in Sections 79 and 80 of the Companies Act.

The above request can be sent to the Company's principal place of business in Hong Kong as set out in the "Corporate Information" section of this annual report for the attention of the Company Secretary.

Pursuant to the above-mentioned sections of the Companies Act, either any number of the registered Shareholders holding not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Shareholders' enquiries

Shareholders may at any time send their enquiries and concerns in writing to the Company's principal place of business in Hong Kong as set out in the "Corporate Information" section of this annual report for the attention of the Company Secretary.

REPORT OF THE DIRECTORS

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 March 2022.

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property development, property investment, provision of project management and project investment services. An analysis of the Group's revenue and operating results by principal activities are set out in note 6 to the consolidated financial statements.

Business Review

Further discussion and analysis of the Group's activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, a description of the principal risks and uncertainties faced by the Group, particulars of important events affecting the Group that have occurred since the end of the Year and an indication of likely future development in the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) can be found in the "Chairman's Statement" and "Management Discussion and Analysis" sections set out on pages 8 to 15 of this annual report and the "Corporate Governance Report" set out on pages 39 to 51 of this annual report. The preceding sections form part of the report.

To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion on the Group's environmental policies and performance, an account of the Group's key relationships with its employees, customers and suppliers and others that have a significant impact on the Group and on which the Group's success depends and a discussion on the Group's compliance with the relevant laws and regulations that have a significant impact on the Group are contained in the Environmental, Social and Governance Report on pages 16 to 36 of this annual report.

Financial Positions and Results

The results of the Group for the year ended 31 March 2022 and the state of affairs of the Group as at that date are set out in the consolidated financial statements on pages 64 to 67 of this annual report.

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 6 of this annual report. This summary does not form part of the audited financial statements.

Reserves and Distributable Reserves

As at 31 March 2022, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Act, amounted to HK\$2,315,240,000. In addition, the Company's share premium account, in the amount of HK\$1,330,168,000 as at 31 March 2022, may be distributed in the form of fully paid bonus shares.

Details of movements in the reserves of the Company and the Group during the Year are set out in note 44 to the consolidated financial statement and in the consolidated statement of changes in equity respectively.

REPORT OF THE DIRECTORS

Dividends

The Board does not recommend the payment of any dividend for the year ended 31 March 2022.

Property, Plant and Equipment and Investment Properties

Details of movements in property, plant and equipment and investment properties of the Group during the Year are set out in notes 16 and 17 to the consolidated financial statements respectively. Further details of the Group's properties held for sale and investment are set out on pages 148 to 149 of this annual report.

Properties under Development

Details of movements in properties under development of the Group during the Year are set out in note 24 to the consolidated financial statements. Further details of the Group's properties under development are set out on page 150 of this annual report.

Bank and Other Borrowings

Details of bank and other borrowings during the Year are set out in note 31 to the consolidated financial statements.

Share Capital and Share Options

Details of Shares issued of the Company during the Year are set out in note 32 to the consolidated financial statements. As at 31 March 2022, the Company and the subsidiaries had no share option scheme.

Equity-Linked Agreements

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the Year or subsisted at the end of the year.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Bye-laws or the applicable laws of Bermuda, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares during the Year.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares at the date of this report.

REPORT OF THE DIRECTORS

Directors

The Directors during the Year and up to the date of this report were:

Executive Directors:

Mr. Jiang Ming (*Chairman and Managing Director*)

Mr. Xia Xianglong (*resigned on 23 May 2022*)

Dr. Li Ting

Mr. Lin Chen Hsin

Ms. Tong Xinhua (*appointed on 23 May 2022*)

Non-executive Directors:

Mr. Zhu Guoqiang (*resigned on 3 January 2022*)

Mr. Qiu Guizhong

Mr. Zhou Xiya (*appointed on 3 January 2022*)

Independent non-executive Directors:

Mr. Wong Kai Cheong

Mr. Yang Jiangang

Mr. Huang Xihua

The biographical details of the existing Directors are set out on pages 37 to 38 of this annual report.

In accordance with article 87(1) of the Bye-laws, At each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an AGM at least once every three years. As such, no Directors have a term of appointment longer than three years. Mr. Lin Chen Hsin, Mr. Qiu Guizhong and Mr. Huang Xihua shall retire by rotation and, being eligible, shall offer themselves for re-election at the forthcoming AGM.

In accordance with article 86(2) of the Bye-laws, any Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. Ms. Tong Xinhua and Mr. Zhou Xiya shall hold office until the date of the forthcoming AGM, and being eligible, would offer themselves for re-election.

The Company has received annual confirmations of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. As at the date of this report, the Company still considers all independent non-executive Directors to be independent.

REPORT OF THE DIRECTORS

Permitted Indemnity Provision

The Bye-laws provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their offices, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud or dishonesty which may attach to any Directors. Such permitted indemnity provision for the benefit of the Directors was in force during the Year and remained in force as of the date of this report.

A Directors' liability insurance is in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

Directors' Service Contracts

Each of the executive Directors and non-executive Directors have entered into service contract with the Company for a term of three years and one year respectively, which shall be automatically extended for another one year upon expiration of the term of the service contract unless terminated by either party thereto giving to the other party not less than three months' and one month's prior notice in writing respectively and are subject to retirement by rotation and re-election at the AGM, in accordance with the Bye-laws.

Each of the independent non-executive Directors have entered into a letter of appointment with the Company and is appointed for a period of one year commencing on the date of appointment, which shall be automatically extended for another one year upon expiration of the letter of appointment unless terminated by either party to the letter of appointment which equities not less than one month's length of notice and are subject to retirement by rotation and re-election at the AGM in accordance with the Bye-law.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Remuneration

The Directors' fees and remuneration are subject to review by the Remuneration Committee and approval by the Board which are determined with reference to Directors' duties, responsibilities, performance and the results of the Group.

Details of the remuneration of the Directors, together with those of the five highest paid individuals of the Group for the year are set out in notes 12 and 13 to the consolidated financial statements respectively.

REPORT OF THE DIRECTORS

Management Contracts

No contract other than the employment contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

Directors' Material Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in note 41 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its holding company or any of its respective subsidiaries was a party, and in which a Director or his connected entity was materially interested, whether directly or indirectly, subsisted at any time during or at the end of the Year.

Related Party Transactions

Details of the significant related party transactions undertaken in the usual course of business are set out in note 41 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction under the Listing Rules.

Directors' Interests in Securities

As at 31 March 2022, the interests and short positions of the Directors and their associates in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares and underlying Shares of the Company

Name of Director	Beneficially owner	Interest in controlled corporation	Total number of Shares and underlying Shares held	% of the Company's issued share capital
Mr. Jiang Ming	–	1,531,261,978*	1,531,261,978	36.93%
Mr. Lin Chen Hsin	3,720,000	1,531,261,978*	1,534,981,978	37.02%
Ms. Tong Xinhua	5,040,000	–	5,040,000	0.12%

* 1,531,261,978 shares are beneficially owned by CIH, of which the issued voting share capital is held as to 37.58% by Mr. Jiang Ming, 3.30% by Mr. Lin Chen Hsin and 21.42% by Great Scope Investments Limited (the entire issued voting share capital of which is held by Mr. Jiang Ming). These 1,531,261,978 shares represent an aggregate of approximately 36.93% of the issued share capital of the Company. Mr. Jiang Ming and Mr. Lin Chen Hsin are directors of CIH.

REPORT OF THE DIRECTORS

(ii) Long positions in the Shares and underlying Shares of CIH

Name of Director	Number of Shares held	Capacity and nature of interest	% of the associated corporation's issued share capital
Mr. Jiang Ming	3,758	Beneficial owner	37.58%
	2,142	Interest in controlled corporation	21.42%
Mr. Lin Chen Hsin	330	Beneficial owner	3.30%

Save as disclosed above, as at 31 March 2022, none of the Directors had or was deemed to have any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

At no time during the year was the Company, its holding company, its subsidiaries or other associated corporations, a party to any arrangements to enable the Directors or their respective spouse or minor children to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' and Other Persons' Interests in Securities

Apart from the interests of CIH as disclosed under the heading "Directors' interests in securities" above, the register of substantial Shareholders maintained by the Company pursuant to Section 336 of Part XV of the SFO shows that, as at 31 March 2022, the Company had been notified of the following substantial Shareholders' interests, being 5% or more of the Company's issued share capital.

Name	Nature of Interest	Number of Shares held or short positions	% of the Company's issued share capital
Ms. Yang Sun Xin	Family ²	1,531,261,978	36.93%
Shenzhen Investment Limited	Corporate	631,092,857	15.22%

Notes:

- All the interests stated above represent long positions.
- Ms. Yang Sun Xin is the spouse of Mr. Jiang Ming (Chairman and Managing Director of the Company) and is deemed to be interested in the 1,531,261,978 shares of the Company, which is the number of shares that CIH is interested in the issued share capital of the Company.

Save as disclosed above, as at 31 March 2022, the Company has not been notified of any other interests or short positions notifiable to the Company held by any other person in the Shares or underlying Shares required to be recorded pursuant to Section 336 of the SFO.

REPORT OF THE DIRECTORS

Major Customers and Suppliers

During the Year, sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for less than 30% of the total sales for the Year and of the total purchases for the Year respectively.

At no time during the Year have the Directors, their associates or any Shareholder (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers.

Corporate Governance

Details of the corporate governance practices of the Company are set out in the Corporate Governance Report on pages 39 to 51 of this annual report.

Audit Committee

The audited consolidated financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee and duly approved by the Board under the recommendation of the Audit Committee.

Auditor

The consolidated financial statements for the year ended 31 March 2022 were audited by BDO Limited. A resolution to re-appoint BDO Limited as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Jiang Ming

Chairman and Managing Director

Hong Kong, 29 June 2022

INDEPENDENT AUDITOR'S REPORT



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TO THE SHAREHOLDERS OF COASTAL GREENLAND LIMITED

沿海綠色家園有限公司

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Coastal Greenland Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 64 to 147, which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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 (the “Companies Ordinance”).

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Impairment of properties under development and completed properties for sale (notes 24 and 25 to the consolidated financial statements)

The Group had properties under development (“PUD”) and completed properties for sale (“PFS”) of approximately HK\$485 million and HK\$305 million respectively as at 31 March 2022.

For impairment assessment purposes, the management of the Group determined the net realisable value (the “NRV”) of PUD and PFS based on the valuation performed by the independent and qualified professional valuer (the “Valuer”). The valuation is dependent on certain significant inputs, including the recent market prices of similar properties, and the prevailing real estate market condition in the People’s Republic of China (the “PRC”). In addition, in determining the NRV of PUD, the management estimated the costs required for completing the PUD based on current cost data and on past experience.

Our response

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- Assessing management’s process on the determination of the NRV of PUD and PFS;
- Evaluating the competence, capabilities and objectivity of the Valuer;
- Obtaining an understanding from the Valuer about the valuation methodology, the performance of the PRC real estate market, significant assumptions adopted, critical judgement on key inputs and data used in the valuation, and the rationale and basis on which the methodology and assumptions were used by the Valuer;
- Assessing the reasonableness of the net sales values that was determined by the management, on a sample basis, by comparing them to the latest market prices achieved in the same projects or by comparable properties in accordance with our understanding of the Group’s business; and
- Evaluating the reasonableness of the estimated future costs to the completion of PUD based on past experience, on a sample basis, by comparing them to the actual development costs of similar completed projects of the Group.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Impairment of deposits for future acquisition of land use rights (note 26 to the consolidated financial statements)

The Group had deposits for future acquisition of land use rights of approximately HK\$3,799 million as at 31 March 2022, representing 48% of the Group's total assets.

The determination of any impairment of the deposits paid involves management's judgements in assessing whether any impairment should be made for such deposits. As set out in note 5(b) to the consolidated financial statements, the management of the Group has delegated a business team specifically responsible for monitoring the progress of the acquisitions and to safeguard the value of the deposits. In the event that the recoverable amount from the land use rights to be acquired is identified and assessed to be less than the carrying value of the deposits paid, impairment loss is recognised.

Our response

During our audit, we conducted the following audit procedures, amongst others, to address this key audit matter:

- Discussing with the management and reviewing the relevant agreements for understanding the nature of deposits for future acquisition of land use rights;
- Obtaining an understanding on management's process of making impairment of deposits for future acquisition of land use rights and assessing the reasonableness of impairment made with reference to the development of the projects, refund status of deposits for future acquisition of land use rights during the year or subsequent to the end of the reporting period (if any); and
- Discussing with the management and project managers on the development of the projects, on a sample basis, and examining supporting documents including correspondences with counterparties or relevant government authorities.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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 of 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.

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement 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.

INDEPENDENT AUDITOR'S REPORT

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

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate Number P05309

Hong Kong, 29 June 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	7	6,741	129,588
Cost of sales		(2,610)	(96,178)
Gross profit		4,131	33,410
Other income and gains	8	96,700	163,181
Marketing and selling expenses		(621)	(2,815)
Administrative expenses		(116,599)	(120,487)
Impairment loss recognised on properties under development	11	(494,060)	(67,139)
Loss on surrender of lands	11	(408,224)	–
Other expenses		(65,804)	(132,997)
Finance costs	9	(99,320)	(143,155)
Share of loss of a joint venture		(989)	(16,495)
Share of loss of an associate		(832)	–
Loss before taxation	11	(1,085,618)	(286,497)
Taxation	10	4,131	1,340
Loss for the year		(1,081,487)	(285,157)
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences arising on translation to presentation currency		161,443	297,566
Deficit on revaluation of buildings		(1,711)	(13,237)
Deferred tax credit arising on revaluation of buildings		428	3,299
Deferred tax credit arising on disposal of property, plant and equipment		11,407	2,864
Other comprehensive income for the year		171,567	290,492
Total comprehensive income for the year		(909,920)	5,335

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(942,595)	(281,028)
Non-controlling interests		(138,892)	(4,129)
		(1,081,487)	(285,157)
Total comprehensive income for the year attributable to:			
Owners of the Company		(774,294)	(140)
Non-controlling interests		(135,626)	5,475
		(909,920)	5,335
		HK cents	HK cents
Loss per share			
Basic and diluted	15	(22.73)	(6.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Non-current assets			
Property, plant and equipment	16	205,101	257,260
Investment properties	17	78,785	77,718
Right-of-use assets	18	13,733	15,390
Interest in associates	20	–	–
Interest in a joint venture	19	151,041	145,900
Amount due from a joint venture	41(a)(iii)	123,303	118,318
Financial assets at fair value through other comprehensive income (“FVTOCI”)	21	68,429	81,996
Total non-current assets		640,392	696,582
Current assets			
Properties under development	24	484,730	1,339,330
Completed properties for sale	25	305,212	317,542
Prepayments, deposits and other receivables	26	5,949,827	6,929,097
Amounts due from associates and a joint venture	41(a)(ii)	240,513	242,364
Financial assets at fair value through profit or loss (“FVTPL”)	22	224	5,916
Pledged bank deposits	23	99,617	262,045
Cash and bank balances	23, 37	251,158	176,285
Total current assets		7,331,281	9,272,579
Current liabilities			
Trade payables	27	95,111	87,925
Contract liabilities	28	190,387	171,992
Other payables and accruals	29	2,140,003	1,931,620
Amount due to a substantial shareholder of the Company	41(a)(i)	180,883	220,876
Lease liabilities	30	1,056	2,151
Tax payable		175,729	173,212
Interest-bearing bank and other borrowings	31	281,283	1,972,859
Total current liabilities		3,064,452	4,560,635

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Net current assets		4,266,829	4,711,944
Total assets less current liabilities		4,907,221	5,408,526
Non-current liabilities			
Interest-bearing bank and other borrowings	31	1,350,612	922,880
Lease liabilities	30	–	425
Deferred tax liabilities	33	30,318	49,207
Total non-current liabilities		1,380,930	972,512
NET ASSETS		3,526,291	4,436,014
CAPITAL AND RESERVES			
Share capital	32	414,602	414,602
Reserves		3,174,347	3,948,641
Equity attributable to owners of the Company		3,588,949	4,363,243
Non-controlling interests	38	(62,658)	72,771
Total equity		3,526,291	4,436,014

On behalf of the directors

Jiang Ming
Director

Lin Chen Hsin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

Notes	Attributable to owners of the Company										
	Share capital HK\$'000 (note 32)	Share premium HK\$'000	Contributed surplus HK\$'000 (note 44(i))	Capital reserve HK\$'000	Leasehold property revaluation reserve HK\$'000 (note 44(ii))	Exchange fluctuation reserve HK\$'000 (note 44(iii))	PRC reserve funds HK\$'000 (note 44(iv))	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000 (note 38)	Total equity HK\$'000
At 1 April 2020	414,602	1,330,168	37,560	22,114	177,906	168,500	9,697	2,202,836	4,363,383	65,731	4,429,114
Exchange differences arising on translation to presentation currency	-	-	-	-	-	287,962	-	287,962	9,604	297,566	
Transfer to retained profits upon disposal of property, plant & equipment	-	-	-	-	(11,706)	-	11,706	-	-	-	
Deferred tax credit arising on disposal of property, plant and equipment	-	-	-	-	2,864	-	-	2,864	-	2,864	
Deficit on revaluation of buildings	-	-	-	-	(13,237)	-	-	(13,237)	-	(13,237)	
Deferred tax credit arising on revaluation of buildings	-	-	-	-	3,299	-	-	3,299	-	3,299	
Other comprehensive income for the year	-	-	-	-	(18,780)	287,962	-	11,706	280,888	9,604	290,492
Loss for the year	-	-	-	-	-	-	-	(281,028)	(281,028)	(4,129)	(285,157)
Total comprehensive income for the year	-	-	-	-	(18,780)	287,962	-	(269,322)	(140)	5,475	5,335
Additional non-controlling interests arising on the acquisition of assets	-	-	-	-	-	-	-	-	-	1,565	1,565
At 31 March 2021	414,602	1,330,168	37,560	22,114	159,126	456,462	9,697	1,933,514	4,363,243	72,771	4,436,014
At 1 April 2021	414,602	1,330,168	37,560	22,114	159,126	456,462	9,697	1,933,514	4,363,243	72,771	4,436,014
Exchange differences arising on translation to presentation currency	-	-	-	-	-	158,177	-	158,177	3,266	161,443	
Transfer to retained profits upon disposal of property, plant & equipment	-	-	-	-	(45,629)	-	45,629	-	-	-	
Deferred tax credit arising on disposal of property, plant and equipment	-	-	-	-	11,407	-	-	11,407	-	11,407	
Deficit on revaluation of buildings	-	-	-	-	(1,711)	-	-	(1,711)	-	(1,711)	
Deferred tax credit arising on revaluation of buildings	-	-	-	-	428	-	-	428	-	428	
Other comprehensive income for the year	-	-	-	-	(35,505)	158,177	-	45,629	168,301	3,266	171,567
Loss for the year	-	-	-	-	-	-	-	(942,595)	(942,595)	(138,892)	(1,081,487)
Total comprehensive income for the year	-	-	-	-	(35,505)	158,177	-	(896,966)	(774,294)	(135,626)	(909,920)
Disposal of partial equity interests in a subsidiary	35(e)	-	-	-	-	-	-	-	-	1,183	1,183
Deemed disposal of equity interest in a subsidiary which become an associate upon completion	35(d)	-	-	-	-	12,123	-	(12,123)	-	(986)	(986)
At 31 March 2022	414,602	1,330,168	37,560	22,114	123,621	626,762	9,697	1,024,425	3,588,949	(62,658)	3,526,291

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Cash flows from operating activities			
Loss before taxation		(1,085,618)	(286,497)
Adjustments for:			
Finance costs	9	99,320	143,155
Share of loss of a joint venture		989	16,495
Share of loss of an associate		832	–
Bank interest income	8	(6,229)	(9,512)
Interest expense recharged	8	(72,570)	(117,770)
Other interest income	8	(17,089)	(3,307)
Depreciation of property, plant and equipment	11	2,129	3,071
Depreciation of right-of-use assets	11	2,869	2,706
Gain on lease modification	8	–	(24)
Impairment loss recognised on completed properties for sale	11	19,962	–
Impairment loss recognised on properties under development	11	494,060	67,139
Impairment losses recognised on other receivables, net	11	414	–
Loss (gain) on disposal of property, plant and equipment	11	11,977	(2,749)
Loss on deemed disposal of a subsidiary	35(d)	208	–
Loss on disposal of a subsidiary	35(d)	9,870	–
Loss on surrender of lands	11	408,224	–
Loss on write-off of assets and liabilities upon deregistration of subsidiaries	11	9,963	42,836
Result on acquisition of assets	11	–	20,202
Waiver of other payables and accruals	8	–	(28,584)
Write-off of prepayments, deposits and other receivables	11	11,547	46,379
Operating cash flows before working capital changes		(109,142)	(106,460)
Increase in properties under development		(231)	(8,933)
(Increase) decrease in completed properties for sale		(844)	95,387
Increase in prepayments, deposits and other receivables		(282,436)	(820,024)
Decrease in restricted bank balances		–	791
Increase in trade payables		3,433	1,538
Increase (decrease) in contract liabilities		10,961	(68,679)
Increase (decrease) in other payables and accruals		137,971	(339,603)
Cash used in operations		(240,288)	(1,245,983)
PRC Enterprise Income Tax (“EIT”), PRC withholding tax and PRC Land Appreciation Tax (“LAT”) paid		(4,819)	(348)
Net cash used in operating activities		(245,107)	(1,246,331)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Cash flows from investing activities			
Advances to associates and a joint venture		(2,466)	(11,832)
Repayments from associates and a joint venture		14,455	17,748
Purchases of property, plant and equipment		(804)	(1,512)
Acquisition of interests in financial assets at FVTOCI		(3,699)	(11,398)
Acquisition of interests in financial assets at FVTPL		(358,953)	(336,954)
Proceeds from disposal of subsidiaries	35(c)	1,214	–
Proceeds from disposal of interests in financial assets at FVTPL		357,583	335,811
Proceeds from disposal of interests in financial assets at FVTOCI		6,165	–
Withdrawal of pledged bank deposits		162,428	493,601
Proceeds from disposal of property, plant and equipment		35,064	24,244
Interest received		23,318	12,819
Net cash generated from investing activities		234,305	522,527
Cash flows from financing activities			
New bank and other borrowings raised		688,542	849,476
Repayment of bank and other borrowings		(457,884)	(78,487)
Interest paid		(107,106)	(26,017)
(Repayment to) advance from a substantial shareholder of the Company		(48,614)	63,570
Repayment of principal amount of the lease liabilities		(2,374)	(2,127)
Capital contribution from non-controlling interests	35(e)	1,183	–
Net cash generated from financing activities		73,747	806,415
Net increase in cash and cash equivalents		62,945	82,611
Cash and cash equivalents at beginning of year		172,729	79,012
Effect of foreign exchange rate changes		11,778	11,106
Cash and cash equivalents at end of year	37	247,452	172,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on 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 of this annual report.

The consolidated financial statements are presented in Hong Kong dollar which is different from the functional currency of the Company, Renminbi (“RMB”), as the directors of the Company consider that Hong Kong dollar is the appropriate presentation currency in view of its place of listing. The majority of the Company’s subsidiaries are operating in the PRC with RMB as their functional currency.

The Group is engaged in the following principal activities:

- property development
- property investment
- project management services
- project investment services

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective from 1 April 2021

Amendments to HKFRS 4, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 9,
HKFRS 16 and HKAS 39

The application of the above amendments to HKFRSs that are effective from 1 April 2021 did not have any significant impact on the Group’s account policies. The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period.

Amendments to HKFRS 4, HKFRS 7, HKFRS 9, HKFRS 16 and HKAS 39, Interest Rate Benchmark Reform – Phase 2

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKFRS 17	Insurance Contracts and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1, First-time Adoption of International Financial Reporting Standards, HKFRS 9, Financial Instruments, HKFRS 16, Lease and HKAS 41, Agriculture ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

(b) **New/revised HKFRSs that have been issued but are not yet effective *(continued)***

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The key amendments to HKAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

Amended HKFRS Practice Statement 2 includes guidance and two additional examples on the application of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

HKFRS 17 — Insurance Contracts and related Amendments

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts.

HKFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders’ options and guarantees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(continued)*

HKFRS 17 – Insurance Contracts and related Amendments *(continued)*

The implementation of HKFRS 17 is likely to bring significant changes to an entity’s processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and information technology.

The HKICPA issued Amendments to HKFRS 17 to address concerns and implementation challenges that were identified after HKFRS 17 was published. The amendments defer the date of initial application of HKFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the HKICPA issued Amendments to HKFRS 4 Extension of the Temporary Exemption from HKFRS 9 that extends the fixed expiry date of the temporary exemption from applying HKFRS 9 in HKFRS 4 to annual reporting periods beginning on or after 1 January 2023.

HKFRS 17 is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The directors of the Company do not anticipate that the application of this standard and amendments in the future will have an impact on the consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

(b) **New/revised HKFRSs that have been issued but are not yet effective *(continued)***

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

(b) **New/revised HKFRSs that have been issued but are not yet effective *(continued)***

Annual Improvements to HKFRSs 2018-2020

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and consolidated financial statements.

3. BASIS OF PREPARATION

(a) **Statement of compliance**

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. BASIS OF PREPARATION (*continued*)

(b) Basis of measurement

The consolidated financial statements are prepared under historical cost convention except for certain property, plant and equipment, investment properties and financial assets which are stated at revalued amounts or fair values. The measurement bases are fully described in the accounting policies below.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of revised/amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in note 2.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

(c) Going concern basis

The Group incurred a net loss of approximately HK\$1,081,487,000 during the year ended 31 March 2022, this condition may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

For assessing the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements, the directors of the Company prepared a cash flow projection for a fifteen month period from 31 March 2022. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern for at least 12 months from 31 March 2022, after taking into consideration a number of plans and measures:

- Subsequent to the reporting period, a substantial shareholder of the Company to whom the Group owed HK\$180,883,000 as at 31 March 2022 (note 41(a)(i)) has undertaken not to demand repayment of debts due from the Group in next twelve months from the reporting date; in addition, the substantial shareholder further advanced HK\$79,000,000 to the Group with the same terms as with the HK\$180,883,000 as stated above to strength the Group's liquidity position;
- The Group is endeavoring to complete the settlement of other payables and accruals of HK\$365,352,000 as disclosed in note 29;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

3. BASIS OF PREPARATION *(continued)*

(c) Going concern basis *(continued)*

- In respect of the advances of HK\$1,569,124,000 from a third-party for a re-development project (note 29) which is located in Zhuhai City of the PRC, the Group is progressing its contemplated disposal of the related project to the creditor who showed an intention to acquire that re-development project. Based on the assessment made by the directors of the Company, the value of the re-development project is sufficient for the settlement of this advance; and
- Exploring other financing alternatives when necessary, including disposal of the re-development project to other parties.

Based on the above plans and measures, the directors of the Company is of the view that the Group would have sufficient working capital to finance its operation and meet its financial obligations as and when they fall due over the period of the cash flow projection. Accordingly, the directors of the Company considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(b) **Subsidiary**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the note to the consolidated financial statements which discloses the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) **Associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement;
- The legal form of joint arrangements structured through a separate vehicle;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method – see note 4(c)).

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

The Company's interests in joint ventures are stated at cost less impairment losses, if any. Results of joint ventures are accounted for by the Company on the basis of dividends received and receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

Property, plant and equipment are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses, if any.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in leasehold property revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of estimated residual value over their estimated useful lives on straight-line method. The estimated useful lives, estimated residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates of depreciation are as follows:

Leasehold improvements	10%-20% or the shorter of the lease
Furniture, fixtures and equipment	10%-20%
Motor vehicles	20%

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Leasehold land and building

When the Group makes payments for ownership interests of properties which includes both land and building elements, the entire consideration is allocated between the 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” as stated in note 4(k) 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 land, the entire properties are classified as property, plant and equipment.

(g) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

In circumstances where the fair values of the investment properties under construction are not reliably determinable, such investment properties under construction are measured at cost less impairment, if any, until when their fair values become reliably determinable, which occur upon finalisation of the development plan, at which point in time the land and relocation costs and construction costs attributable to the investment property is reliably determinable.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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 disposals. 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 the profit or loss in the period in which the property is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised, and other attributable expenses. Net realisable value is determined by management based on prevailing market conditions.

(i) Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total cost of land, development expenditure, borrowing cost capitalised and other direct costs attributable to unsold properties. Net realisable value is determined by management based on prevailing market prices, on an individual property basis.

(j) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets and the Company's investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have reduced. 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). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount to the extent 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leasing

All leases (irrespective of whether they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use asset that meets the definition of a leasehold land and buildings held for own use, they are carried at fair value.

Right-of-use assets generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are carried at fair value. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost.

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Leasing *(continued)*

Lease liabilities *(continued)*

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting as lessor

The Group has leased out its investment property to a number of tenants. 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 recognised as an expense on the straight-line basis over the lease term.

(l) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Financial instruments *(continued)*

(i) Financial assets *(continued)*

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(I) Financial instruments *(continued)*

(i) Financial assets *(continued)*

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVTOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECL") on trade receivables, contract assets, financial assets measured at amortised cost and debt investments measured at FVTOCI. The ECLs are measured on either of the following bases: (1) twelve months ECLs: these are the ECLs that result from possible default events within the twelve months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the twelve months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(I) Financial instruments *(continued)*

(ii) Impairment loss on financial assets *(continued)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Financial instruments *(continued)*

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4(l)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(n) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and form an integral part of the Group's cash management.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Provisions and contingent liabilities *(continued)*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Revenue recognition *(continued)*

(i) Sale of properties

Revenue from sales of properties is recognised when the respective properties have been completed and delivered to the customers which is a point in time when customers have the ability to direct the use of the properties and obtain substantially all benefits of the properties. Deposits received from customers prior to meeting the aforementioned revenue recognition criteria are regarded as the contract liabilities and included in current liabilities in the consolidated statement of financial position.

The Group considers that the pre-sale proceeds received on sales of properties do not contain significant financing component as the contracts where the period between payment and transfer of the associated properties is less than one year, the Group applied the practical expedient of not adjusting the transaction price for any significant financing component.

For the contracts that contain the performance obligation of providing financial guarantee to banks with respect to mortgage loans procured by the purchasers of the Group's properties in the contracts on sales of properties, the Group should allocate the transaction price to the performance obligations between the sales of properties and provision of financial guarantee on a relative stand-alone selling price basis. The Group considers that the impact in the allocation of provision of financial guarantee on a relative stand-alone selling price basis is insignificant and thus all the revenue recognised from the contracts with customers on sales of properties is then allocated to the revenue from sales of completed properties for sale.

(ii) Project management service income

Revenue arising from project management service income is recognised in the accounting period in which the services are rendered. The Group bills for each month of service provided and recognises as revenue in the amount to which the Group has a right to invoice and corresponds directly with the value of performance completed.

(iii) Other income

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(p) Revenue recognition (*continued*)

(iii) Other income (*continued*)

Contract assets and liabilities

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. 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.

Contract asset is recognised when (i) the Group completes the property development under such services contracts but yet certified by architects, surveyors or other representatives appointed by customers, or (ii) the customers retain retention money to secure the due performance of the contracts. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

Contract costs

The Group recognises an asset from the costs incurred to fulfil a contract when those costs meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset 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 cost relate. The asset is subject to impairment review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Employee leave entitlements

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

(iii) Retirement scheme obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense when employees have rendered service entitling them to the contributions. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. The PRC subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(r) Share-based payments

Where share options are awarded to employees and others providing similar services, the fair value of the services received is measured by reference to the fair value of the options at the date of grant. Such fair value is recognised in profit or loss over the vesting period with a corresponding increase in the share option reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all non-market vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(r) Share-based payments (*continued*)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

(s) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(t) Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities are translated into the presentation currency of the Group (i.e. Hong Kong dollar) using the exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributable to non-controlling interests as appropriate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

4. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(u) Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.
- (c) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
 - (i) that person's children and spouse or domestic partner;
 - (ii) children of that person's spouse or domestic partner; and
 - (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, 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 associated 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 ongoing 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.

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

(a) Estimated write-downs of properties under development and completed properties for sale

The Group writes down properties under development and completed properties for sale to net realisable value based on assessment of the realisability of properties under development and completed properties for sale. The Group engages independent and qualified professional valuer to perform the valuation of properties under development and completed properties for sale for determining the net realisable value. In addition, in determining the net realisable value, the Group has estimated the costs to completion of properties under development based on current cost data and past experience and the net sales value based on past experience and prevailing market conditions. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development and completed properties for sale to net realisable value. Write-downs are recorded when events or changes in circumstances indicate that the carrying balances of the pertinent assets may not be realised at the amount as stated. The identification of write-downs requires the use of judgements and estimates. If there is a change in the events on circumstances resulting in changes to the original estimations used in determining net realisable value, it will impact the carrying value and write-downs of properties under development and completed properties for sale in the period in which such a change has occurred. The carrying amounts of properties under development and completed properties for sale as at 31 March 2022 were HK\$484,730,000 (2021: HK\$1,339,330,000) and HK\$305,212,000 (2021: HK\$317,542,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(b) Deposits for future acquisition of land use rights

The Group determines whether or not the deposits paid for acquisition of land use rights or for property development for sale purpose are impaired. Deposits paid to independent third parties, both secured and unsecured, are based on the agreed terms as stipulated in the relevant agreements. Impairment losses are recognised for the deposits when events or changes in circumstances indicate that the pertinent acquisition may not be completed and the deposits are not recoverable. The management has delegated a business team responsible for monitoring progress of the acquisition and to safeguard the value of the deposits. In the event that the recoverable amount from the land use rights to be acquired is identified and assessed to be less than the carrying amount of the deposits paid, impairment losses are recognised.

The carrying amount of deposits for future acquisition of land use rights included in prepayments, deposits and other receivables as at 31 March 2022 was HK\$3,799,283,000 (2021: HK\$3,379,987,000). Further details are set out in note 26.

(c) Estimated impairment of receivables

The measurement of impairment losses under HKFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

As at 31 March 2022, amounts due from associates and a joint venture amounted to HK\$363,816,000 (2021: HK\$360,682,000) and other receivables amounted to HK\$2,072,664,000 (2021: HK\$3,462,179,000).

(d) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to completed properties for sale upon completion. An apportionment of these costs will be recognised in the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sale of the properties. Prior to the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on progress of construction and are assessed by the management.

In developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the costs of such phase. Costs that are commonly shared amongst different phases are allocated to individual phase in proportion based on the estimated saleable area of each phase.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

(d) Recognition and allocation of construction cost on properties under development *(continued)*

Where the final settlement of the costs and the related cost allocation base are different from the initial estimates, such variations would affect the profit or loss in future years for absorbing such cost variances when arose.

(e) LAT

PRC LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including land cost, borrowing costs and all property development expenditure.

The subsidiaries of the Company engaging in property development business in the PRC are subject to LAT charges, which will be included in the tax expenses. However, the implementation of LAT varies amongst various PRC cities and the Group has yet to finalise certain of its LAT returns with various tax authorities. Accordingly, a significant judgement is required in determining the amount of land appreciation and its related chargeable taxes. The ultimate LAT determination is uncertain which is a common circumstance which exists in the ordinary course of property development business in the PRC. The Group recognises the LAT liabilities based on management's best estimates. Where the final outcome of these LAT matters is different from the amounts that were estimated and recorded, such differences will impact on the tax expense and provision for LAT included in the tax payable in the period in which such determination is made.

6. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors of the Company, being the chief operating decision maker (the "CODM") in order to allocate resources to segments and to assess their performance. No operating segment identified by the CODM has been aggregated in arriving at the reportable segments of the Group. Summary details of the Group's reportable and operating segments are as follows:

- the property development segment engages in the development of properties for sale in the PRC;
- the property investment segment invests in commercial and residential properties located in the PRC for their rental income potential and/or for capital appreciation;
- the project management services segment engages in the provision of project management services in the PRC; and
- the project investment services segment engages in the provision of investment services in relation to investment in and sale of property development/land development projects in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

6. SEGMENT INFORMATION (continued) Segment revenue and results

The Group's revenue and results are substantially derived from operations in the PRC. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	Property development		Property investment		Project management services		Project investment services		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	2,117	124,669	4,624	4,919	-	-	-	-	6,741	129,588
Disaggregation of revenue:										
Primary geographical markets										
Anshan	1,305	88,427	-	-	-	-	-	-	1,305	88,427
Dalian	812	3,653	-	-	-	-	-	-	812	3,653
Shanghai	-	32,589	199	102	-	-	-	-	199	32,691
Shenzhen	-	-	4,180	4,400	-	-	-	-	4,180	4,400
Others	-	-	245	417	-	-	-	-	245	417
Total	2,117	124,669	4,624	4,919	-	-	-	-	6,741	129,588
Time of revenue recognition										
At a point in time	2,117	124,669	-	-	-	-	-	-	2,117	124,669
Transferred over time	-	-	4,624	4,919	-	-	-	-	4,624	4,919
Total	2,117	124,669	4,624	4,919	-	-	-	-	6,741	129,588
Segment results:										
Segment (loss) profit	(1,001,688)	(184,930)	(19,495)	7,284	(2,316)	(3,515)	-	-	(1,023,499)	(181,161)
Finance costs									(99,320)	(143,155)
Interest income									23,318	12,819
Interest expense recharged									72,570	117,770
Net foreign exchange gain									1,270	780
Share of loss of a joint venture									(989)	(16,495)
Share of loss of an associate									(832)	-
Other net unallocated expenses									(58,136)	(77,055)
Loss before taxation									(1,085,618)	(286,497)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

6. SEGMENT INFORMATION (continued) Segment revenue and results (continued)

Segment results represent the loss before taxation made by each reportable segment without allocation of income and expenses of the Group's head office, finance costs, interest income, interest expense recharged, net foreign exchange differences and share of results of associates and joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The CODM does not review the segment assets and liabilities for the purposes of allocating resources to segments and assessing their performance. Therefore, no segment assets and liabilities are presented.

Other segment information

Amounts included in the measure of segment (loss) profit:

	Property development		Property investment		Project management services		Project investment services		Unallocated		Consolidated	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Depreciation of property, plant and equipment	1,201	1,969	-	-	106	292	-	-	822	810	2,129	3,071
Depreciation of right-of-use assets	2,036	1,920	-	-	-	-	-	-	833	786	2,869	2,706
Impairment loss recognised on completed properties for sale	19,962	-	-	-	-	-	-	-	-	-	19,962	-
Impairment loss recognised on properties under development	494,060	67,139	-	-	-	-	-	-	-	-	494,060	67,139
Loss on deemed disposal of a subsidiary	-	-	-	-	-	-	-	-	208	-	208	-
Loss on disposal of a subsidiary	9,870	-	-	-	-	-	-	-	-	-	9,870	-
Loss (gain) on disposal of property, plant and equipment	123	3,609	11,854	(6,358)	-	-	-	-	-	-	11,977	(2,749)
Loss on surrender of lands	408,224	-	-	-	-	-	-	-	-	-	408,224	-
Loss (gain) on write-off of assets and liabilities upon deregistration of subsidiaries	11,425	59,653	-	-	-	-	-	-	(1,462)	(16,817)	9,963	42,836
Result on acquisition of assets	-	(28,584)	-	-	-	-	-	-	-	20,202	-	20,202
Waiver of other payables and accruals	-	-	-	-	-	-	-	-	-	-	-	(28,584)
Write-off of prepayments, deposits and other receivables	2,155	43,919	-	-	-	-	-	-	9,392	2,460	11,547	46,379

Information about major customers

The Group does not have major customers as no single external customer contributes to more than 10% of the Group's revenue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

7. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers		
Sale of properties	2,117	124,669
Revenue from other sources		
Rental income	4,624	4,919
	6,741	129,588

As at 31 March 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$190,387,000 (2021: HK\$171,992,000). This amount represents revenue expected to be recognised in the future. The Group will recognise the expected revenue in future when the performance obligation is completed.

8. OTHER INCOME AND GAINS

	2022 HK\$'000	2021 HK\$'000
Bank interest income	6,229	9,512
Gain on disposal of property, plant and equipment	–	2,749
Gain on lease modification	–	24
Interest expense recharged (note 26(a)(i))	72,570	117,770
Other interest income	17,089	3,307
Waiver of other payables and accruals	–	28,584
Others	812	1,235
	96,700	163,181

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

9. FINANCE COSTS

	2022 HK\$'000	2021 HK\$'000
Interest on bank borrowings	107,106	36,646
Interest on other borrowings (note 26(a)(i))	72,570	117,770
Interest on lease liabilities	170	354
	179,846	154,770
Less: Amounts capitalised on qualifying assets	(80,526)	(11,615)
	99,320	143,155

Borrowing costs capitalised during the year arose on the funds borrowed specifically for the purpose of obtaining qualifying assets and are calculated by applying a capitalisation rate of 6.18% (2021: 6.48%) per annum.

10. TAXATION

	2022 HK\$'000	2021 HK\$'000
Current tax		
– PRC LAT	4,683	16
Deferred tax (note 33)	(8,814)	(1,356)
Total tax credit for the year	(4,131)	(1,340)

No provision for Hong Kong Profits Tax has been made as the Group did not generate any assessable profits sourced in Hong Kong for both years.

The Group's income tax expense represents tax charges on the assessable profits of subsidiaries operating in the PRC calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the statutory tax rate of the Company's PRC subsidiaries is 25%.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

10. TAXATION (continued)

The tax credit for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 HK\$'000	2021 HK\$'000
Loss before taxation	(1,085,618)	(286,497)
Tax at the statutory tax rate	(271,404)	(71,624)
Tax effect of income not taxable	(4,913)	(9,232)
Tax effect of expenses not deductible	231,860	71,448
Tax effect of tax losses not recognised	39,234	5,359
Tax effect of utilisation of tax losses previously not recognised	(2,593)	(1,958)
Tax effect of share of loss of an associate	208	–
Tax effect of share of loss of a joint venture	247	4,124
	(7,361)	(1,883)
PRC LAT	4,683	16
Income tax effect of PRC LAT	(1,170)	(4)
Deferred tax (credit) expenses on undistributed earnings of PRC subsidiaries	(283)	531
Tax credit for the year	(4,131)	(1,340)

11. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2022 HK\$'000	2021 HK\$'000
Depreciation of property, plant and equipment (note 16)	2,388	3,087
Less: Amounts capitalised on qualifying assets	(259)	(16)
	2,129	3,071
Staff costs:		
Salaries and other benefits (including directors' remuneration – note 12)	44,513	57,699
Pension scheme contributions	3,449	1,948
Less: Government grants	–	(1,186)
Less: Amounts capitalised on qualifying assets	–	(952)
	47,962	57,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

11. LOSS BEFORE TAXATION (continued)

Loss before taxation is arrived at after charging/(crediting): (continued)

	2022 HK\$'000	2021 HK\$'000
Gross rental income	(4,624)	(4,919)
Less: Outgoings	546	1,483
Net rental income	(4,078)	(3,436)
Auditor's remuneration	1,480	1,600
Cost of completed properties sold	2,610	96,178
Depreciation of right-of-use assets (note 18)	2,869	2,706
Donations*	61	57
Impairment loss recognised on properties under development [†]	494,060	67,139
Impairment loss recognised on completed properties for sale*	19,962	-
Impairment loss recognised on other receivables, net*	414	-
Loss (gain) on disposal of property, plant and equipment*	11,977	(2,749)
Loss on surrender of land [#]	408,224	-
Loss on write-off of assets and liabilities upon deregistration of subsidiaries*	9,963	42,836
Loss on disposal of a subsidiary*	9,870	-
Loss on deemed disposal of a subsidiary*	208	-
Net foreign exchange gain	(1,270)	(780)
Rental expenses on short-term leases	814	544
Result on acquisition of assets*	-	20,202
Waiver of other payables and accruals	-	(28,584)
Write-off of prepayments, deposits and other receivables*	11,547	46,379

* These items are included in "other expenses" of the consolidated statement of profit or loss and other comprehensive income.

[#] On 9 August 2021, the Group entered into an agreement with the Jixi Municipal People's Government of Heilongjiang Province (the "Jixi Municipal People's Government") and an independent third party in which the Group agreed to surrender four parcels of land located at Jixi City, Heilongjiang, the PRC, to the Jixi Municipal People's Government with a compensation amount of RMB224,000,000 (equivalent to approximately HK\$268,888,000). Resulting from the surrender of lands completed on 18 August 2021, an amount of HK\$408,224,000 of the book value of the lands surrendered in excess of the waiver of payables was recognised as a loss in profit or loss for the year. Details of the surrender of lands are set out in the announcement and circular of the Company dated 15 November 2021 and 25 February 2022 respectively.

[†] The amount mainly represented impairment loss recognised on development project namely Jixi Silo City of HK\$493,618,000 (2021: HK\$66,832,000). Resulting from the surrender of lands completed on 18 August 2021, the only interests in the development project remained to the Group are restricted to affordable houses which are for resettlement of local residents and can only be sold at lower amount than the original estimated amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

12. DIRECTORS' AND MANAGING DIRECTOR'S REMUNERATIONS

Directors' and managing director's remunerations for the year, disclosed pursuant to the applicable Listing Rules and the Companies Ordinance, are as follows:

	Fee HK\$'000	Salaries and allowances HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2022				
Executive director				
Mr. Jiang Ming	-	2,689	-	2,689
Dr. Li Ting	-	1,942	134	2,076
Mr. Lin Chen Hsin	-	924	-	924
Mr. Xia Xianglong ³	-	2,766	136	2,902
	-	8,321	270	8,591
Non-executive director				
Mr. Qiu Guizhong	50	-	-	50
Mr. Zhou Xiya ¹	13	-	-	13
Mr. Zhu Guoqiang ²	-	-	-	-
	63	-	-	63
Independent non-executive directors				
Mr. Huang Xihua	130	-	-	130
Mr. Wong Kai Cheong	130	-	-	130
Mr. Yang Jiangang	130	-	-	130
	390	-	-	390
	453	8,321	270	9,044

¹ Mr. Zhou Xiya was appointed as a non-executive director of the Company on 3 January 2022.

² Mr. Zhu Guoqiang was resigned as a non-executive director of the Company on 3 January 2022.

³ Mr. Xia Xianglong was resigned as an executive director of the Company on 23 May 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

12. DIRECTORS' AND MANAGING DIRECTOR'S REMUNERATIONS (continued)

	Fee HK\$'000	Salaries and allowances HK\$'000	Pension scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2021				
Executive director				
Mr. Jiang Ming	–	2,269	17	2,286
Dr. Li Ting	–	934	–	934
Mr. Lin Chen Hsin	–	1,586	82	1,668
Mr. Xia Xianglong	–	2,436	82	2,518
	–	7,225	181	7,406
Non-executive director				
Mr. Qiu Guizhong	50	–	–	50
Mr. Zhu Guoqiang	50	–	–	50
	100	–	–	100
Independent non-executive directors				
Mr. Huang Xihua	130	–	–	130
Mr. Wong Kai Cheong	130	–	–	130
Mr. Yang Jiangang	130	–	–	130
	390	–	–	390
	490	7,225	181	7,896

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors and non-executive directors' emoluments shown above were for their services as directors of the Company.

Mr. Jiang Ming is the Managing Director of the Company who also acts as the role of the Chief Executive of the Company for both years and his emolument disclosed above included those for services rendered by him as the Managing Director.

Mr. Zhu Guoqiang agreed to waive his entitlements to directors' fee of HK\$37,000 (2021: nil). Other than this, there was no arrangement under which a director waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

13. THE FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals during the year included three (2021: three) directors, details of whose remuneration are set out in note 12 above. The remuneration of the remaining two (2021: two) individual as follows:

	2022 HK\$'000	2021 HK\$'000
Salaries and other benefits	4,397	4,061
Pension scheme contributions	36	36
	4,433	4,097

Their emoluments were within the following bands:

	2022 Number of individuals	2021 Number of individuals
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–
	2	2

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for both years.

14. DISTRIBUTIONS

The board of director of the Company does not recommend the payment of a dividend for the year ended 31 March 2022 (2021: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

15. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of HK\$942,595,000 (2021: HK\$281,028,000) and the number of 4,146,020,285 ordinary shares in issue for the years ended 31 March 2022 and 2021.

(b) Diluted loss per share

Diluted loss per share for the years ended 31 March 2022 and 2021 are not presented as there were no dilutive potential ordinary shares in issue during the respective year.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST OR VALUATION					
1 April 2020	281,966	34,687	14,113	10,260	341,026
Exchange realignment	5,157	2,310	851	621	8,939
Additions	–	742	770	–	1,512
Disposals	(21,416)	–	(2,068)	(563)	(24,047)
Adjustment on revaluation	(17,131)	–	–	–	(17,131)
At 31 March 2021 and 1 April 2021	248,576	37,739	13,666	10,318	310,299
Exchange realignment	2,174	1,322	459	333	4,288
Additions	239	380	185	–	804
Disposals	(46,814)	–	(89)	(171)	(47,074)
Disposal of a subsidiary	(6,165)	–	(488)	–	(6,653)
Adjustment on revaluation	(2,233)	–	–	–	(2,233)
Transfer from investment properties (note 17)	2,208	–	–	–	2,208
At 31 March 2022	197,985	39,441	13,733	10,480	261,639
Comprising					
At cost	–	39,441	13,733	10,480	63,654
At valuation	197,985	–	–	–	197,985
	197,985	39,441	13,733	10,480	261,639

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
ACCUMULATED DEPRECIATION					
1 April 2020	–	31,895	12,464	6,034	50,393
Exchange realignment	38	2,108	742	361	3,249
Provided for the year	1,100	618	482	887	3,087
Eliminated on disposal	–	–	(2,017)	(535)	(2,552)
Adjustment on revaluation	(1,138)	–	–	–	(1,138)
At 31 March 2021 and 1 April 2021	–	34,621	11,671	6,747	53,039
Exchange realignment	9	1,203	388	220	1,820
Provided for the year	514	393	700	781	2,388
Eliminated on disposal	–	–	(21)	(12)	(33)
Eliminated on disposal of a subsidiary	–	–	(153)	–	(153)
Adjustment on revaluation	(523)	–	–	–	(523)
At 31 March 2022	–	36,217	12,585	7,736	56,538
CARRYING VALUES					
At 31 March 2022	197,985	3,224	1,148	2,744	205,101
At 31 March 2021	248,576	3,118	1,995	3,571	257,260

The Group's land and buildings were revalued individually at 31 March 2022 and 2021 by Cushman & Wakefield Limited, independent professional valuer not connected with the Group, by reference to market evidence of recent transaction prices for similar properties.

In estimating the fair values of the leasehold land and buildings, the highest and best use of the leasehold land and buildings is their current use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

16. PROPERTY, PLANT AND EQUIPMENT (*continued*)

The fair values of the leasehold land and buildings were determined by the valuer on direct comparison approach assuming sale of each of these properties on an immediate vacant possession basis by reference to comparable sales evidence as available in the relevant market. Comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size. The most significant input into this valuation approach is price per square meter. There were no changes to the valuation techniques during the year.

The following table gives information about how the fair values of these leasehold land and buildings are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Leasehold land and buildings held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique	Unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
Buildings in Hong Kong of HK\$154,006,000 (2021: HK\$154,050,000)	Level 3	Direct comparison method	Price per square meter	HK\$371,290 – HK\$387,092 (2021: HK\$327,998 – HK\$465,819)	The higher the price per square, the higher the fair value
Leasehold land and buildings in the PRC of HK\$43,979,000 (2021: HK\$94,526,000)	Level 3	Direct comparison method	Price per square meter	HK\$13,400 – HK\$56,962 (2021: HK\$15,618 – HK\$68,624)	The higher the price per square, the higher the fair value
			Rental per square meter	N/A (2021: HK\$167 – HK\$178)	The higher the price per square, the higher the fair value

There were no transfers into or out of Level 3 during the year.

In the opinion of the directors of the Company, the allocation of leasehold land and buildings elements of certain properties located in the PRC cannot be made reliably, thus the entire amount is classified as a finance lease and accounted for as property, plant and equipment.

Had the Group's land and buildings been carried at historical cost less accumulated depreciation, their carrying amounts as at 31 March 2022 would have been HK\$96,868,000 (2021: HK\$110,736,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

17. INVESTMENT PROPERTIES

	2022 HK\$'000	2021 HK\$'000
At beginning of year	77,718	71,890
Transfer to property, plant and equipment (note 16)	(2,208)	–
Exchange realignment	3,275	5,828
At end of year	78,785	77,718

The fair values of the Group's investment properties as at 31 March 2022 and 2021 have been arrived at on the basis of valuations carried out on the respective dates by Cushman & Wakefield Limited, independent professional valuer not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations respectively.

The valuations have been arrived at by considering the capitalised net rental income or where appropriate, by reference to market evidence of recent transaction prices for similar properties in similar location and condition. In arriving at the capitalised net rental income, the market rentals of all lettable units of the property are assessed and capitalised at market yield expected by investors for this type of property. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yields achieved in analysed market sales transactions and the valuer's knowledge of the market expectation from property investors.

All of the Group's property interests held under operating leases to earn rentals and being held to be leased out or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties held by the Group in the consolidated statement of financial position	Valuation technique	Range or weighted average of unobservable input	Relationship of unobservable input to fair value
Investment properties at fair value in the PRC HK\$78,785,000 (2021: HK\$77,718,000)	Income approach	Reversionary yield 4% – 4.25% (2021: 4% – 4.5%)	The higher the reversionary yield, the lower the fair value

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of opening and closing fair value balance is provided in the table above. There were no changes in fair value for investment properties held at end of the years ended 31 March 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

18. RIGHT-OF-USE ASSETS

	Land use rights (Note a) HK\$'000	Properties (Note b) HK\$'000	Total HK\$'000
1 April 2020	12,767	5,430	18,197
Depreciation	(786)	(1,920)	(2,706)
Effect of lease modification	–	(1,371)	(1,371)
Exchange realignment	1,008	262	1,270
At 31 March 2021 and 1 April 2021	12,989	2,401	15,390
Depreciation	(833)	(2,036)	(2,869)
Effect of lease modification	–	613	613
Exchange realignment	533	66	599
At 31 March 2022	12,689	1,044	13,733

Notes:

- a. Land use rights comprise cost of acquiring rights to use certain lands, which are all located in the PRC and occupied by the Group as its office.
- b. The Group obtained the right to use other properties as its office through tenancy agreements. The leases typically run for an initial period of 3 years.

19. INTEREST IN A JOINT VENTURE

	2022 HK\$'000	2021 HK\$'000
Cost of investment in joint venture, unlisted	160,294	153,813
Share of post-acquisition loss and other comprehensive income	(9,253)	(7,913)
	151,041	145,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

19. INTEREST IN A JOINT VENTURE (continued)

As at 31 March 2022 and 2021, the Group had interests in the following joint venture:

Name of joint venture	Form of business structure	Place of registration and operation	Proportion of registered capital held by the Group (note a)		Group's percentage of Voting power		Profit sharing (note b)		Principal activities
			2022	2021	2022	2021	2022	2021	
Unlisted									
Beijing Huichao Real Estate Development Co., Ltd. ("Beijing Huichao")	Incorporated	PRC	40%	40%	40%	40%	40%	40%	Property development

Notes:

- The Group has joint control of the above company with other joint venture partners in accordance with the relevant contractual agreements which decisions about the relevant activities require the unanimous consent of the parties sharing control and accordingly these companies have been accounted for as joint ventures.
- The Group is entitled to share the operating results of the joint venture based on the Group's profit sharing ratio.

Summarised financial information of Beijing Huichao

	2022 HK\$'000	2021 HK\$'000
Current assets	3,600,439	3,458,587
Non-current assets	436	467
Current liabilities	(3,441,445)	(3,302,937)
Non-current liabilities	(302,808)	(291,286)
Revenue	–	–
Loss and total comprehensive income for the year	2,472	41,237
Depreciation	50	28

The Group did not receive any dividend from Beijing Huichao for the years ended 31 March 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

20. INTEREST IN ASSOCIATES

	2022 HK\$'000	2021 HK\$'000
At beginning of year	–	–
Transfer from interests in a subsidiary	846	–
Share of post-acquisition loss and other comprehensive income	(832)	–
Exchange realignment	(14)	–
At end of year	–	–

As at 31 March 2022 and 2021, the Group had interests in the following associates:

Name of associate	Form of business structure	Place of registration and operation	Proportion of registered capital				Proportion of voting power held	Principal activities	
			Group's effective interest		Held by a subsidiary				
			2022	2021	2022	2021			
Unlisted									
Chongqing Yanke Enterprises Co., Ltd.	Incorporated	PRC	35%	35%	35%	35%	40%	40%	Property development
Xinggonchang (Shenzhen) Cultural Development Company Limited ("Xinggonchang Shenzhen")	Incorporated	PRC	20.4%	N/A*	25.5%	N/A*	33%	N/A*	E-commerce

* Upon the completion of the capital injection as stated in note 35(b), Xinggonchang Shenzhen become an associate of the Company.

During the years ended 31 March 2022 and 2021, the Group has discontinued recognition of its share of losses of the above joint venture as its share of losses exceeds its interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

21. FINANCIAL ASSETS AT FVTOCI

	2022 HK\$'000	2021 HK\$'000
Unlisted securities:		
Club membership debentures (note a)	2,960	2,960
Equity securities (note b)	65,469	79,036
	68,429	81,996

Notes:

- (a) They represent investments of unlisted club membership debentures in Hong Kong.
- (b) Included in the equity securities were:
- (i) 12% equity interests in Guangzhou Haicong Real Estate Company Limited at cost of RMB12,000,000. It is a private entity incorporated in the PRC and its principal activity is property development in the PRC.
 - (ii) 2% equity interests in Enesoon Holding Group Company at cost of RMB15,000,000. It is a private entity incorporated in the Cayman Islands and its principal activity is provision of energy storage services in the PRC. During the year ended 31 March 2022, the Group disposed of the entire equity interests for strategic purpose.
 - (iii) 9.14% equity interests in 深圳市人才創新創業三號二期股權投資基金合夥企業(有限合夥) at cost of RMB30,000,000. It is a limited partnership incorporated in the PRC and its principal activity is security investment.
 - (iv) On 20 March 2021, the Group acquired 100% equity interests in Shenzhen Haide Investment Consulting Limited, which indirectly held as to 8% equity interests in Guangzhou Coastal Greenland Investment and Development Company Limited with investment cost of RMB8,000,000.
 - (v) On 26 August 2020, the Group acquired 5.03% equity interests in 深圳市中小擔人才股權投資基金管理有限公司 at cost of RMB1,633,507. It is a private entity incorporated in the PRC and its principal activity is investment holding in the PRC. It is also one of the shareholders of 深圳市人才創新創業三號二期股權投資基金合夥企業(有限合夥).
 - (vi) On 2 July 2021, the Group acquired 10.0% equity interests in 匯信保數字科技(上海)有限公司 at cost of RMB3,000,000. It is a private entity incorporated in the PRC and its principal activity is investment holding in the PRC.
- (c) The Group designated its investment in club membership debentures and equity securities as financial assets at FVTOCI, as the investments are held for strategic purposes. No dividends income was received from these investments during the year ended 31 March 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

22. FINANCIAL ASSETS AT FVTPL

	2022 HK\$'000	2021 HK\$'000
Wealth management product	224	5,916

Wealth management products are mainly investments in financial products issued by banks. The fair values of these investments approximated their carrying values as at 31 March 2022 and 31 March 2021.

23. PLEDGED BANK DEPOSITS/CASH AND BANK BALANCES

	2022 HK\$'000	2021 HK\$'000
Deposits pledged to banks for:		
Banking facilities granted to the Group (note 31(c)(iii))	98,642	258,170
Mortgage loan facilities granted to the buyers of certain properties developed by the Group	975	3,875
	99,617	262,045

The pledged bank deposits will be released upon the issuance of title deeds to the buyers of properties for bank deposits pledged to banks in respect of mortgage loan facilities granted to the buyers of certain properties developed by the Group or the settlement of relevant bank borrowings for bank deposits to banks for banking facilities granted to the Group. The pledged bank deposits will be released within one year.

Included in cash and bank balances are restricted bank balances of HK\$3,706,000 (2021: HK\$3,556,000) which are limited to be used in the development of certain property projects at the year ended.

Bank balances carry interest at market rates which range from 0.01% to 0.35% (2021: 0.01% to 0.3%) per annum. The pledged bank deposits carry fixed interest rates from 0.3% to 1.1% (2021: 0.3% to 1.1%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

24. PROPERTIES UNDER DEVELOPMENT

	2022 HK\$'000	2021 HK\$'000
At beginning of year	1,339,330	1,523,550
Exchange realignment	47,453	124,068
Additions	231	9,581
Transferred to completed properties for sale	–	(250,730)
Impairment loss recognised during the year	(494,060)	(67,139)
Loss on surrender of lands (note 11)	(408,224)	–
At end of year	484,730	1,339,330

Properties under development with carrying amount of HK\$484,730,000 (2021: HK\$1,339,330,000) are not expected to be completed and available for sale after twelve months from the end of the reporting period.

As at 31 March 2022, leasehold interests in land included in properties under development amounted to HK\$225,112,000 (2021: HK\$304,926,000).

25. COMPLETED PROPERTIES FOR SALE

The Group's completed properties for sale are situated in the PRC and are stated at the lower of cost and net realisable value. Cost includes the cost of land use rights, development expenditure incurred, other direct attributable expenses and, where appropriate, capitalised borrowing cost. Net realisable value is determined based on prevailing market conditions.

As at 31 March 2022, included in the Group's completed properties for sale of RMB149,525,000 (equivalent to approximately HK\$184,369,000) (2021: RMB154,883,000 (equivalent to approximately HK\$183,254,000)) were to be used to settle the indemnity as disclosed in note 29.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Other receivables (note a)	2,072,664	3,462,179
Deposits for future acquisition of land use rights (note b)	3,799,283	3,379,987
Prepaid operating expenses and other deposits	77,880	86,931
	5,949,827	6,929,097

Notes:

(a) As at 31 March 2022, included in other receivables are mainly:

- (i) an amount of HK\$287,296,000 (2021: HK\$1,814,998,000) in relation to the guarantee dividend (the "Guaranteed Dividend") distributable to Coastal Greenland Development (Wuhan) Ltd. ("Coastal Wuhan"), a formerly subsidiary of the Group, by Tianjin Harmonious Realty Development Co., Limited ("Tianjin Harmonious"), an associate of Coastal Wuhan.

Tianjin Harmonious has a property development project in Tianjin. Pursuant to the disposal agreement between Coastal Wuhan and new shareholders of Tianjin Harmonious, Coastal Wuhan is entitled to receive Guaranteed Dividend from Tianjin Harmonious amounting to RMB1,834,000,000 (equivalent to HK\$2,261,378,000). Pursuant to the disposal agreement in respect of the disposal of the entire equity interests in the Century East Group Limited (the "Disposal") completed in previous years, the Group is still entitled to receive the Guaranteed Dividend from Tianjin Harmonious after the Disposal. In addition to the RMB300,000,000 Guaranteed Dividend received in previous years, the Guaranteed Dividend of RMB1,301,000,000 (equivalent to approximately HK\$1,604,173,000) was received during the year ended 31 March 2022. The balance of the Guaranteed Dividend receivable amounted to RMB233,000,000 (equivalent to HK\$287,296,000) as at 31 March 2022.

In previous years, Coastal Wuhan raised a loan of RMB1,601,000,000 (equivalent to HK\$1,974,082,000) from a financial institution, for which the right to receive the Guaranteed Dividend from Tianjin Harmonious is pledged. The obligation to repay the outstanding loan balance has been assigned to the Group upon completion of the Disposal. Even if the Group does not receive the Guaranteed Dividend, the Group is still obliged to repay this amount by 1 November 2019, which is the original maturity of the loan. The maturity date of the said loan has been further extended to 1 November 2021. In addition to the repayment of RMB300,000,000 in previous years, the outstanding loan balance of RMB1,301,000,000 (equivalent to approximately HK\$1,604,173,000) has been fully settled during the year ended 31 March 2022.

The loan interest is payable by the Group. However, Tianjin Harmonious agreed to pay to the Group the same amount of the loan interest as the interest for the outstanding Guaranteed Dividend. During the year ended 31 March 2022, the loan interest payable on the loan and the interest expense recharged on the outstanding Guaranteed Dividend is HK\$72,570,000 (2021: HK\$117,770,000).

- (ii) an amount of HK\$1,180,923,000 (2021: HK\$1,292,567,000) due from the purchaser regarding the balance of the consideration payable by the purchaser under the Disposal as set out above.
- (b) The amounts represent payments made for the acquisitions of land use rights in the PRC which will be developed for sale purpose. These deposits will be wholly refundable in case if the acquisitions are terminated subsequently.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

27. TRADE PAYABLES

An aged analysis of trade payables as at the end of the year based on invoice date and issuance date of each bill is as follows:

	2022		2021	
	Balance HK\$'000	Percentage	Balance HK\$'000	Percentage
0-30 days	2,577	3	2,286	2
31-60 days	-	-	-	-
61-90 days	10	-	1,560	2
Over 90 days	92,524	97	84,079	96
	95,111	100	87,925	100

The average credit period on purchase is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit period granted.

28. CONTRACT LIABILITIES

	2022 HKD'000	2021 HKD'000
At beginning of year	171,992	224,834
Decrease in contract liabilities as a result of recognising revenue during the year	-	(102,734)
Increase in contract liabilities as a result of receipt in advance of pre-sales of properties	10,961	34,054
Exchange realignment	7,434	15,838
At end of year	190,387	171,992

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

28. CONTRACT LIABILITIES (continued)

The Group receives deposits from customers when they sign the sale and purchase agreement. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties. The deposits result in contract liabilities being recognised until the customer obtains control of the completed properties for sale.

Except for balances of approximately HK\$187,902,000 (2021: HK\$169,607,000) which are expected to be realised as revenue after all the required certificates of the development project held by Hengxiang Real Estate Development Company Limited ("Hengxiang Real Estate") are obtained, the remaining balances of the contract liabilities are expected to be realised as revenue within one year.

29. OTHER PAYABLES AND ACCRUALS

	2022 HKD'000	2021 HKD'000
Sales and other taxes payable	31,361	30,797
Other payables (note)	235,069	342,197
Advances from third parties for a re-development project	1,569,124	1,270,812
Accrued construction costs	17,191	16,496
Other accrued operating expenses (note)	287,258	271,318
	2,140,003	1,931,620

Note: Included in other payables and other accrued operating expenses was an indemnity against a legal case of approximately RMB296,304,000 (2021: RMB296,304,000) (equivalent to approximately HK\$365,352,000 (2021: HK\$350,581,000)) by Hengxiang Real Estate. The amount represented loan principal and interest payable to a lender and the associated legal cost of the litigation according to the judgement by the Liaoning High People's Court dated 28 January 2018.

On 17 September 2020, the Liaoning Intermediate People's Court concluded that the final indemnity, as agreed by Hengxiang Real Estate and the lender, was amounted to RMB296,304,000 and to be settled with the completed properties for sale of the Group and an associate with carrying amount of RMB149,525,000 (2021: RMB154,883,000) and RMB27,017,000 (2021: RMB31,337,000) respectively as at 31 March 2022. The management expected that the indemnity would be settled within one year from the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

30. LEASE LIABILITIES

The Group leases various offices. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The present value of future lease payments of the Group's leases are analysed as:

	2022 HKD'000	2021 HKD'000
Current	1,056	2,151
Non-Current	–	425
	1,056	2,576

Movement of the Group's leases liabilities is analysed as follows:

	2022 HKD'000	2021 HKD'000
At beginning of year	2,576	5,475
Interest expenses	170	354
Lease payments	(2,374)	(2,127)
Effect of lease modification	613	(1,395)
Exchange realignment	71	269
At end of year	1,056	2,576

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2022 HK\$'000	2021 HK\$'000
CURRENT		
Bank borrowings due for repayment within one year – secured	281,283	433,542
Other borrowings – secured	–	1,539,317
	281,283	1,972,859
NON-CURRENT		
Bank borrowings – secured	1,350,612	922,880
	1,631,895	2,895,739

At the end of the reporting period, the Group's bank and other borrowings were repayable as follows:

	2022 HK\$'000	2021 HK\$'000
On demand or within one year	281,283	1,972,859
More than one year, but not exceeding two years	148,457	94,654
More than five years	1,202,155	828,226
	1,631,895	2,895,739

Notes:

- (a) As at 31 March 2021, the Group's other borrowings are secured by the Guaranteed Dividend from Tianjin Harmonious (note 26(a)(i)).
- (b) At 31 March 2022, total facilities granted to the Group amounting to HK\$5,918,546,000 (2021: HK\$5,679,264,000) of which HK\$1,202,155,000 (2021: HK\$828,226,000) were utilised. The facilities are restricted to be used for a re-development project which is located in Zhuhai City of the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

- (c) All of the Group's bank borrowings and facilities as at 31 March 2022 and 2021 are secured by:
- (i) certain land and buildings of the Group with an aggregate carrying value of approximately HK\$164,883,000 (2021: HK\$209,685,000);
 - (ii) certain right of use assets of the Group with an aggregate carrying value of approximately HK\$12,689,000 (2021: HK\$12,989,000);
 - (iii) certain bank deposits of the Group with an aggregate carrying value of approximately HK\$98,642,000 (2021: HK\$258,170,000);
 - (iv) certain investment properties of the Group with an aggregate carrying value of approximately HK\$76,689,000 (2021: HK\$72,174,000);
 - (v) certain deposits for future acquisition of land use rights with an aggregate carrying value of approximately HK\$3,799,283,000 (2021: HK\$3,132,466,000);
 - (vi) corporate guarantees from the Company and certain subsidiaries;
 - (vii) corporate guarantees from third parties; and
 - (viii) personal guarantee and assets from a substantial shareholder.
- (d) The ranges of effective interest rates per annum (which also approximate to contracted interest rates) on the Group's interest-bearing bank and other borrowings are as follows:

	2022		2021	
	Borrowings HK\$'000	Interest rate	Borrowings HK\$'000	Interest rate
Other borrowings				
Fixed-rate borrowings	-	-	1,539,317	7.52%
Bank borrowings				
Fixed-rate borrowings	98,642	10.80%	94,654	10.80%
Variable-rate borrowings	1,533,253	2.32% to 7.00%	1,261,768	2.22% to 6.50%

The effective interest rate of variable-rate borrowings is based on Hong Kong Interbank Offered Rate ("HIBOR"), People's Bank of China ("PBOC") interest rate and London Interbank Offered Rate ("LIBOR") plus a specified margin.

- (e) The Group's borrowings that are denominated in currencies other than RMB, the functional currency of the respective group entities, are set out below:

	2022 HK\$'000	2021 HK\$'000
United States dollar	77,800	208,618
Hong Kong dollar	84,126	84,126
	161,926	292,744

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

32. SHARE CAPITAL

	Number of ordinary shares	Nominal Value HK\$'000
Authorised:		
Ordinary shares of HK\$0.10 each at 1 April 2020, 31 March 2021 and 31 March 2022	7,000,000,000	700,000
Issued and fully paid:		
Ordinary shares of HK\$0.10 each at 1 April 2020, 31 March 2021 and 31 March 2022	4,146,020,285	414,602

33. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (asset) recognised and movements thereon during the current and prior years:

	Business combinations (note a) HK\$'000	Fair value adjustments of investment properties HK\$'000	Unrealised profit HK\$'000	Undistributed profits of PRC subsidiaries (note b) HK\$'000	Others (note c) HK\$'000	Total HK\$'000
At 1 April 2020	111,059	203	(54,511)	18,648	(19,382)	56,017
Exchange realignment	8,040	-	(813)	1,387	(7,905)	709
Debited (credited) to profit or loss during the year, net	-	-	-	531	(1,887)	(1,356)
Credited to other comprehensive income during the year	-	-	-	-	(6,163)	(6,163)
At 31 March 2021 and 1 April 2021	119,099	203	(55,324)	20,566	(35,337)	49,207
Exchange realignment	5,248	-	(3,191)	905	(1,202)	1,760
Credited to profit or loss during the year, net	-	-	-	(283)	(8,531)	(8,814)
Credited to other comprehensive income during the year	-	-	-	-	(11,835)	(11,835)
At 31 March 2022	124,347	203	(58,515)	21,188	(56,905)	30,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

33. DEFERRED TAX LIABILITIES *(continued)*

Notes:

- (a) This represents the tax effect of the temporary differences arising from the fair value adjustments to the carrying amounts of properties under development upon acquisition of subsidiaries under business combination.
- (b) Pursuant to the Detailed Implementation Regulations for implementation of the New Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. Deferred tax liabilities have been recognised for withholding taxes that would be payable on the planned unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in the PRC. The Group's policy on recognising deferred tax liabilities arising from the withholding taxes was 5% of the subsidiaries' entire earnings.

At the end of the reporting period, deferred tax credit of HK\$283,000 (2021: deferred tax expenses of HK\$531,000) has been recognised on the undistributed profits of PRC subsidiaries during the year.

- (c) This represents the tax effect of the temporary differences arising from determining the accounting profit and taxable profit in respect of sale of certain properties, as well as capitalisation of interest expenses and other property development costs.
- (d) At the end of the reporting period, the Group has unused tax losses of HK\$364,231,000 (2021: HK\$249,482,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK\$267,686,000 (2021: HK\$207,372,000) that will gradually expire in five years. Other losses will be carried forward indefinitely.

34. SHARE OPTION SCHEME

On 14 September 2011, the Company adopted a share option scheme (the "Scheme 2011"). A summary of the principal terms of the Scheme 2011 is set out as follows:

(a) Purpose of the Scheme 2011

The purpose of the Scheme 2011 is to enable the Company to grant options to any employee, executive or officer of the Company or any of the subsidiaries (including executive and non-executive directors of the Company or any of the subsidiaries) and any suppliers, consultants, agents, advisers, shareholders, customers, partners, business associates who, in the sole discretion of the board of directors of the Company, have contributed to the Company and/or any of the subsidiaries (the "Eligible Participants").

(b) Administration of the Scheme 2011

The Scheme 2011 shall be subject to the administration of the directors of the Company whose decision on all matters arising in relation to the Scheme 2011 or their interpretation or effect shall (save as otherwise provided therein) be final and binding on all persons who may be affected thereby.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

34. SHARE OPTION SCHEME *(continued)*

(c) Grant and acceptance of options

An offer for the grant of an option (the “Offer”) shall be made to an Eligible Participants in writing (and unless so made shall be invalid) in such form as the board of directors of the Company may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days inclusive of, and from the date of which an Offer is made to an Eligible Participant provided that no such Offer shall be open for acceptance after the earlier of the 10th anniversary of the adoption date of the Scheme 2011 or the termination of the Scheme 2011. A non-refundable nominal consideration of HK\$1 is payable by the grantee upon acceptance of an option. An option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the Eligible Participants together with the said consideration of HK\$1 is received by the Company. Any Offer may be accepted in respect of less than the number of shares in respect of which it is offered provided that it is accepted in such number of shares as represents a board lot for the time being for the purpose of trading on main board or an integral multiple thereof.

(d) Exercise of options and price of shares

An option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate from the Company’s auditors or independent financial advisers, the Company shall allot and issue the relevant shares to the grantee (or his legal personal representative(s)) credited as fully paid.

The exercise price for the option under the Scheme 2011 shall be determined by the board of directors of the Company at its absolute discretion but in any event will not be less than the higher of: (i) the closing price of the Company’s shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant of an option, which must be a business day; and (ii) the average closing price of the Company’s shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant of an option.

(e) Maximum number of shares available for issue

- (i) Subject to the Listing Rules, the overall limit on the number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme 2011 and any other scheme of the Company must not, in aggregate, exceed 30% of the shares in issue from time to time (the “Overall Limit”). No options shall be granted under any share option schemes of the Company (including the Scheme 2011) if this will result in the Overall Limit being exceeded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

34. SHARE OPTION SCHEME *(continued)*

(e) Maximum number of shares available for issue *(continued)*

- (ii) Subject to the Overall Limit, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme 2011 and any other share option schemes of the Company adopted by the Group must not, in aggregate, exceed 10% of the shares in issue as at the date of the approval of the Scheme 2011 (the "Scheme Mandate Limit"), unless shareholders' approval has been obtained. Options lapsed in accordance with the terms of the Scheme 2011 will not be counted for the purpose of calculating the Scheme Mandate Limit.

(f) Grant of options to connected persons or any of their associates

Any grant of options to a connected person or its associates must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). Where options are proposed to be granted to a connected person who is also a substantial shareholder of the Company or an independent non-executive director or their respective associates and if such grant would result in the total number of shares issued and to be issued upon exercise of the share options granted and to be granted (including share options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant to such person representing in aggregate over 0.1% of the total issued shares and having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, then the proposed grant must be subject to the approval of shareholders taken on a poll in a general meeting. All connected persons of the Company must abstain from voting at such general meeting (except where any connected person intends to vote against the proposed grant provided that his intention to do so has been stated in the shareholders' circular to be issued).

(g) Maximum entitlement of each Eligible Participant

The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant (the "Individual Limit"). Where it is proposed that any offer is to be made to a Eligible Participant (or where approximate, an existing grantee) which would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the relevant date of grant to exceed his, her or its Individual Limit, such offer and any acceptance thereof must be conditional upon shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

34. SHARE OPTION SCHEME (continued)

(h) Time of exercise of options

Subject to the terms of the Scheme 2011, an option may be exercised in whole or in part at any time during the period to be determined and identified by the board of directors of the Company to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme 2011. There is no specified minimum period under the Scheme 2011 for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms of the Scheme 2011.

(i) Duration of the Scheme 2011

Scheme 2011 shall continue in force for the period commencing from the date of adoption of the Scheme 2011 and expiring at the close of business on the tenth anniversary thereof, after such period no further options will be granted but the provisions of the Scheme shall remain in full force and effect in respect of any options granted before its expiry or termination but not yet exercised. The Scheme 2011 was expired on 14 September 2021.

No share option was granted, exercised or cancelled during the years ended 31 March 2022 and 2021. As at 31 March 2022 and 2021, there were no outstanding share options as all outstanding share options were lapsed upon expiry of the exercisable period of the share options.

35. DISPOSAL OF SUBSIDIARIES

- (a) On 20 October 2020, the Group entered into a disposal agreement with an independent third party to dispose of the entire equity interests in Coastal Greenland Development (Shenzhen) Limited (or "Subsidiary A"), a wholly-owned subsidiary of the Company engaged in property development, for a consideration of RMB4,000,000 (equivalent to approximately HK\$4,932,000). The disposal was completed on 19 January 2022.
- (b) On 6 December 2021, the Group entered into a shareholders' agreement with other shareholders of Xinggonchang Shenzhen (or "Subsidiary B"), pursuant to which other shareholders agreed to an additional contribution of the registered capital of subsidiary B, previously a 51%-owned subsidiary of the Group. After the additional capital injection, the Group's interests in Subsidiary B was reduced to 20.4% and became an associate of the Company. The capital injection was completed on 13 December 2021.
- (c) An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries was as follows:

	HK\$'000
Cash consideration received	4,932
Cash and bank balances disposed of	(3,718)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	1,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

35. DISPOSAL OF SUBSIDIARIES (continued)

(d) A summary of the effects of the disposal of the subsidiaries is as follows:

	Subsidiary A HK\$'000	Subsidiary B HK\$'000	Total HK\$'000
Property, plant and equipment	6,182	318	6,500
Completed properties for sale	6,402	–	6,402
Cash and cash equivalents	2,660	1,058	3,718
Prepayments, deposits and other receivables	1,962	2,353	4,315
Prepaid tax	398	–	398
Accruals and other payables	(56)	(1,689)	(1,745)
Tax payable	(2,746)	–	(2,746)
Net assets disposed of	14,802	2,040	16,842
Total consideration	4,932	–	4,932
Fair value of the retained equity interests	–	846	846
Less: Net assets disposed of	(14,802)	(2,040)	(16,842)
Add: Amounts attribute to non-controlling interests	–	986	986
Loss on disposal/deemed disposal of subsidiaries	(9,870)	(208)	(10,078)

During the year ended 31 March 2022, a loss after taxation of HK\$1,232,000 attributable to a disposed of subsidiary has been included in the Group's consolidated statement of profit or loss and other comprehensive income.

Other than the consideration received from the disposal of the interest in the subsidiaries, the disposed of subsidiaries had no significant contribution to the Group's operating, investing and financing cash flows for the years ended 31 March 2022 and 2021.

(e) On 11 May 2021, the Group entered into an agreement with independent third parties pursuant to which the Group agreed to dispose of 20% equity interests in Coastal Data Supply Chain (Shenzhen) Company Limited, previously a wholly owned subsidiary of the Group, to the independent third parties for a consideration of RMB1,000,000 (equivalent to HK\$1,183,000). The disposal was completed on 8 June 2021.

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For the year ended 31 March 2022

36. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from 1 month to over 5 years at fixed rentals. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2022 HK\$'000	2021 HK\$'000
Within one year	3,642	4,764
After 1 year but within 2 years	529	3,013
After 2 years but within 3 years	543	444
After 3 years but within 4 years	385	417
After 4 years but within 5 years	339	320
After 5 years	1,103	1,361
	6,541	10,319

37. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2022 HK\$'000	2021 HK\$'000
Cash and bank balances	251,158	176,285
Less: restricted bank balances (note 23)	(3,706)	(3,556)
	247,452	172,729

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

38. NON-CONTROLLING INTERESTS

Hengxiang Real Estate, a 86% (2021:86%) owned subsidiary of the Company, has material non-controlling interests. Summarised financial information in relation to non-controlling interests of Hengxiang Real Estate, before intra-group eliminations, is presented below:

	2022 HK\$'000	2021 HK\$'000
Revenue	–	58
Loss for the year	905,110	21,894
Total comprehensive income for the year	905,110	21,894
Loss for the year allocated to non-controlling interests	126,715	3,065
For the year ended 31 December		
Net cash generated from (used in) operating activities	2,116	(600)
Net cash generated from investing activities	2	–
Net cash (used in) generated from financing activities	(3,150)	1,705
Net (decrease) increase in cash and cash equivalents	(1,032)	1,105
	2022 HK\$'000	2021 HK\$'000
Current assets	271,956	1,203,018
Non-current assets	515	530
Current liabilities	(756,983)	(712,687)
Non-current liabilities	(121,712)	(116,791)
Net assets	(606,224)	374,070
Accumulated non-controlling interests	(80,201)	56,113

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For the year ended 31 March 2022

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest bearing bank and other borrowings (note 31) HK\$'000	Amount due to a substantial shareholder of the Company (note 41(a)(i)) HK\$'000	Lease liability (note 30) HK\$'000	Total HK\$'000
At 1 April 2020	1,987,948	143,727	5,475	2,137,150
Changes from financing cash flows:				
Additional of bank and other borrowings	849,476	–	–	849,476
Repayments of bank and other borrowings	(78,487)	–	–	(78,487)
Interest paid	(26,017)	–	–	(26,017)
Repayment of principal amount of the lease liabilities	–	–	(2,127)	(2,127)
Advance from a substantial shareholder of the Company	–	63,570	–	63,570
	744,972	63,570	(2,127)	806,415
Other changes:				
Interest expenses	26,017	–	354	26,371
Effect of lease modification	–	–	(1,395)	(1,395)
Exchange adjustments	136,802	13,579	269	150,650
	162,819	13,579	(772)	175,626
At 31 March 2021 and 1 April 2021	2,895,739	220,876	2,576	3,119,191
Changes from financing cash flows:				
Additional of bank and other borrowings	688,542	–	–	688,542
Repayments of bank and other borrowings	(457,884)	–	–	(457,884)
Interest paid	(107,106)	–	–	(107,106)
Repayment of principal amount of the lease liabilities	–	–	(2,374)	(2,374)
Repayment to a substantial shareholder of the Company	–	(48,614)	–	(48,614)
	123,552	(48,614)	(2,374)	72,564
Other changes:				
Interest expenses	107,106	–	170	107,276
Set-off with the Guaranteed Dividend received (note 26(a)(i))	(1,604,173)	–	–	(1,604,173)
Effect of lease modification	–	–	613	613
Exchange adjustments	109,671	8,621	71	118,363
	(1,387,396)	8,621	854	(1,377,921)
At 31 March 2022	1,631,895	180,883	1,056	1,813,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 31, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group sets the amount of equity in proportion to its overall financing structure. The equity-to-overall financing ratios at the end of the reporting periods were as follows:

	2022 HK\$'000	2021 HK\$'000
Equity attributable to owners of the Company	3,588,949	4,363,243
Overall financing		
Interest-bearing bank and other borrowings	1,631,895	2,895,739
Pledged bank deposits	(99,617)	(262,045)
Cash and bank balances	(251,158)	(176,285)
	1,281,120	2,457,409
Equity-to-overall financing ratio	2.8:1	1.8:1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments

(i) Categories of financial instruments

	2022 HK\$'000	2021 HK\$'000
Financial assets		
At amortised cost	2,787,255	4,261,191
At FVTOCI	68,429	81,996
At FVTPL	224	5,916
Financial liabilities		
At amortised costs	3,713,138	4,820,125

(ii) Financial risk management objectives and policies

The Group's major financial instruments include other receivables, amounts due from associates and a joint venture, pledged bank deposits, cash and bank balances, trade payables, other payables, amount due to a substantial shareholder of the Company, lease liabilities and interest-bearing bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate 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

Currency risk

The Group has other receivables, amounts due from associates and a joint venture, cash and bank balances, other payables, amount due to a substantial shareholder of the Company and bank borrowings denominated in Hong Kong dollar and United States dollar, which are different from the functional currency of the respective group entity and accordingly expose the Group to foreign currency risk. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its foreign currency risk by monitoring the movement of the foreign currency rate and will consider hedging significant foreign currency exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(ii) Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

	Assets		Liabilities	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar	59,641	61,022	115,329	114,595
United States dollar	2,893	2,811	77,800	208,618

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2021: 5%) increase in RMB against Hong Kong dollar and United States dollar. 5% (2021: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2021: 5%) change in foreign currency rates. A positive number below indicates a decrease in loss (2021: decrease in loss) for the year where RMB strengthens against the relevant foreign currencies. For a 5% (2021: 5%) weakening of RMB against the relevant currencies, there would be an equal and opposite impact on the loss (2021: loss) for the year.

	2022 HK\$'000	2021 HK\$'000
Hong Kong dollar Increase/decrease in loss for the year	2,784	2,679
United States dollar Increase/decrease in loss for the year	3,745	10,248

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(ii) Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings. The Group is also exposed to cash flow interest rate primarily in relation to variable-rate bank and other borrowings. The Group's cash flow interest rate is mainly concentrated on the fluctuation of LIBOR, HIBOR and PBOC prescribed interest rate arising from the Group's United State dollar, Hong Kong dollar and RMB denominated borrowings. The management considers the exposure to interest rate risk in relation to pledged bank deposits and bank balances is insignificant due to the low level of bank interest rate. During the year, the Group has not entered into any derivative contracts to hedge against its cash flow and fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a 100 basis points (2021: 100 basis points) increase and decrease in LIBOR, HIBOR and PBOC prescribed interest rate. 100 basis points are the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The sensitivity analysis includes only variable-rate bank and other borrowings assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A positive number below indicates an increase in loss where the interest rate increases. If the interest rate decreases, there would be an equal and opposite impact on the loss for the year.

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.

	2022 HK\$'000	2021 HK\$'000
LIBOR		
Increase in loss for the year	649	1,742
HIBOR		
Increase in loss for the year	702	702
PBOC interest rate		
Increase in loss for the year	13,290	9,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(ii) Financial risk management objectives and policies (continued)

Credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk which may cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Other receivables

As at 31 March 2022, other receivables is classified as financial asset at amortised cost. The measurement of loss allowance was therefore based on 12 months expected credit losses. The Group has assessed that the expected credit loss for other receivables was HK\$4,818,000 (2021: HK\$5,801,000). As at 31 March 2022, as no collateral was held by the group, the maximum exposure to loss of other receivables was HK\$2,072,664,000 (2021: HK\$3,462,179,000).

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	2022 HK\$'000	2021 HK\$'000
At beginning of year	5,801	5,069
Impairment loss recognised	1,276	–
Reversal of impairment loss recognised	(862)	–
Write-off	(1,620)	–
Exchange realignment	223	732
At end of year	4,818	5,801

Amounts due from associates and a joint venture

As at 31 March 2022, amounts due from associates and a joint venture are classified as financial asset at amortised cost. The measurement of loss allowance was therefore based on twelve months expected credit losses. The Group has assessed the expected credit loss for the amounts due from associates and a joint venture and no loss allowances was recognised during the year.

Cash and cash equivalents

Most of the Group's cash and cash equivalents are held in major reputable financial institutions in the PRC and Hong Kong, which management believes are of high credit quality.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(ii) Financial risk management objectives and policies (continued)

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate working capital and continuously monitoring forecast and actual cash flows.

The Group relies on bank and other borrowings as a significant source of liquidity. The Group manages the maturities profile of its bank and other borrowings by designating a team to closely monitor the funding requirement with lending covenants and its compliance and early negotiate with lenders for refinancing arrangement or seek for new sources of financing prior to maturity.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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 and other borrowings 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 tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2022								
Trade and other payables		1,899,304	-	-	-	-	1,899,304	1,899,304
Amount due to a substantial shareholder of the Company		180,883	-	-	-	-	180,883	180,883
Interest-bearing bank and other borrowings								
- Fixed rate	10.80%	905	1,780	7,968	99,620	-	110,273	98,642
- variable rate	5.49%	169,027	14,001	62,537	592,174	2,172,675	3,010,414	1,533,253
Lease liabilities	7.35%	203	406	475	-	-	1,084	1,056
		2,250,322	16,187	70,980	691,794	2,172,675	5,201,956	3,713,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(ii) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

	Weighted average effective interest rate	On demand or less than 1 month HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1-5 years HK\$'000	More than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2021								
Trade and other payables		1,700,934	-	-	-	-	1,700,934	1,700,934
Amount due to a substantial shareholder of the Company		220,876	-	-	-	-	220,876	220,876
Interest-bearing bank and other borrowings								
- Fixed rate	7.58%	29,094	30,885	1,576,140	95,593	-	1,731,712	1,633,971
- variable rate	4.47%	299,648	149,424	40,265	215,486	1,086,337	1,791,160	1,261,768
Lease liabilities	10.68%	188	376	1,753	432	-	2,749	2,576
		2,250,740	180,685	1,618,158	311,511	1,086,337	5,447,431	4,820,125

Bank borrowings with a repayment on demand clause are included in the “on demand or less than 1 month” time band in the above maturity analysis. As at 31 March 2022, the undiscounted principal amount of such bank borrowings amounted to HK\$161,926,000 (2021: HK\$292,744,000). Taking into account the Group’s financial position, the directors do not believe that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid during the “3 months to 1 year” (2021: “3 months to 1 year”) time band after the reporting date in accordance with the scheduled repayment dates set out in the loan agreement. At that time, the aggregate principal and interest cash outflows in relation to this loan will be amounted to HK\$165,920,000 (2021: HK\$299,433,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change, if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(iii) Fair values of financial instruments

The Group followed HKFRS 7 Financial Instruments: Disclosures which introduce a three-level hierarchy for fair value measurement disclosures and additional disclosures about the relative reliability of fair value measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(iii) Fair values of financial instruments (continued)

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

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

	Level 1 HK\$'000	Level 2 HK\$'000 (note i)	Level 3 HK\$'000 (note ii)	Total HK\$'000
As at 31 March 2022				
Financial assets at FVTOCI	–	–	68,429	68,429
Financial assets at FVTPL	–	224	–	224
As at 31 March 2021				
Financial assets at FVTOCI	–	–	81,996	81,996
Financial assets at FVTPL	–	5,916	–	5,916

Notes:

- (i) The fair values of the wealth management product in Level 2 have been determined based on the quoted prices from the relevant financial institution.
- (ii) The fair values of the unlisted equity securities in Level 3 have been determined with reference to the fair values of underlying assets and liabilities of the investees as at 31 March 2022 and 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

40. FINANCIAL RISK MANAGEMENT (continued)

(b) Financial instruments (continued)

(iii) Fair values of financial instruments (continued)

Notes: (continued)

(ii) (continued)

The valuations are determined based on the following significant unobservable inputs:

Financial instruments	Valuation technique	Significant unobservable inputs	Sensitivity of fair value to the input
Financial assets at FVTOCI except note 21(b)(iii)	Cost approach	Replacement cost of underlying assets and liabilities	Had the replacement cost of underlying assets and liabilities increased (decreased) by 5%, the fair value would have (decreased)/increased by approximately HK\$1,667,000.
Financial assets at FVTOCI disclosed in note 21(b)(iii)	Market approach	Discount for lack of marketability of 20%	Had the discount rate increased (decreased) by 5%, the fair value would have (decreased)/increased by approximately HK\$1,168,000.

The movements of fair value measurements in Level 3 during the year are as follows:

	2022 HK\$'000	2021 HK\$'000
Financial assets at FVTOCI		
At beginning of year	81,996	66,871
Addition	3,699	11,398
Disposal	(17,945)	–
Exchange realignment	679	3,727
At end of year	68,429	81,996

The fair value of the unlisted equity securities are Level 3 recurring fair value measurement. During the year ended 31 March 2022 and 31 March 2021, there have been no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

41. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the notes to the consolidated financial statements, the Group had the following significant transactions with related parties:

(a) Outstanding balances with related parties

- (i) The amount due to a substantial shareholder of the Company represents amount due to Coastal International Holdings Limited, which holds 36.93% (2021: 36.93%) interests in the Company. The amount is unsecured, interest-free and repayable on demand.
- (ii) The amounts due from associates and a joint venture of HK\$240,513,000 (2021: HK\$242,364,000) are non-trade, unsecured, interest-free and repayable on demand.
- (iii) The amount due from a joint venture of HK\$123,303,000 (2021: HK\$118,318,000) represents an amount due from Beijing Huichao. The amount is non-trade, interest-free, repayable on demand and secured by 11% equity interests in Beijing Huichao beneficially owned by a third party partner in the joint venture. In the opinion of the directors of the Company, the amount is not expected to be repaid within twelve months after the end of the reporting period and accordingly, it is presented as non-current asset as at 31 March 2022 and 2021.

(b) Compensation of key management personnel of the Group who are the executive directors of the Company

	2022 HK\$'000	2021 HK\$'000
Short term benefits	8,321	7,225
Post-employment benefits	270	181
Total compensation paid to key management personnel	8,591	7,406

The remuneration of directors of the Company and senior management is determined by the remuneration committee having regard to the performance of individuals and market trend. Further details of directors' emoluments are included in note 12.

42. MATERIAL INTEREST OF DIRECTORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed in note 41, no transactions, arrangements or contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, were entered into or subsisted during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2022 HK\$'000	2021 HK\$'000
NON-CURRENT ASSETS			
Interests in subsidiaries*		2,883,383	4,867,522
Financial assets at FVTOCI		2,400	2,400
Total non-current assets		2,885,783	4,869,922
CURRENT ASSETS			
Prepayments, deposits and other receivables		33,618	33,617
Bank balances		1,585	1,088
Total current assets		35,203	34,705
CURRENT LIABILITIES			
Other payables and accruals		311,138	287,742
Interest-bearing bank borrowings		77,800	208,618
Amounts due to subsidiaries		55,342	55,342
Total current liabilities		444,280	551,702
NET CURRENT LIABILITIES		(409,077)	(516,997)
NET ASSETS		2,476,706	4,352,925
CAPITAL AND RESERVES			
Share capital		414,602	414,602
Reserves	44	2,062,104	3,938,323
TOTAL EQUITY		2,476,706	4,352,925

* Interests in subsidiaries are included in the Company's statement of financial position at cost less identified impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

On behalf of the directors

Jiang Ming
Director

Lin Chen Hsin
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

44. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 68 of the consolidated financial statements.

(i) Contributed surplus

The contributed surplus represents the surpluses arising from the issue of shares by Coastal Realty (BVI) Limited, the intermediate holding company of the Company, (i) in the acquisition of Coastal Realty Development Co. Limited, the former holding company of the Company in 1995; and (ii) at a premium to third parties in 1997, less dividends paid to shareholders in previous years.

(ii) Leasehold property revaluation reserve

The leasehold property revaluation reserve comprises the cumulative net changes in the fair value of leasehold property held by the Group as at year-end dates, net of deferred tax.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations which are dealt with in accordance with the accounting policies as set out in note 4(t).

(iv) PRC reserve funds

PRC reserve funds are reserves required by the relevant laws in the PRC applicable to the Company's PRC subsidiaries for staff welfare and expansion of working capital.

The Company

Movement of reserves of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2020	1,330,168	2,315,240	(160,357)	511,217	3,996,268
Loss for the year	-	-	-	(57,945)	(57,945)
At 31 March 2021 and 1 April 2021	1,330,168	2,315,240	(160,357)	453,272	3,938,323
Loss for the year	-	-	-	(1,876,219)	(1,876,219)
At 31 March 2022	1,330,168	2,315,240	(160,357)	(1,422,947)	2,062,104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued share capital/ registered capital (note a)	Percentage of equity attributable to the Company		Principal activities
			2022 %	2021 %	
Directly held subsidiaries:					
Coastal Green Technology Development Group Limited	Hong Kong	HK\$1 Ordinary	100	100	Investment holding
Coastal Realty (BVI) Limited	BVI/Hong Kong	US\$200 Ordinary	100	100	Investment holding
Coastal Realty Investment (China) Limited #	PRC	US\$100,000,000	100	100	Investment holding
Indirectly held subsidiaries:					
Capital Top Trading Limited	Hong Kong	US\$96,000,000	100	100	Loan financing
Costal Green Construction (Shenzhen) Management Consulting Company Limited	PRC	RMB1,000,000	100	100	Investment holding
Coastal Greenland Development (Anshan) Ltd.	PRC	RMB50,000,000	100	100	Property development
Coastal Greenland Development (Shenzhen) Ltd. #	PRC	US\$12,000,000	-	100	Property development
Coastal Realty Development Co. Limited	Hong Kong	HK\$10 Ordinary HK\$20,000,000 Non-voting deferred shares (note b)	100	100	Investment holding
Coastal Realty Development (Shanghai) Co., Ltd. #	PRC	US\$12,000,000	100	100	Investment holding
Coastal Realty Management Company Limited	Hong Kong	HK\$500,000 Ordinary	100	100	Investment holding
Dalian Jinri Junjian Park	PRC	RMB800,000	100	100	Property development
Dragon Gain Investment Limited	Hong Kong	HK\$1,000 Ordinary	100	100	Investment holding
Globe Gain Limited	Hong Kong	HK\$3 Ordinary	100	100	Investment holding
Hengxiang Real Estate Development Company Limited	PRC	RMB500,000,000	86	86	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration and operation	Nominal value of issued share capital/ registered capital (note a)	Percentage of equity attributable to the Company		Principal activities
			2022 %	2021 %	
Indirectly held subsidiaries: (continued)					
North Coastal Real Estate Development (Dalian) Co., Ltd. #	PRC	US\$15,000,000	100	100	Property development
Pearl Square Enterprises Limited	Hong Kong	HK\$2 Ordinary	100	100	Investment holding
Shanghai Coastal Equity Investment Fund Management Co., Ltd.*	PRC	RMB16,000,000	100	100	Asset management
Shanghai Coastal Greenland Real Estate Ltd. ^	PRC	RMB136,200,000	100	100	Investment holding
Shenzhen Coastal Property Investment Limited #	PRC	US\$11,000,000	100	100	Investment holding
Shenzhen Tongzhe Culture Limited*	PRC	RMB\$1,000,000	100	100	Provision of management services
Shanghai Runxiang Fumao Co., Ltd	PRC	RMB50,000,000	100	100	Investment holding
Suzhou Gaotong Information Services and Consultation Ltd. #	PRC	US\$45,000,000	100	100	Investment holding
Tacklemate Investment Limited	Hong Kong	HK\$2 Ordinary	100	100	Property investment
Zhuhai Coastal Greenland Real Estate Co., Ltd.	PRC	RMB150,000,000	67	67	Property development

Notes:

- (a) For those companies incorporated in Hong Kong and the British Virgin Islands, the amounts stated represent the nominal value of the issued share capital. For those companies registered in the PRC, the amounts stated represent the registered capital.
- (b) Non-voting deferred shares do not entitle the holders to receive any profit, or to receive notice of or to attend or vote at any general meeting of the company. On a return of assets on a winding-up or otherwise, the assets of the company available for distribution among the members shall be distributed as regards the first HK\$100,000,000,000,000 thereof among the holders of ordinary shares in proportion to the amounts paid up on the ordinary shares held by them, respectively, and the balance (if any) of such assets shall belong to and be distributed among the holders of the non-voting deferred shares and the holders of the ordinary shares pari passu among themselves in each case in proportion to the amounts paid up on the shares held by them, respectively.

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

- # wholly foreign owned enterprise
- ^ sino-foreign joint venture
- * wholly domestic owned enterprise

SCHEDULE OF MAJOR PROPERTIES

Properties Held for Sale and Investment

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held at 31 March 2022 (sq.m.)	Interest in the development attributable to the Group	Completion/delivery time
Properties in which the Group has the controlling interests:						
The PRC						
Anshan Coastal Xintiandi Project	220 Qianshan Road, Tiedong District, Anshan	Commercial	28,943	16,863	100%	Dec 2020/Dec 2020
Anshan Wisdom New City	275 Shengli North Road, Lishan District, Anshan	Residential	215,900	738	100%	Dec 2009/Dec 2009 Oct 2011/Oct 2011 Dec 2012/Dec 2012
Phase I						
Phase II						
Phase III						
Dalian Coastal International Centre	Xinghai Bay, Shahekou District, Dalian	Residential/commercial	217,200	8,163	100%	Jan 2012/Jan 2012
Phase I						
Dalian Jianzhu Project	South of Huabei Road and West of Huadong Road, Ganjingzi District, Dalian	Residential	168,900	6,240	100%	Oct 2011/Oct 2011 Jul 2013/Aug 2013 Oct 2013/Mar 2014
Phase I						
Phase II B1						
Phase II B2						
Jixi Silo City	North of Xingguo West Road, South of Limin Road, Jiguan District, Jixi	Residential	176,960	5,998	86%	Aug 2022/Aug 2022
Shenzhen Noble Center	Unit A, 38/F., Noble Center, No.1006 Third Fuzhong Road, Futian District, Shenzhen	Commercial – office	N/A	947	100%	2006 (Notes 1 & 3)
	Unit B, 38/F., Noble Center, No.1006 Third Fuzhong Road, Futian District, Shenzhen	Commercial – office	N/A	1,010	100%	2006 (Notes 3 & 4)
Shanghai Golden Bridge Mansion	Unit A, 2077 Yanan West Road, Changning District, Shanghai	Commercial – office	N/A	82	100%	1993 (Note 1 & 5)
	Unit B, 2077 Yanan West Road, Changning District, Shanghai	Commercial – office	N/A	78	100%	1993 (Note 4 & 5)
Subtotal				40,119		

SCHEDULE OF MAJOR PROPERTIES

Properties Held for Sale and Investment

Property description	Address	Type of development	GFA of the development (sq.m.)	GFA held at 31 March 2022 (sq.m.)	Interest in the development attributable to the Group	Completion/delivery time
Properties in which the Group has the controlling interests:						
HONG KONG						
Shun Tak Centre	Suite 1712-16, 17th Floor, China Merchants Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong	Commercial – office	N/A	578	100%	1986 (Notes 1 & 2)
Subtotal				578		
Properties in which the Group has minority interests:						
The PRC						
Chongqing Silo City	Junction of Fengshixing Road and Jinyun Avenue, Beipei District, Chongqing	Residential	266,149	30,637	35%	Dec 2016/Dec 2016
Subtotal				30,637		
Total				71,334		

Note 1: The property is occupied by the Group as its office.

Note 2: The property was developed by other independent developer.

Note 3: The property was developed by other PRC independent developer.

Note 4: The property is leased to an independent third party for rental income.

Note 5: The properties were developed by other PRC developers and the marketing and sales of which were underwritten by the Group.

SCHEDULE OF MAJOR PROPERTIES

Properties under Development

Property description	Address	Type of development	Estimated GFA of the development (sq.m.)	Interest in the development attributable to the Group	Estimated completion/delivery time (Note)
Developments in which the Group has the controlling interests:					
The PRC					
Dalian Jinzhou Project	Friendship Residential District Temple of Dragon King Villager, Jinzhou District, Dalian	Medical and hygiene	123,046	100%	To be determined
Subtotal			123,046		
Development in which the Group has minority interests:					
The PRC					
Beijing Bay Project Phase III	30 Nan Kou Road, Changping District, Beijing	Residential	266,934	40%	2022
Subtotal			266,934		
Total			389,980		

Note: For projects to be completed and delivered in phases, unless the context otherwise requires, the year given refers to the estimated year of completion/delivery of the first phase. The estimated year of completion is the estimation of the Directors based on existing market conditions and assuming no unforeseen circumstances.

Please see further discussion on the properties and development projects of the Group in the “Major Development Projects” section on pages 10 to 12 of this annual report.