



德祥地產集團有限公司*

ITC PROPERTIES GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 199

2021-2022

INTERIM REPORT

* For identification purpose only

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BOARD OF DIRECTORS

Executive Directors



Mr. Cheung Hon Kit
(Chairman)

Independent Non-Executive Directors



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



Mr. Cheung Chi Kit
(Managing Director)



Mr. Chan Yiu Lun, Alan



Mr. Chan Pak Cheong Afonso



Mr. Wong Lai Shun, Benny



Ms. Lam Sau Fung
(Chief Financial Officer)



Mr. Ip Hon Wah

BOARD COMMITTEES

Audit Committee

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

Remuneration Committee

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

Nomination Committee

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

Corporate Governance Committee

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

Investment Committee

Mr. Cheung Hon Kit
Mr. Cheung Chi Kit
Mr. Chan Yiu Lun, Alan
Mr. Wong Lai Shun, Benny
Ms. Lam Sau Fung

COMPANY SECRETARY

Ms. Wong Siu Mun

AUTHORISED REPRESENTATIVES

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

LEGAL ADVISORS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

WEBSITE

www.itcproperties.com

STOCK CODE

Hong Kong Stock Exchange 199

INFORMATION FOR SHAREHOLDERS

FINANCIAL CALENDAR

Announcement of 2021-2022 Interim Results	26 November 2021
Ex-Dividend Date for Interim Dividend	13 December 2021
Book Closure Dates for Interim Dividend	15 to 16 December 2021
Record Date for Interim Dividend Entitlement	16 December 2021
Payment Date of Interim Dividend	on or about 7 January 2022
Announcement of 2021-2022 Annual Results	June 2022

MEANS OF RECEIPT AND LANGUAGE OF CORPORATE COMMUNICATIONS

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

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

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

they may obtain printed copies free of charge by sending a written request to the Company or the branch share registrar of the Company in Hong Kong (the "Branch Share Registrar"), Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

SHAREHOLDER ENQUIRIES

E-mail : info@itcproperties.com

Telephone : (852) 2831 8138

Fax : (852) 2858 2697

Six months ended 30 September
2021 2020

HK\$'million

Revenue

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

274 28

1,735 98

274 –

2,283 126

Net profit (loss)

559 (303)

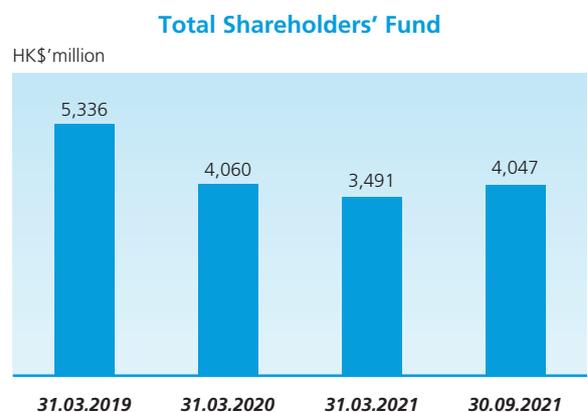
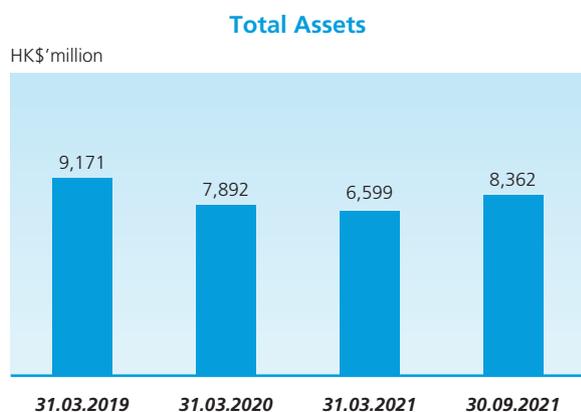
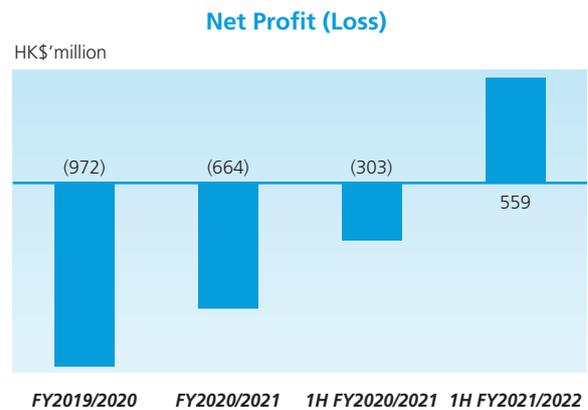
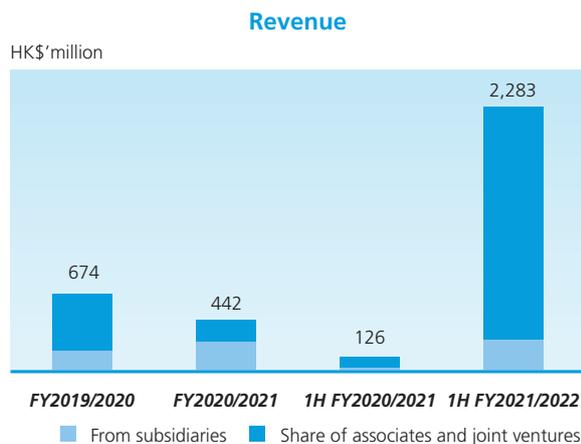
HK cents

Basic earnings (loss) per Share

58 (32)

Interim dividend per Share

10 –



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continued facing with challenging business environment under the threat of COVID-19 pandemic. In response to such market situation, the Group has been continuously reviewing its business model and adjusting its agility, and has received a promising return. With the local housing demand remaining stable under the combination of stringent regulations on land development and low interest rates environment, the Group continued receiving positive responses from the sales of units of Hyde Park which enhanced the Group's revenue for the Period. The Group's revenue for the Period substantially increased by 873.2% to HK\$274.3 million (30.9.2020: HK\$28.2 million) and gross profit increased to HK\$22.2 million (30.9.2020: HK\$3.4 million). In addition, the Group shared the net profits of the Group's associates which substantially increased to HK\$741.1 million (30.9.2020: share of net losses of HK\$0.1 million).

However, a significant loss allowance of HK\$159 million for expected credit loss (the "ECL") was recognised on the deposits in aggregate of HK\$159 million (the "Deposits") paid for the acquisition of 45.76% interests in Paul Y. Engineering Group Limited ("PYE").

As a result of the above factors, the Group recorded a marked turnaround to a net profit attributable to owners of the Company of HK\$558.8 million for the Period (30.9.2020: a net loss of HK\$302.0 million).

The Board has declared an interim dividend (the "Interim Dividend") of HK10 cents per Share for the Period (2020: nil). The Interim Dividend will be payable in cash.

Property

Segment profit for the Period of HK\$832.0 million was recorded, as compared to a loss of HK\$138.3 million for the last corresponding period.

Macau

Following the issuance of the occupation permit, the pre-sold units of a luxury residential project in Cotai South, Macau developed by an associate of the Group were gradually handed over to the end buyers and the corresponding sales were recognised during the Period. The contribution from this project to the Group for the Period substantially increased to HK\$756.3 million (30.9.2020: HK\$6.0 million).

Hong Kong

Hyde Park, a project with the Urban Renewal Authority, consists of 76 residential flats and a commercial podium of which a total of 74 flats were sold so far. During the Period, 34 flats were handed over to end buyers and accordingly, revenue of HK\$256.0 million was contributed to the Group for the Period.

The Group completed the acquisition of all units of Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan and the consolidation of the undivided shares. The property is planned for residential redevelopment upon compliance with town planning issues.

The project at No. 23 Po Shan Road, Mid-levels is a deluxe residential project for sale. Its superstructure work of a 10-storey mid-rise building, which commenced in October 2020, is in progress. During the Period, the Group disposed of 20% effective interests in this project and the proceeds have been utilised for repayment of the Guaranteed Notes (as defined below) which were due after the end of the Period.

The project at Nos. 41, 43 and 45 Pau Chung Street, To Kwa Wan is a redevelopment project comprising a residential tower with retail shops at lower levels. Subsequent to the end of the Period, the Group has disposed of this project at an aggregate consideration of HK\$318.3 million, which secured a profit of approximately HK\$80 million and enhanced the cash position of the Group.

PRC

Dabiao International Centre is a composite tower comprising a commercial podium, offices and a hotel, situated in Guangzhou City and conveniently connected to the Changgang Metro Station. During the Period, the Group increased its effective interests in Dabiao International Centre from 31.5% to 45% by acquiring a further of 13.5% at the current market price under the prevailing relative low-side market condition with a view to realising the value appreciation upon sales when the market becomes fully recovered.

The occupancy rate of Dabiao International Centre remained stable over 90% during the Period and it is expected that the property will continue to contribute reasonable rental income to the Group in the future.

Overseas

Vancouver, Canada

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

London, United Kingdom

The project at Greycoat Place is proposed to be redeveloped into a mixed residential and commercial tower. In May 2021, the Group successfully obtained the revised approval for redeveloping the site into a seven-storey building. With such approval, the gross floor area increased from 39,000 sq. ft. to 43,200 sq. ft.. The demolition works of the project were completed, and the main contract works are in progress and expected to be completed in 2022.

Hotel and Leisure

For the Period, the revenue from this segment was solely derived from the hotel management fee received by the Group and amounted to HK\$0.4 million, representing a substantial decrease from that of HK\$4.0 million for the last corresponding period as the Group no longer recorded revenue from Le Petit Rosedale Hotel Hong Kong after its disposal on 31 December 2020.

The hotel and leisure businesses have been continuously affected by the COVID-19 pandemic. Therefore, segment loss of HK\$54.9 million (30.9.2020: HK\$35.1 million) was recorded for the Period.

During the Period, the Group acquired additional 15% effective interests in Renaissance Shanghai Caohejing Hotel at the current market price under the relatively sluggish market condition with a view to capturing the potential appreciation in its capital value. After the acquisition, the Group's effective interests in Renaissance Shanghai Caohejing Hotel increased from 9.5% to 24.5%.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Location	Usage	Group's interests (%)	Attributable gross floor area ⁽¹⁾ (sq. ft.)
Macau			
One Oasis, Sky Oasis and Grand Oasis situated at Estrada de Seac Pai Van	Residential/Commercial	35.5	412,300
Sub-total			412,300
Hong Kong			
Hyde Park situated at No. 205 Hai Tan Street, Sham Shui Po	Residential/Commercial	100	6,600
Premises situated at 30/F., Bank of America Tower, No. 12 Harcourt Road, Central	Office	100	13,800
250 Hennessy situated at No. 250 Hennessy Road, Wanchai	Office/Car parks	100	55,600
Redevelopment project situated at Nos. 21, 23, 25, 27, 29 and 31 Sheung Heung Road, To Kwa Wan	Residential ⁽²⁾	72	29,000
Redevelopment project situated at No. 23 Po Shan Road, Mid-levels	Residential	20	16,000
Rosedale Hotel Kowloon situated at No. 86 Tai Kok Tsui Road, Tai Kok Tsui	Hotel	40	44,000
Sub-total			165,000
PRC			
Land situated at the Yazhou Bay Science and Technology City, Sanya City, Hainan Province	Hotel	100	886,000
Portions of Dabiao International Centre situated at No. 362 Jiangnan Avenue South and No. 238 Changgang Zhong Road, Haizhu District, Guangzhou City	Commercial/Office/Hotel/Car parks	45	285,600
Renaissance Shanghai Caohejing Hotel situated at No. 397 Tianlin Road, Caohejing Hi-Tech Park, Xuhui District, Shanghai	Hotel	24.5	170,000
Sub-total			1,341,600

MANAGEMENT DISCUSSION AND ANALYSIS

Location	Usage	Group's interests (%)	Attributable gross floor area ⁽¹⁾ (sq. ft.)
Overseas			
Townsend House situated at Greycoat Place, London, United Kingdom	Residential/Commercial	90.1	39,000
The Westin Bayshore situated at 1601 Bayshore Drive, Vancouver, British Columbia, Canada	Hotel/Conference/ Ancillary uses	50	224,500
Redevelopment project situated at 1444 Alberni Street, 711 Broughton Street and 740 Nicola Street, Vancouver, British Columbia, Canada	Residential/Commercial	28	171,200
Sub-total			434,700
Total			2,353,600

Notes:

- (1) The attributable gross floor area represents the area under the existing use.
- (2) The property is currently for industrial use and is planned to be redeveloped for residential use upon compliance with town planning issues.

Securities Investments

Segment loss from securities investments for the Period reduced to HK\$2.3 million (30.9.2020: HK\$8.5 million), representing an unrealised loss arising from the drop in market prices.

As at 30 September 2021, the Group had equity and fund investments in aggregate of HK\$142.7 million, 76% being unlisted securities and funds denominated in United States dollars and 24% being listed securities denominated in Hong Kong dollars.

Finance

As at 30 September 2021, other loan receivables of the Group amounted to HK\$184.3 million (31.3.2021: HK\$277.3 million).

For the Period, the Group had an interest income of HK\$8.5 million (30.9.2020: HK\$16.5 million) and segment profit from finance of HK\$39.9 million (30.9.2020: loss of HK\$70.9 million), which was attributable to the reversal of loss allowance for the ECL of HK\$31.0 million on loan receivables (together with the outstanding interest accrued thereon) held by the Group. During the Period, certain borrowers partially settled the principal of their loans together with the accrued interest with an aggregate sum of HK\$141.6 million, and hence, in accordance with the accounting policies adopted by the Group, the ECL provision of HK\$31.0 million recognised for last financial year has been reversed.

MANAGEMENT DISCUSSION AND ANALYSIS

Deposits Paid for the Acquisition of PYE

As disclosed in the announcement of the Company dated 28 June 2021 and the annual report of the Company for the year ended 31 March 2021, the Group rescinded the agreement for the acquisition of 45.76% interests in PYE and claimed against the vendor and South Shore Holdings Limited (In Provisional Liquidation) ("South Shore") (being the guarantor of the vendor) for the refund of the Deposits paid.

During the Period, the Group monitored the situation and considered the following incidents as disclosed by South Shore from 1 April 2021 to 30 September 2021:

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

After considering the above incidents and the global economic condition in the nearest future, the Company is of the view that there are no signs of improvement in the businesses of South Shore, which resulted in a more reasonably pessimistic forward-looking view based on the negative facts and circumstances as at 30 September 2021. Thus, in accordance with the accounting policies adopted by the Group, the loss rate assessed on the Deposits for the Period is 100% (the "Internal Assessment") and a loss of HK\$159 million was provided for the Period.

To assess the reasonableness of the Internal Assessment, the Group engaged an independent professional valuer, Norton Appraisals Holdings Limited (the "Valuer"), to perform an additional analysis for reassessing the ECL provision on the Deposits as at 30 September 2021 in accordance with Hong Kong Financial Reporting Standard 9 (2014). The Valuer adopted its independently selected parameters which contained credit rating profile similar to South Shore (the "External Assessment"). Taking into account South Shore's business situation and the unfavourable economic conditions, the Valuer determined its assumptions, including probability of default of 100% and recovery ratio of 0%, in its assessment. The External Assessment indicated that the average loss rate was approximately 100%.

Since the results of the Internal Assessment and the External Assessment were the same, the Group considered that it was fair and reasonable to make a loss of HK\$159 million on the Deposits for the Period. The Group continues to take necessary actions to recover the debt and will assess the ECL impact on the Deposits in due course.

FINANCIAL REVIEW

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

As at 30 September 2021, the Group had total bank borrowings of HK\$1,608.0 million and loan notes of HK\$1,306.8 million. After netting off bank balances and cash of HK\$1,470.1 million and comparing with the shareholders' funds of the Group of HK\$4,047.4 million, the Group's net gearing ratio as at 30 September 2021 reduced to 0.36 (31.3.2021: 0.68). All of the bank borrowings are subject to floating interest rates while the loan notes are subject to fixed interest rates. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments as and when appropriate.

As at 30 September 2021, the Group had unused banking facilities of HK\$268.2 million which could be utilised to finance the construction of properties and the working capital of the Group. During the Period, bank borrowings in total of HK\$637.3 million were drawn down to finance the redevelopment projects in Hong Kong, the repurchase of the Guaranteed Notes and the working capital of the Group. An aggregate amount of HK\$81.1 million of the Group's borrowings will be due for repayment in the coming twelve months in accordance with the repayment schedule while another sum of HK\$965.0 million was classified as current liability since the lenders have the rights to demand immediate repayment. The Group will continue to closely monitor its liquidity and working capital requirements to ensure appropriate financing arrangements are made when necessary.

For overseas subsidiaries, associates, joint ventures and other investments with cash flows denominated in foreign currencies, the Group endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in the same currencies. In this respect, the borrowings of the Group and its joint ventures and associates, to which the Group has provided guarantees, are denominated in Hong Kong dollars, United States dollars, Canadian dollars and Pound Sterling. During the Period, an unrealised gain on exchange differences of HK\$2.3 million was credited as other comprehensive income, mainly arising from translations of operations in Canada and the PRC due to the depreciation of Canadian dollars and appreciation of Renminbi. A majority of the Group's cash and cash equivalents are denominated in Hong Kong dollars and Canadian dollars while the Group's other assets and liabilities are denominated in Hong Kong dollars, Renminbi, Macau Pataca, Pound Sterling, United States dollars and Canadian dollars. Though no hedging instruments have been engaged, the Group will closely monitor its foreign exchange risk exposure.

During the Period, the Group repurchased at a discount an aggregate principal amount of US\$2.8 million (equivalent to approximately HK\$21.7 million) of the 4.75% guaranteed notes due 2021 issued by Treasure Generator Limited (a wholly-owned subsidiary of the Company) and guaranteed by the Company (the "Guaranteed Notes"). As a result, the outstanding principal amount of the Guaranteed Notes further reduced to approximately US\$167.9 million (equivalent to approximately HK\$1,307.1 million) as at 30 September 2021. Subsequent to the end of the Period, the Group fully repaid such outstanding principal amount together with the accrued interest upon its maturity on 14 October 2021.

Pledge of Assets

As at 30 September 2021, the Group's general credit facilities granted by banks were secured by pledges of the Group's investment properties of HK\$677.0 million, property, plant and equipment of HK\$509.7 million, stock of properties of HK\$637.4 million, interests in an associate of HK\$1,546.4 million and debt investments of HK\$0.6 million.

Contingent Liabilities

As at 30 September 2021, the Group provided corporate guarantees on a several basis with maximum liabilities of (i) HK\$569.1 million (31.3.2021: HK\$573.8 million), HK\$41.9 million (31.3.2021: HK\$58.0 million), HK\$281.6 million (31.3.2021: HK\$294.4 million) and HK\$239.4 million (31.3.2021: HK\$241.4 million) in respect of the banking facilities granted to four joint ventures (which are owned as to 50%, 50%, 40% and 28% by the Group respectively) with the outstanding amounts attributable to the Group's interests of HK\$549.6 million (31.3.2021: HK\$554.3 million), HK\$41.9 million (31.3.2021: HK\$57.8 million), HK\$281.6 million (31.3.2021: HK\$294.4 million) and HK\$146.9 million (31.3.2021: HK\$148.2 million); and (ii) HK\$282.9 million (31.3.2021: HK\$565.7 million) in respect of the banking facilities granted to an associate (which was owned as to 20% as at 30 September 2021 (31.3.2021: 40%) by the Group) with the outstanding amount attributable to the Group's interests of HK\$203.4 million (31.3.2021: HK\$384.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

With the increasing vaccination rates in various places around the world, it is anticipated that the impact of the COVID-19 pandemic on the global economy will be further diminishing. However, we expect that the rapid spread of Delta variant and the threat of new wave of infection continue to pose risks and uncertainties on the continual recovery of global economy ahead. The Group has been continuously reviewing its business model and endeavoring to improve the efficiency and effectiveness of its business operations. We will focus on the sale of the remaining blocks in Sky Oasis and Grand Oasis in Macau and other local redevelopment projects to secure the revenue for the coming few years. In addition to stepping our existing businesses further to the PRC, Macau, Canada and the United Kingdom, we will keep on improving earnings and enhancing the value of the Shareholders by working hard on the projects on hand and at the same time, be selective and cautious on replenishing the Group's portfolio when suitable opportunities arise.

NUMBER OF EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the total number of employees of the Group was 243 (31.3.2021: 259). Employees are remunerated according to their qualifications and experience, job nature and performance, and under the pay scales aligned with market conditions. Other benefits to employees include medical scheme, insurance coverage, share options and retirement schemes.

MOVEMENT IN ISSUED SHARES

During the Period, the Company did not issue nor cancel any Shares. As at 30 September 2021, there were 960,175,410 Shares in issue.

INTERIM DIVIDEND

The Board has declared the Interim Dividend of HK10 cents per Share for the Period to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") as at the close of business on Thursday, 16 December 2021. The Interim Dividend will be paid in cash to the Shareholders on or about Friday, 7 January 2022.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to the Interim Dividend, the Register of Members will be closed from Wednesday, 15 December 2021 to Thursday, 16 December 2021, both dates inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Monday, 13 December 2021. In order to be entitled to the Interim Dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 14 December 2021.

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

As at 30 September 2021, the interests and short positions of the Directors and chief executive of the Company and/or their respective close associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(I) The Company

Name of Director	Number of Shares held	Number of underlying shares held (Note 2)	Total	Percentage (Note 3)
Mr. Cheung Hon Kit ("Mr. HK Cheung")	48,800,000	9,600,000	58,400,000	6.08%
Mr. Cheung Chi Kit ("Mr. CK Cheung")	2,850,000	3,500,000	6,350,000	0.66%
Mr. Chan Yiu Lun, Alan ("Mr. Alan Chan")	4,075,781	2,500,000	6,575,781	0.68%
Mr. Wong Lai Shun, Benny ("Mr. Benny Wong")	230,000	2,500,000	2,730,000	0.28%
Ms. Lam Sau Fung ("Ms. SF Lam")	–	1,200,000	1,200,000	0.12%
Hon. Shek Lai Him, Abraham, <i>GBS, JP</i> ("Mr. Abraham Shek")	322,347	1,000,000	1,322,347	0.13%
Mr. Chan Pak Cheong Afonso ("Mr. Afonso Chan")	–	600,000	600,000	0.06%
Mr. Ip Hon Wah ("Mr. HW Ip")	–	300,000	300,000	0.03%

OTHER INFORMATION

(II) Associated corporation of the Company

Mr. HK Cheung had personal interests in the principal amount of US\$2.3 million under the Guaranteed Notes issued by Treasure Generator Limited, a wholly-owned subsidiary of the Company, and guaranteed by the Company, with the maturity date of 14 October 2021.

Notes:

1. The Directors were the beneficial owners having personal interests in the Shares, underlying Shares and/or debenture as disclosed above and all such interests were long positions.
2. This represented the aggregate number of share options granted to the Directors by the Company (being regarded as unlisted physically settled equity derivatives) under the 2012 Share Option Scheme and the New Share Option Scheme. Details of the share options are disclosed in the section headed "Share Option Schemes" below.
3. This represented the approximate percentage of the total number of issued Shares as at 30 September 2021.

Save as disclosed above, as at 30 September 2021, none of the Directors or chief executive of the Company and/or their respective close associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

On 10 September 2021, the New Share Option Scheme was approved and adopted by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting. Upon the adoption of the New Share Option Scheme, the 2012 Share Option Scheme, which was adopted on 17 August 2012, has been terminated and ceased to have any further effect with effect from 10 September 2021 save for and except that the 2012 Share Option Scheme remains in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to the termination thereof. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing from 10 September 2021 to 9 September 2031.

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

(I) 2012 Share Option Scheme

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

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

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

Category and name of participant	Number of share options under the 2012 Share Option Scheme				
	Outstanding as at 1 April 2021	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	Outstanding as at 30 September 2021
Directors					
Mr. HK Cheung	7,000,000	–	–	–	7,000,000
Mr. CK Cheung	2,000,000	–	–	–	2,000,000
Mr. Alan Chan (Note 1)	1,500,000	–	–	–	1,500,000
Mr. Benny Wong	1,500,000	–	–	–	1,500,000
Mr. Abraham Shek	500,000	–	–	–	500,000
Mr. Afonso Chan	300,000	–	–	–	300,000
Mr. Chan Fut Yan (retired on 10 September 2021)	3,500,000	–	–	–	N/A
Sub-total	16,300,000	–	–	–	12,800,000
Employees (Note 2)	5,990,000	–	–	–	5,990,000
Other participants	3,600,000 (Note 3(i) & (ii))	–	–	(300,000) (Note 3(ii))	6,800,000 (Note 3(i) & (iii))
Total	25,890,000	–	–	(300,000)	25,590,000

Notes:

1. Mr. Alan Chan is also an associate (as defined in the Listing Rules) of the substantial shareholders of the Company.
2. These share options included share options held by former employees pursuant to the 2012 Share Option Scheme.
3. These other participants are:
 - (i) consultants of the Group;
 - (ii) Mr. Kwok Ka Lap, Alva, a former Director, who as at 1 April 2021 still held 300,000 outstanding share options pursuant to the 2012 Share Option Scheme and such share options eventually lapsed during the Period; and
 - (iii) Mr. Chan Fut Yan, a former Director, who as at 30 September 2021 still held 3,500,000 outstanding share options pursuant to the 2012 Share Option Scheme.

OTHER INFORMATION

(II) New Share Option Scheme

On 28 September 2021, the Company granted a total of 16,660,000 share options under the New Share Option Scheme, subject to acceptance of the grantees, with an exercise price of HK\$1.03 per share option. Subsequently, 16,320,000 share options were duly accepted by the grantees. The period during which these share options can be exercised is from 1 April 2022 to 30 September 2025, provided that 25% of the share options shall be exercisable during each of the periods (i) from 1 April 2022 to 30 September 2025 (both dates inclusive), (ii) from 1 October 2022 to 30 September 2025 (both dates inclusive), (iii) from 1 April 2023 to 30 September 2025 (both dates inclusive), and (iv) from 1 October 2023 to 30 September 2025 (both dates inclusive) pursuant to the New Share Option Scheme. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

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

Category and name of participant	Number of share options under the New Share Option Scheme				
	Outstanding as at 1 April 2021	Granted during the Period	Exercised during the Period	Cancelled/ lapsed during the Period	Outstanding as at 30 September 2021
Directors					
Mr. HK Cheung	N/A	2,600,000	N/A	–	2,600,000
Mr. CK Cheung	N/A	1,500,000	N/A	–	1,500,000
Mr. Alan Chan (Note 2)	N/A	1,000,000	N/A	–	1,000,000
Mr. Benny Wong	N/A	1,000,000	N/A	–	1,000,000
Ms. SF Lam	N/A	1,200,000	N/A	–	1,200,000
Mr. Abraham Shek	N/A	500,000	N/A	–	500,000
Mr. Afonso Chan	N/A	300,000	N/A	–	300,000
Mr. HW Ip	N/A	300,000	N/A	–	300,000
Sub-total	N/A	8,400,000	N/A	–	8,400,000
Employees	N/A	6,820,000	N/A	–	6,820,000
Other participants (Note 3)	N/A	1,100,000	N/A	–	1,100,000
Total	N/A	16,320,000	N/A	–	16,320,000

Notes:

1. The closing price of the Shares on 27 September 2021, being the date immediately before the date on which the above share options were granted under the New Share Option Scheme, was HK\$1.03.
2. Mr. Alan Chan is also an associate (as defined in the Listing Rules) of the substantial shareholders of the Company.
3. These other participants are a consultant of the Group and a senior executive of a principal associate of the Company.

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 30 September 2021, so far as being known to the Directors or chief executive of the Company, the interests and short positions of the substantial shareholders or other persons of the Company (other than the Directors or chief executive of the Company) in the Shares and underlying shares of the Company which have been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and have been recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Nature of interests	Capacity	Number of Shares held	Percentage (Note 2)
(I) Substantial shareholders				
Dr. Chan Kwok Keung, Charles ("Dr. Charles Chan")	Personal interests	Beneficial owner	191,588,814	19.95%
	Corporate interests	Interest of controlled corporation	76,186,279	7.94%
	Family interests	Interest of spouse	<u>251,172,919</u>	<u>26.15%</u>
			518,948,012 (Note 3)	54.04%
Ms. Ng Yuen Lan, Macy ("Ms. Macy Ng")	Corporate interests	Interest of controlled corporation	251,172,919	26.15%
	Family interests	Interest of spouse	<u>267,775,093</u>	<u>27.89%</u>
			518,948,012 (Note 4)	54.04%
Record High Enterprises Limited ("Record High")	Corporate interests	Interest of controlled corporation	251,172,919 (Note 4)	26.15%
Fortune Crystal Holdings Limited ("Fortune Crystal")	Personal interests	Beneficial owner	251,172,919 (Note 4)	26.15%

OTHER INFORMATION

Name	Nature of interests	Capacity	Number of Shares held	Percentage (Note 2)
(II) Other persons				
ITC Holdings Limited ("ITC Holdings")	Corporate interests	Interest of controlled corporation	76,186,279 (Note 3)	7.94%
Galaxyway Investments Limited ("Galaxyway")	Personal interests	Beneficial owner	76,186,279 (Note 3)	7.94%

Notes:

- All the interests in the Shares as disclosed above were long positions. Also, no underlying Shares were held by the substantial shareholders and other persons of the Company stated above.
- This represented the approximate percentage of the total number of issued Shares as at 30 September 2021.
- Galaxyway owned 76,186,279 Shares and was a wholly-owned subsidiary of ITC Holdings which in turn was wholly owned by Dr. Charles Chan. As such, ITC Holdings and Dr. Charles Chan were deemed to be interested in the 76,186,279 Shares owned by Galaxyway by virtue of Part XV of the SFO.

In addition, Dr. Charles Chan was deemed to be interested in the 251,172,919 Shares owned by Fortune Crystal set out in Note 4 below by virtue of his being the spouse of Ms. Macy Ng for the purpose of Part XV of the SFO. Also, Dr. Charles Chan was the beneficial owner of 191,588,814 Shares.

Accordingly, Dr. Charles Chan was interested in and deemed to be interested in a total of 518,948,012 Shares by virtue of Part XV of the SFO.

- Fortune Crystal owned 251,172,919 Shares and was a wholly-owned subsidiary of Record High which in turn was wholly owned by Ms. Macy Ng. As such, Record High and Ms. Macy Ng were deemed to be interested in the 251,172,919 Shares owned by Fortune Crystal by virtue of Part XV of the SFO.

In addition, Ms. Macy Ng was deemed to be interested in the 76,186,279 Shares owned by Galaxyway and the 191,588,814 Shares beneficially owned by Dr. Charles Chan by virtue of her being the spouse of Dr. Charles Chan for the purpose of Part XV of the SFO.

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

Save as disclosed above, as at 30 September 2021, the Company had not been notified of any other interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

REVIEW OF INTERIM RESULTS

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

COMPLIANCE WITH CG CODE

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

Throughout the Period, the Company has complied with all the code provisions of the CG Code and applied the principles contained therein.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as its own code of conduct for Directors in their dealings in the securities of the Company. In response to specific enquiries made by the Company, all the Directors and the former Director who retired during the Period confirmed that they have complied with the required standards set out in the Model Code throughout the Period or his tenure of office within the Period, whichever is shorter.

CHANGES IN INFORMATION ON DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information on the Directors since the date of the 2020-2021 annual report of the Company and up to the date of this report were set out below:

- (i) There were changes to the directorships of each of Mr. HK Cheung, Mr. CK Cheung, Mr. Benny Wong and Ms. SF Lam in certain members of the Group.
- (ii) Mr. Abraham Shek was appointed as an independent non-executive director of International Alliance Financial Leasing Co., Ltd., a listed company in Hong Kong, with effect from 28 July 2021.

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

On behalf of the Board

Cheung Hon Kit

Chairman

Hong Kong, 26 November 2021

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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TO THE BOARD OF DIRECTORS OF ITC PROPERTIES GROUP LIMITED

德祥地產集團有限公司

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of ITC Properties Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 21 to 58, which comprise the condensed consolidated statement of financial position as of 30 September 2021 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	NOTES	Six months ended 30 September	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	274,341	28,189
Hotel operation and management income		356	3,973
Property income		265,446	7,696
		265,802	11,669
Direct cost for hotel operation and management income and property income		(243,586)	(8,250)
Gross profit for hotel operation and management income and property income		22,216	3,419
Interest revenue from loan financing		8,539	16,520
Net fair value (loss) gain on financial instruments	4	(1,803)	7,677
Other income, gains and losses		(8,478)	23,921
Loss recognised in respect of deposits paid for acquisition of an associate	13	(159,000)	–
Reversal (recognition) of impairment losses under expected credit loss model, net	23	30,988	(89,234)
Gain on partial disposal of interests in an associate	13	70,000	–
Decrease in fair value of investment properties	10	–	(61,065)
Selling and marketing expenses		(1,383)	–
Administrative and other expenses		(101,473)	(101,074)
Finance costs	5	(44,539)	(55,723)
Share of results of associates		741,144	(100)
Share of results of joint ventures		4,073	(78,666)
Profit (loss) before taxation		560,284	(334,325)
Taxation	6	(1,277)	31,703
Profit (loss) for the period	7	559,007	(302,622)
Profit (loss) for the period attributable to:			
Owners of the Company		558,786	(302,019)
Non-controlling interests		221	(603)
		559,007	(302,622)
Earnings (loss) per share	9		
– Basic (HK dollar)		0.58	(0.32)
– Diluted (HK dollar)		0.58	(0.32)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit (loss) for the period	559,007	(302,622)
Other comprehensive income (expense)		
Item that will not be reclassified to profit or loss:		
Loss on fair value changes of financial assets designated as at fair value through other comprehensive income ("FVTOCI")	(7,580)	(5,325)
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	2,336	65,841
Share of translation reserve of associates and joint ventures	6,507	9,068
Other comprehensive income for the period	1,263	69,584
Total comprehensive income (expense) for the period	560,270	(233,038)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	556,192	(232,622)
Non-controlling interests	4,078	(416)
	560,270	(233,038)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	NOTES	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		529,103	542,866
Investment properties	10	677,000	677,000
Equity and fund investments	11	33,282	99,037
Interests in joint ventures	12	457,982	547,038
Amounts due from joint ventures	12	930,397	434,075
Interests in associates	13	2,105,933	1,362,231
Amount due from an associate	13	–	44,686
Other loan receivables	14	–	70,280
Deposits paid for acquisition of an associate	13	–	159,000
Other non-current assets		111,987	112,512
		4,845,684	4,048,725
Current assets			
Deposits paid for acquisition of leasehold land		369,038	362,959
Stock of properties	15	1,218,997	1,318,503
Other loan receivables	14	184,327	207,063
Debtors, deposits and prepayments	16	163,539	232,566
Equity and fund investments	11	109,434	124,314
Debt investments	17	573	6,995
Bank balances and cash		1,470,060	298,322
		3,515,968	2,550,722
Current liabilities			
Creditors, deposits and accrued charges	18	253,736	223,115
Amount due to a joint venture	12	11,173	11,173
Amount due to an associate	13	716,472	7,045
Tax payables		176,811	175,107
Loan notes	20	1,306,832	1,322,933
Lease liabilities		4,806	5,656
Bank borrowings	19	1,046,052	1,159,854
		3,515,882	2,904,883
Net current assets (liabilities)		86	(354,161)
Total assets less current liabilities		4,845,770	3,694,564

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

	NOTES	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		3,260	5,241
Bank borrowings	19	561,996	196,872
		565,256	202,113
		4,280,514	3,492,451
Capital and reserves			
Share capital	21	9,602	9,602
Reserves		4,037,755	3,481,544
Equity attributable to owners of the Company		4,047,357	3,491,146
Non-controlling interests		233,157	1,305
		4,280,514	3,492,451

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to owners of the Company												Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Contributed surplus HK\$'000 (note i)	Capital redemption reserve HK\$'000 (note ii)	Share-based payment reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserve HK\$'000	Special reserve HK\$'000 (note iii)	Translation reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		
At 1 April 2020 (audited)	9,607	3,374,659	(3,038)	113,020	9,336	4,130	(289,453)	-	(8,908)	(132,636)	983,568	4,060,285	1,579	4,061,864
Loss for the period	-	-	-	-	-	-	-	-	-	-	(302,019)	(302,019)	(603)	(302,622)
Loss on fair value changes of financial assets designated as at FVTOCI	-	-	-	-	-	-	(5,325)	-	-	-	-	(5,325)	-	(5,325)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	65,654	-	65,654	187	65,841
Share of translation reserve of associates and joint ventures	-	-	-	-	-	-	-	-	-	9,068	-	9,068	-	9,068
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(5,325)	-	-	74,722	(302,019)	(232,622)	(416)	(233,038)
Recognition of equity-settled share-based payments (Note 22)	-	-	-	-	-	8	-	-	-	-	-	8	-	8
Cancellation of shares (Note 21(b))	(33)	(3,005)	3,038	-	33	-	-	-	-	-	(33)	-	-	-
Issue of shares pursuant to scrip dividend scheme for 2020 second interim dividend (Note 21(a))	28	2,343	-	-	-	-	-	-	-	-	-	2,371	-	2,371
Partial disposal of a subsidiary without loss of control	-	-	-	-	-	-	-	3,348	-	-	-	3,348	1,014	4,362
Transfer on lapse of share options	-	-	-	-	-	(19)	-	-	-	-	19	-	-	-
Dividends recognised as distribution (Note 8)	-	-	-	-	-	-	-	-	-	-	(47,870)	(47,870)	-	(47,870)
At 30 September 2020 (unaudited)	9,602	3,373,997	-	113,020	9,369	4,119	(294,778)	3,348	(8,908)	(57,914)	633,665	3,785,520	2,177	3,787,697
At 1 April 2021 (audited)	9,602	3,373,997	-	113,020	9,369	4,056	(296,945)	3,348	(8,908)	10,020	273,587	3,491,146	1,305	3,492,451
Profit for the period	-	-	-	-	-	-	-	-	-	-	558,786	558,786	221	559,007
Loss on fair value changes of financial assets designated as at FVTOCI	-	-	-	-	-	-	(7,580)	-	-	-	-	(7,580)	-	(7,580)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	-	-	(1,521)	-	(1,521)	3,857	2,336
Share of translation reserve of associates and joint ventures	-	-	-	-	-	-	-	-	-	6,507	-	6,507	-	6,507
Total comprehensive (expense) income for the period	-	-	-	-	-	-	(7,580)	-	-	4,986	558,786	556,192	4,078	560,270
Recognition of equity-settled share-based payments (Note 22)	-	-	-	-	-	19	-	-	-	-	-	19	-	19
Transfer on lapse of share options	-	-	-	-	-	(48)	-	-	-	-	48	-	-	-
Acquisition of a subsidiary (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-	227,774	227,774
At 30 September 2021 (unaudited)	9,602	3,373,997	-	113,020	9,369	4,027	(304,525)	3,348	(8,908)	15,006	832,421	4,047,357	233,157	4,280,514

notes:

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	NOTES	Six months ended 30 September 2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash generated from (used in) operating activities		122,150	(167,032)
Net cash generated from (used in) investing activities			
Disposal of an associate	13	274,348	–
Proceeds from settlement of consideration receivable for disposal from a joint venture	16	31,586	–
Proceeds from redemption of an unlisted investment fund		1,400	–
Interest received		204	259
Purchase of property, plant and equipment		(631)	(3,276)
Investments in joint ventures		(1,106)	(843)
Investment in an associate		(2,000)	–
Acquisition of investment in an associate	13	(25,000)	–
Advances to joint ventures		(25,005)	(48,546)
Acquisition of additional interest in a joint venture which became a subsidiary	12	(109,997)	–
Refund of deposit paid for acquisition of an investment		–	15,000
Proceeds from disposal of property, plant and equipment		–	836
Repayment from joint ventures		–	123
Additions to investment properties		–	(1,625)
Advances to associates		–	(8,000)
		143,799	(46,072)
Net cash generated from financing activities			
Advance from an associate		709,427	70,877
New bank borrowings raised		637,333	104,744
Advance from non-controlling interests		15,404	28,793
Repayment of lease liabilities, including related interests		(3,196)	(3,025)
Repurchase of loan notes	20	(21,333)	(57,925)
Interest paid		(47,436)	–
Repayment of bank borrowings		(384,255)	(63,538)
Proceeds from partial disposal of a subsidiary without loss of control		–	4,362
Dividends paid	8	–	(45,499)
		905,944	38,789
Net increase (decrease) in cash and cash equivalents		1,171,893	(174,315)
Cash and cash equivalents at the beginning of the period		298,322	514,138
Effect of foreign exchange rate changes		(155)	4,723
Cash and cash equivalents at the end of the period, represented by bank balances and cash		1,470,060	344,546
Less: Cash and cash equivalents classified as assets held for sale		–	(1,639)
		1,470,060	342,907

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in these condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on or after 1 April 2021 for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	COVID-19 – Related Rent Concessions
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

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

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”

Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate. Such changes in effective interest rate normally have no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” (Continued)

Transition and summary of effects

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for medium term notes and bank loans measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of contracts has been transitioned to the relevant replacement rates during the current interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group’s consolidated financial statements for the year ending 31 March 2022.

3. SEGMENT INFORMATION

Disaggregation of revenue

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
<i>Property</i>		
Revenue from building management fee income		
– recognised over time	246	309
Revenue from properties commission income		
– recognised at a point of time	2,176	1,093
Revenue from sales of properties		
– recognised at a point of time	256,020	–
<i>Hotel and leisure</i>		
Revenue from hotel accommodation		
– recognised over time	–	3,792
Revenue from hotel management service		
– recognised over time	356	181
	258,798	5,375
Revenue from other sources:		
Leases	7,004	6,294
Interest revenue from loan financing	8,539	16,520
	15,543	22,814
Total revenue	274,341	28,189

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION (Continued)

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

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

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

Information regarding these segments is reported below:

For the six months ended 30 September 2021 (unaudited)

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION (Continued)

For the six months ended 30 September 2020 (unaudited)

	Segment revenue HK\$'000 (note a)	Operating (loss) profit HK\$'000	Share of results of associates HK\$'000	Share of results of joint ventures HK\$'000	Finance costs HK\$'000	Segment results: loss before taxation HK\$'000 (note b)
Property (note c)	7,696	(110,888)	5,968	(22,152)	(11,269)	(138,341)
Hotel and leisure	3,973	10,678	(6,068)	(36,841)	(2,865)	(35,096)
Securities investments	–	(7,548)	–	–	(969)	(8,517)
Finance	16,520	(70,911)	–	–	–	(70,911)
SEGMENT TOTAL	28,189	(178,669)	(100)	(58,993)	(15,103)	(252,865)
Unallocated	–	(21,167)	–	(19,673)	(40,620)	(81,460)
GROUP TOTAL	28,189	(199,836)	(100)	(78,666)	(55,723)	(334,325)

notes:

- Revenue set out above comprises income from leases, income from sales of properties, properties commission income, building management fee income, hotel operation and management service income and loan financing income. All segment revenue is from external customers.
- The aggregate of the segment results set out above comprise profit (loss) before taxation from each segment without allocation of reversal (recognition) of impairment losses under expected credit loss ("ECL") model, net, certain other income, gains and losses, certain administrative and other expenses, gain on partial disposal of interests in an associate, share of results of certain joint ventures and certain finance costs.
- The segment revenue of property segment included income from leases, income from sales of properties, properties commission income and building management fee income. During the six months ended 30 September 2020, the segment result of property segment included decrease in fair value of investment properties of HK\$61,065,000 (2021: nil).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Segment assets		Segment liabilities	
	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Property	5,378,468	4,570,738	2,042,340	1,390,873
Hotel and leisure	1,085,307	992,500	120,756	123,320
Securities investments	143,289	170,732	6,639	7,122
Finance	205,958	308,794	24	48
Segment total	6,813,022	6,042,764	2,169,759	1,521,363
Unallocated:				
Bank balances and cash	1,470,060	298,322	–	–
Loan notes	–	–	1,306,832	1,322,933
Accrued coupon interest on loan notes	–	–	28,802	29,245
Bank borrowings	–	–	561,751	200,546
Others	78,570	258,361	13,994	32,909
Total	8,361,652	6,599,447	4,081,138	3,106,996

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

4. NET FAIR VALUE (LOSS) GAIN ON FINANCIAL INSTRUMENTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net (decrease) increase in fair values of financial assets at fair value through profit or loss ("FVTPL")		
– held at the end of the reporting period	(1,292)	7,738
– disposed of during the period	(511)	(61)
	(1,803)	7,677

5. FINANCE COSTS

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Effective interest on loan notes	35,110	40,427
Interest on bank borrowings	11,783	21,006
Interest on lease liabilities	211	168
Total borrowing costs	47,104	61,601
Less: amounts capitalised in qualifying assets	(2,565)	(5,878)
	44,539	55,723

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

6. TAXATION

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong Profits Tax:		
Current tax	(1,855)	(21)
Overprovision in prior years	578	31,724
	(1,277)	31,703

During the six months ended 30 September 2020, reversal of HK\$31,724,000 was recognised as the relevant accounting tax provision was made in prior years that was beyond the statutory time bar period.

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

7. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	14,257	18,870
Loss on disposal of property, plant and equipment	258	107
Gain on repurchase of loan notes (Note 20)	(391)	(1,834)
Bank interest income	(204)	(241)
Other interest income	(9,494)	(11,528)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

8. DISTRIBUTION

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Second interim dividend, paid for the year ended 31 March 2021: nil (2020: HK5 cents) per share	–	47,870
Dividends in form of:		
– Cash	–	45,499
– Scrip shares	–	2,371
	–	47,870
Dividend declared in respect of the period:		
Interim dividend declared for the period – HK10 cents per share (2020: nil)	96,018	–

Subsequent to the end of the period, the board of directors of the Company (the “Directors”) has resolved to declare an interim dividend of HK10 cents per share of the Company, totally amounting to HK\$96,018,000, for the six months ended 30 September 2021, which is payable in cash. The interim dividend has been calculated by reference to the 960,175,410 issued shares outstanding as at the date of this report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

9. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings (loss):		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	558,786	(302,019)
Number of shares:		
Weighted average number of shares for the purpose of basic and diluted earnings (loss) per share	960,175,410	957,926,971

The effect of the exercise of the Company's share options was not taken into consideration for computing the diluted earnings (loss) per share for the six months ended 30 September 2021 and 2020 as the exercise price of those share options was higher than the average market price for shares.

10. INVESTMENT PROPERTIES

The valuation for the investment properties has been arrived at on the basis of valuation carried out on the reporting dates by an independent firm of professional valuer which adopted the direct comparison method based on the average market observable transactions of similar properties after applying adjusting factors ranging from 89% to 134% (31 March 2021: ranging from 90% to 129%) to reflect the conditions and locations of the subject properties in respect of completed investment properties.

No change in fair value of investment properties has been recognised in the condensed consolidated statement of profit or loss for the six months ended 30 September 2021 (six months ended 30 September 2020: a decrease in fair value of HK\$61,065,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

11. EQUITY AND FUND INVESTMENTS

	30.9.2021 <i>HK\$'000</i> (unaudited)	31.3.2021 <i>HK\$'000</i> (audited)
Listed equity securities in Hong Kong	34,359	58,420
Unlisted equity securities in overseas and the People's Republic of China (the "PRC")	18,710	78,364
Unlisted investment funds in overseas	89,647	86,567
	142,716	223,351
Analysed as:		
Current	109,434	124,314
Non-current	33,282	99,037
	142,716	223,351
Classified as financial assets at:		
FVTOCI	18,710	26,290
FVTPL	124,006	197,061
	142,716	223,351

The fair values of the listed equity securities are determined based on the closing prices quoted in active markets in Hong Kong except for the suspended listed securities as disclosed in Note 24.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Cost of unlisted investment in joint ventures	1,244,378	1,347,131
Share of post-acquisition results and other comprehensive expense, net of dividend	(786,396)	(800,093)
	457,982	547,038
Amounts due from joint ventures at amortised cost (note a)	908,178	399,540
Less: Allowance for credit loss	(11,022)	(11,022)
Less: Share of post-acquisition losses that are in excess of cost of investment	(2,904)	(3,513)
	894,252	385,005
Amounts due from joint ventures measured at FVTPL	252,371	262,410
Less: Share of post-acquisition losses that are in excess of cost of investment	(216,226)	(213,340)
	36,145	49,070
	930,397	434,075
Amount due to a joint venture (note b)	(11,173)	(11,173)

notes:

- (a) The amounts were non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount of Canadian dollar ("CAD") 28,140,000 (equivalent to approximately HK\$171,851,000) (31 March 2021: CAD27,477,000 (equivalent to approximately HK\$169,230,000)) which carried at a fixed interest rate of 15% (31 March 2021: 15%) per annum, and was repayable on 1 March 2022. The Directors are of the view that the Group will not demand for repayment within the next twelve months from the end of the current reporting period. Thus, the amounts are classified as non-current.
- (b) The amount was non-trade in nature, unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

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

The Group's material joint ventures at the end of the reporting period were 1488 Alberni Development Holdings Limited Partnership ("1488 Alberni LPDH"), 1488 Alberni Investment Limited Partnership ("1488 Alberni LPI"), Bayshore, More Cash Limited ("More Cash"), Guangzhou Jiang Nan Properties Ltd. ("Jiang Nan Properties") and More Star Limited ("More Star"). All of the Group's joint ventures are accounted for using equity method in these condensed consolidated financial statements. Details of the Group's material joint ventures at the end of the reporting period were as follows:

Name of entity	Place of incorporation/ establishment	Class of shares/capital held	Nominal value of issued and fully paid share capital	Proportion of effective ownership interests held by the Group		Proportion of voting power held		Principal activity
				30.9.2021	31.3.2021	30.9.2021	31.3.2021	
				%	%	%	%	
1488 Alberni LPDH	Canada	N/A	N/A	28	28	28 (note a)	28 (note a)	Property development
1488 Alberni LPI	Canada	N/A	N/A	28	28	28 (note a)	28 (note a)	Property development
Bayshore	British Virgin Islands	Ordinary	CAD121,700,000	50	50	50	50	Investment holding (note b)
More Cash	British Virgin Islands	Ordinary	United States Dollars ("US\$") 100	(note c)	42	(note c)	50	Investment holding
Jiang Nan Properties	PRC	Registered capital	HK\$68,000,000	45	31.5	75	25	Property holding (note d)
More Star	British Virgin Islands	Ordinary	US\$10	40	40	40	40	Investment holding (note e)

notes:

- (a) The Group is able to exercise joint control over the relevant activities of 1488 Alberni LPDH and 1488 Alberni LPI, limited partnerships established in British Columbia, Canada, as the major decisions regarding the relevant activities of 1488 Alberni LPDH and 1488 Alberni LPI require unanimous consent of their respective shareholders according to the shareholders' agreements.
- (b) The principal activities of its subsidiaries are holding of a hotel property and hotel operation in Vancouver, Canada.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

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

notes: (Continued)

- (c) During the six months ended 30 September 2021, the Group acquired an additional 18% equity interests in More Cash at a consideration of HK\$110,000,000 (the "Acquisition"). The consideration was settled by cash. Upon completion of the Acquisition, the Group held 60% shareholding of More Cash which then became a subsidiary of the Group.

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

Consideration transferred

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

Assets and liabilities recognised at the date of the Acquisition

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

Net cash outflows arising on the Acquisition

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

- (d) The principal activity of Jiang Nan Properties is holding of a property in Guangzhou City. According to the shareholder agreement of Jiang Nan Properties dated 11 April 2012, the board of directors of Jiang Nan Properties comprises four directors. Two of them were appointed by the wholly-owned subsidiary of More Cash and the other two were appointed by the joint venture partner and the major decisions regarding the relevant activities were decided in the board of directors meeting by simple majority of votes. Therefore, More Cash has no control over Jiang Nan Properties but has joint control over Jiang Nan Properties.

- (e) The principal activities of its subsidiaries are holding of a hotel property and hotel operation in Hong Kong.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) AN ASSOCIATE/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Cost of investment in associates, unlisted	894,713	899,705
Share of post-acquisition results and other comprehensive income, net of dividend or other returns	<u>1,211,220</u>	<u>462,526</u>
	2,105,933	1,362,231
Amount due from an associate (note a)	<u>–</u>	<u>44,686</u>
Amount due to an associate (note b)	<u>(716,472)</u>	<u>(7,045)</u>

notes:

- (a) The amount was non-trade in nature, unsecured, non-interest bearing and repayable on demand. The management did not expect to receive the amount within twelve months from the end of the reporting period.
- (b) The amount was unsecured and non-interest bearing and will be offset with the dividend to be distributed by the associate in the coming financial years.

The Group's material associates at the end of the reporting period were Orient Town Limited ("Orient Town"), Empresa de Fomento Industrial e Comercial Concórdia, S.A. ("Concordia"), Premier Maker Limited ("Premier Maker"), Rosedale Hotel Beijing Co., Ltd. ("Rosedale Beijing"), True Fame Enterprises Limited ("True Fame") and Wealth Explorer Holdings Limited ("Wealth Explorer"). All of the Group's associates are accounted for using the equity method in these condensed consolidated financial statements. Details of the Group's material associates at the end of the reporting period were as follows:

Name of entity	Place of incorporation/ establishment	Class of shares/capital held	Nominal value of issued and fully paid share capital	Proportion of effective ownership interests held by the Group		Proportion of voting power held		Principal activity
				30.9.2021 %	31.3.2021 %	30.9.2021 %	31.3.2021 %	
Orient Town	Hong Kong	Ordinary	HK\$700	45	45	45	45	Investment holding (note a)
Concordia	Macau	Quota capital (note b)	Macau Patacas 100,000,000	35.5	35.5	35.5	35.5	Property development
Premier Maker	British Virgin Islands	Ordinary	US\$100	49	N/A	49	N/A	Investment holding (note c)
Rosedale Beijing	PRC	Registered capital	US\$86,000,000	20	20	20	20	Property holding in Beijing
True Fame	British Virgin Islands	Ordinary	US\$1,000	20	N/A	20	N/A	Investment holding (note d)
Wealth Explorer	British Virgin Islands	Ordinary	US\$1,000	40	40	40	40	Investment holding (note d)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

13. INTERESTS IN ASSOCIATES/AMOUNTS DUE FROM (TO) AN ASSOCIATE/DEPOSITS PAID FOR ACQUISITION OF AN ASSOCIATE (Continued)

notes:

- (a) The principal activities of its subsidiaries are mainly property development and property management in Macau.
- (b) Quota capital represents the Portuguese equivalence of registered capital as Portuguese is the official language of Macau.
- (c) The principal activity of its subsidiary is holding of a hotel in Shanghai, the PRC, through holding 50% interests in a sino-foreign cooperative joint venture. As at 31 March 2021, the Group's 19% interests in Premier Maker was classified as a financial asset at FVTPL and was included in "Unlisted equity securities in overseas and the PRC" disclosed in Note 11. During the six months ended 30 September 2021, the Group acquired an additional 30% equity interests in Premier Maker at a consideration of HK\$95,000,000. Upon completion of the acquisition, the Group held 49% shareholding of Premier Maker which became an associate of the Group. The consideration was settled with other loan receivables of HK\$56,509,000, interest receivables of HK\$13,491,000 and cash of HK\$25,000,000.
- (d) During the six months ended 30 September 2021, a subsidiary of the Group and other shareholders of Wealth Explorer set up True Fame and Wealth Explorer disposed of the entire equity interest in Luck Champion International Limited ("Luck Champion"), which owns a wholly-owned subsidiary holding a property development project in Hong Kong, to True Fame (the "Restructuring"). After the Restructuring, the Group's effective interests in Luck Champion decreased from 40% to 20% as the Group disposed of 20% effective interests in Luck Champion to other shareholders of Wealth Explorer at an aggregate cash consideration of HK\$274,348,000, resulting in gain on partial disposal of interests in an associate of HK\$70,000,000.

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

14. OTHER LOAN RECEIVABLES

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Unsecured fixed-rate loan receivables	405,084	501,500
Unsecured variable-rate loan receivables	68,249	73,479
Secured variable-rate loan receivables	52,453	70,307
	525,786	645,286
Less: Allowance for credit loss	(341,459)	(367,943)
	184,327	277,343
Analysed as:		
Current	184,327	207,063
Non-current	–	70,280
	184,327	277,343

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

At 30 September 2021, the carrying amount of one of the Group's fixed-rate loan receivables was nil (31 March 2021: nil), net of credit loss allowance for ECL of HK\$320,000,000 (31 March 2021: HK\$320,000,000), representing unsecured and unlisted loan notes issued by a company incorporated in Bermuda with limited liability with its shares listed on the Stock Exchange and carried interest at the fixed rate of 9.5% per annum (31 March 2021: fixed rate of 9.5% per annum) and were due to repay on 27 November 2019. Such company was ordered to be wound up by the High Court of Hong Kong in June 2020 and its shares were delisted from the Stock Exchange with effect from 8 February 2021. The other fixed-rate loan receivables of HK\$65,423,000 (31 March 2021: HK\$135,425,000), net of credit loss allowance for ECL of HK\$19,661,000 (31 March 2021: HK\$46,075,000), were unsecured, carried interest at fixed rates ranging from of 7% to 12% per annum (31 March 2021: fixed rates ranging from of 7% to 12% per annum) and were repayable on demand.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

14. OTHER LOAN RECEIVABLES *(Continued)*

At 30 September 2021, the Group's variable-rate loan receivables represented drawn loan facility of CAD8,589,000 (equivalent to approximately HK\$52,433,000) (31 March 2021: CAD11,393,000 (equivalent to approximately HK\$70,280,000)), net of credit loss allowance for ECL of CAD3,000 (equivalent to approximately HK\$20,000) (31 March 2021: CAD5,000 (equivalent to approximately HK\$27,000)), granted to Caufield Investments Limited, a shareholder of Bayshore. The loan receivables were secured by 16.67% (31 March 2021: 16.67%) equity interests in Bayshore, carried interest at CAD Prime Rate plus 1.25% per annum (31 March 2021: CAD Prime Rate plus 1.25% per annum) and are repayable on 31 May 2022. The unsecured variable-rate loan receivables of HK\$66,471,000 (31 March 2021: HK\$71,638,000), net of credit loss allowance for ECL of HK\$1,778,000 (31 March 2021: HK\$1,841,000), were unsecured, carried interest at variable rates ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 2% per annum (31 March 2021: variable rates ranging from Hong Kong Prime Rate to Hong Kong Prime Rate plus 2%) and were repayable on demand. At 30 September 2021, the effective interest rate of variable-rate loan receivables was 7.47% per annum (31 March 2021: 6.74% per annum).

The management of the Group has concluded that for the six months ended 30 September 2021, a reversal of impairment losses of HK\$26,484,000 (six months ended 30 September 2020: additional impairment allowance of HK\$80,880,000) under ECL model for other loan receivables was provided (Note 23).

15. STOCK OF PROPERTIES

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Properties under development for sale	911,114	792,493
Completed properties held for sale	<u>307,883</u>	<u>526,010</u>
	<u>1,218,997</u>	<u>1,318,503</u>

As at 30 September 2021, stock of properties included an amount of HK\$677,471,000 (31 March 2021: HK\$792,493,000) which is expected to be realised after twelve months from the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

16. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms are negotiated at terms determined and agreed with its trade customers. The Group allows an average credit period of 60 days (31 March 2021: 60 days) to its trade customers.

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

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Trade debtors aged:		
0 – 60 days	2,181	3,083
61 – 90 days	–	37
Over 90 days	–	19
	2,181	3,139
Refundable earnest money (note i)	24,428	24,636
Other debtors, deposits and prepayments (note ii)	136,930	204,791
	163,539	232,566

notes:

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

The consideration receivable from disposal of a joint venture of HK\$31,586,000 has been settled during the six months ended 30 September 2021.

The management of the Group has concluded that for the six months ended 30 September 2021, a reversal of impairment losses of HK\$4,504,000 (six months ended 30 September 2020: impairment losses of HK\$8,297,000) under ECL model for other receivables included in debtors, deposits and prepayments was provided (Note 23).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

17. DEBT INVESTMENTS

The amounts mainly represented listed bonds and interest rate linked notes which are accounted for as financial assets at FVTPL as they are managed and evaluated on a fair value basis. Their fair values are determined based on the quoted prices in the market that are not active.

18. CREDITORS, DEPOSITS AND ACCRUED CHARGES

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Creditors, deposits and accrued charges	219,700	183,844
Contract liabilities (note)	5,234	10,026
Accrued coupon interest on loan notes	28,802	29,245
	253,736	223,115

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

Other creditors, deposits and accrued charges include advances from non-controlling interests of HK\$172,172,000 (31 March 2021: HK\$129,568,000) which were non-trade in nature, unsecured, interest-free and repayable on demand.

19. BANK BORROWINGS

During the six months ended 30 September 2021, the Group has drawn new bank borrowings of HK\$637,333,000 (six months ended 30 September 2020: HK\$104,744,000) and repaid bank borrowings of HK\$384,255,000 (six months ended 30 September 2020: HK\$63,538,000). The effective interest rate of bank borrowings at the end of the reporting period was 1.59% (31 March 2021: 1.84%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

20. LOAN NOTES

In October 2016, a wholly-owned subsidiary of the Group (the “Issuer”) issued loan notes (the “Guaranteed Notes”) with a nominal value of US\$200,000,000 (equivalent to approximately HK\$1,508,846,000), which are guaranteed by the Company and were listed on the Stock Exchange. The Guaranteed Notes bear coupon interest at 4.75% per annum and matured on 14 October 2021.

Pursuant to the subscription agreement, the Issuer has the right to redeem the Guaranteed Notes in whole but not in part at the sum of (a) the principal amount outstanding on the Guaranteed Notes; and (b) the outstanding interest up to the date of redemption.

In addition, at any time the Controlling Shareholders (as defined in the announcement of the Company dated 6 October 2016) (i) cease to hold, directly or indirectly, at least 35% of the voting rights of the issued share capital of the Company; or (ii) cease to be the largest single shareholder of the Company, the holders of the Guaranteed Notes will have the right to require the Issuer to redeem all but not in part of the Guaranteed Notes at 101% of their principal amount, together with accrued interest.

The Guaranteed Notes include the values of the early repayment options at the options of the holder and Issuer which are closely related to the host instrument. Furthermore, the Issuer, the Company or any of their respective subsidiaries may at any time purchase the Guaranteed Notes in the open market or otherwise and at any price.

During the six months ended 30 September 2021, the Group repurchased the Guaranteed Notes with the principal amount of US\$2,800,000 (equivalent to a carrying amount of HK\$21,724,000) (six months ended 30 September 2020: principal amount of US\$7,760,000 (equivalent to a carrying amount of HK\$59,759,000)) at cash consideration of HK\$21,333,000 (six months ended 30 September 2020: HK\$57,925,000), giving rise to a gain on repurchase amounting to HK\$391,000 (six months ended 30 September 2020: HK\$1,834,000), being the difference between the carrying amounts of the repurchased Guaranteed Notes derecognised and the consideration paid.

Subsequent to the end of the reporting period, the Group fully repaid the outstanding principal and the outstanding interest accrued thereon.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

21. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 1 April 2020 (audited), 30 September 2020 (unaudited), 1 April 2021 (audited) and 30 September 2021 (unaudited)	40,000,000,000	400,000
Issued and fully paid:		
As at 1 April 2020 (audited)	960,655,004	9,607
Issue as scrip dividend for 2020 second interim dividend (note a)	2,783,406	28
Shares cancelled (note b)	(3,263,000)	(33)
As at 30 September 2020 (unaudited), 1 April 2021 (audited) and 30 September 2021 (unaudited)	960,175,410	9,602

notes:

- (a) On 28 August 2020, the Company issued a total of 2,783,406 new ordinary shares of HK\$0.01 each at an issue price of HK\$0.8519 each in lieu of cash for 2020 second interim dividend.
- (b) During the six months ended 30 September 2020, the Company cancelled a total of 3,263,000 ordinary shares which were repurchased in March 2020 at an aggregate consideration, including direct expenses, of HK\$3,038,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

22. SHARE OPTION SCHEMES

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

On 10 September 2021, the new share option scheme of the Company was approved and adopted by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting for the primary purpose of providing incentives to eligible persons (the "New Share Option Scheme"). Upon the adoption of the New Share Option Scheme, the 2012 Share Option Scheme has been terminated and ceased to have any further effect with effect from 10 September 2021 save for and except that the 2012 Share Option Scheme remains in force to the extent necessary to give effect to the exercise of the options granted thereunder prior to the termination thereof. The New Share Option Scheme has life span of ten years.

(A) Share options granted on 4 April 2018

On 4 April 2018, the Company granted a total of 27,020,000 share options to the eligible participants to subscribe for the shares of the Company under the 2012 Share Option Scheme with vesting period ranging from 1 to 2 years. The Group recognised a total expense of HK\$8,000 in relation to the share options granted by the Company on 4 April 2018 in the condensed consolidated financial statements for the six months ended 30 September 2020. No share option expense was recognised for the six months ended 30 September 2021.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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22. SHARE OPTION SCHEMES (Continued)

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

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

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share HK\$	Number of share options				
					Outstanding at 1.4.2020	Cancelled/lapsed during the year	Outstanding at 31.3.2021	Cancelled/lapsed during the period	Outstanding at 30.9.2021
Directors:									
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	8,300,000	–	8,150,000 (note)	–	6,400,000 (note)
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	8,300,000	–	8,150,000 (note)	–	6,400,000 (note)
Employees:									
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	3,255,000	(260,000)	2,995,000	–	2,995,000
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	3,255,000	(260,000)	2,995,000	–	2,995,000
Other participants (note):									
4.4.2018	50%	4.4.2018 – 3.4.2019	4.4.2019 – 3.4.2022	2.57	1,650,000	–	1,800,000 (note)	(150,000)	3,400,000 (note)
	50%	4.4.2018 – 3.4.2020	4.4.2020 – 3.4.2022	2.57	1,650,000	–	1,800,000 (note)	(150,000)	3,400,000 (note)
					<u>26,410,000</u>	<u>(520,000)</u>	<u>25,890,000</u>	<u>(300,000)</u>	<u>25,590,000</u>
Exercisable at the end of the year/period					<u>13,205,000</u>		<u>25,890,000</u>		<u>25,590,000</u>
Weighted average exercise price per share (HK\$)					<u>2.57</u>	<u>2.57</u>	<u>2.57</u>	<u>2.57</u>	<u>2.57</u>

note: The other participants are (i) consultants of the Group, (ii) Mr. Kwok Ka Lap, Alva, a former Director, who still held 300,000 outstanding share options as at 31 March 2021 pursuant to the 2012 Share Option Scheme and such share options eventually lapsed during the six months ended 30 September 2021, and (iii) Mr. Chan Fut Yan, a former Director, who still held 3,500,000 outstanding share options as at 30 September 2021 pursuant to the 2012 Share Option Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

22. SHARE OPTION SCHEMES *(Continued)*

(B) Share options granted on 28 September 2021

On 28 September 2021, the Company granted a total of 16,660,000 share options to the eligible participants to subscribe for the shares of the Company under the New Share Option Scheme with vesting period ranging from approximately 0.5 to approximately 2 years. Subsequently, 16,320,000 share options were duly accepted by the grantees. The Group recognised a total expense of HK\$19,000 in relation to the share options granted by the Company on 28 September 2021 in the condensed consolidated financial statements for the six months ended 30 September 2021.

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

22. SHARE OPTION SCHEMES (Continued)

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

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

Date of grant	Vesting proportion	Vesting period	Exercisable period	Exercise price per share HK\$	Number of share options		
					Outstanding at 1.4.2021	Granted during the period	Outstanding at 30.9.2021
Directors:							
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	2,100,000	2,100,000
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	2,100,000	2,100,000
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	2,100,000	2,100,000
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	2,100,000	2,100,000
Employees:							
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	1,705,000	1,705,000
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	1,705,000	1,705,000
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	1,705,000	1,705,000
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	1,705,000	1,705,000
Other participants (note):							
28.9.2021	25%	28.9.2021 – 31.3.2022	1.4.2022 – 30.9.2025	1.03	N/A	275,000	275,000
	25%	28.9.2021 – 30.9.2022	1.10.2022 – 30.9.2025	1.03	N/A	275,000	275,000
	25%	28.9.2021 – 31.3.2023	1.4.2023 – 30.9.2025	1.03	N/A	275,000	275,000
	25%	28.9.2021 – 30.9.2023	1.10.2023 – 30.9.2025	1.03	N/A	275,000	275,000
					N/A	16,320,000	16,320,000
Exercisable at the end of the period						N/A	–
Weighted average exercise price per share (HK\$)						N/A	1.03

note: The other participants are a consultant of the Group and a senior executive of principal associate of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

23. MEASUREMENT OF ECL ALLOWANCES

	Six months ended	
	30 September	2020
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment losses (reversed) recognised in respect of		
– Other loan receivables	(26,484)	80,880
– Other receivables included in other non-current assets	–	57
– Other receivables included in debtors, deposits and prepayments	(4,504)	8,297
	(30,988)	89,234

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 September 2021 are the same as those used in the preparation of the Group's consolidated financial statements for the year ended 31 March 2021.

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

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24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)				
Financial assets at FVTPL						
Listed equity securities in Hong Kong	34,359	50,880	Level 1	Quoted closing prices in an active market	N/A	N/A
Listed equity securities in Hong Kong (note v)	-	-	Level 3	Note v	N/A	N/A
Unlisted investment funds in overseas (note i)	89,647	86,567	Level 3	Note ii	Net asset value	An increase in the net asset value would result in an increase in fair value, and vice versa
Unlisted equity interest in the PRC (note i)	N/A	59,614	Level 3	Income approach which uses discounted cash flow method to capture the present value of the expected future economic benefits to be derived from the operation of the business, based on an appropriate discount rate	Operating cash flow (note iii)	An increase in the operating cash flow would result in an increase in fair value, and vice versa
Listed bond and interest rate linked notes	573	6,995	Level 2	Quoted prices in the market that are not active	N/A	N/A
Financial assets at FVTOCI						
Listed equity securities	-	7,540	Level 1	Quoted closing prices in an active market	N/A	N/A
Unlisted equity securities (note i & iv)	18,710	18,750	Level 3	Market approach which uses relevant information generated by certain companies with comparable businesses	Marketability discount of 25% (31.3.2021: 25%) (note iv)	A significant increase in the marketability discount would result in a significant decrease in fair value, and vice versa

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For the six months ended 30 September 2021

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

notes:

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

	Financial assets at FVTPL		Financial asset at FVTOCI	Total HK\$'000
	Unlisted investment funds HK\$'000	Unlisted equity interest HK\$'000	Unlisted equity securities HK\$'000	
As at 1 April 2020 (audited)	95,897	129,088	23,800	248,785
Total gains (losses), recognised in:				
– profit or loss	(166)	14,452	–	14,286
– other comprehensive expense	–	–	(4,900)	(4,900)
As at 30 September 2020 (unaudited)	95,731	143,540	18,900	258,171
As at 1 April 2021 (audited)	86,567	59,614	18,750	164,931
Total gains (losses), recognised in:				
– profit or loss	3,080	(782)	–	2,298
– other comprehensive expense	–	–	(40)	(40)
Derecognition of financial assets at FVTPL upon acquisition of an associate (Note 13)	–	(58,832)	–	(58,832)
As at 30 September 2021 (unaudited)	89,647	–	18,710	108,357
Unrealised (losses) gains, recognised in profit or loss or other comprehensive income during the six months ended 30 September 2020 (unaudited)	(166)	14,452	(4,900)	9,386
Unrealised gains (losses), recognised in profit or loss or other comprehensive income during the six months ended 30 September 2021 (unaudited)	3,080	–	(40)	3,040

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS *(Continued)*

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

notes: *(Continued)*

- (ii) The fair values of the unlisted investment funds in overseas market as at 30 September 2021 and 31 March 2021 are determined with reference to the net asset value of the unlisted equity and partnership investments which are the deemed resale price of the investments provided by the external counter-parties. The Directors have determined that the reported net asset values represent fair value of these investments. A 5% increase/decrease in the net asset value per share holding all other variables constant would increase/decrease the carrying amount of the unlisted investment funds in overseas by HK\$4,428,000 (31 March 2021: increase/decrease by HK\$4,328,000).
- (iii) The fair values of the unlisted equity interests in Premier Maker as at 31 March 2021 were determined with reference to the income approach. A 5% increase/decrease in the forecasted revenue in the operating cash flow holding all other variables constant would increase/decrease the carrying amount of the unlisted equity interest in the PRC by HK\$4,835,000. During the six months ended 30 September 2021, the Group acquired an additional 30% equity interests in Premier Maker and Premier Maker became an associate of the Group.
- (iv) The fair values of the unlisted equity securities as at 30 September 2021 and 31 March 2021 are determined by independent professional valuers, using the market approach. A 5% increase/decrease in the minority and marketability discount holding all other variables constant would decrease/increase the carrying amount of the unlisted equity securities by HK\$1,290,000 (31 March 2021: decrease/increase by HK\$1,250,000).
- (v) Following the suspension of trading of the related equity securities and due to a lack of quoted closing prices or recent transaction prices in the market, the quoted closing price of certain listed equity securities was no longer available and thus the fair value of such listed equity securities was measured using a valuation. As a result of the winding up and delisting of the related equity securities in December 2020, the management considered the fair value of such unlisted equity securities to be zero as at 30 September 2021.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

25. CAPITAL AND OTHER COMMITMENTS

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
– investment properties	499	499
– equity and fund investments	34,155	34,111
	34,654	34,610
Other commitments:		
– stock of properties	177,217	415,564
– investment in an associate	–	106,200
– investments in joint ventures	9,972	11,146
– loans to joint ventures	37,394	41,797
– capital contribution in a company for a proposed land development in Vietnam	9,820	9,820
	234,403	584,527
	269,057	619,137

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For the six months ended 30 September 2021

26. FINANCIAL GUARANTEE CONTRACTS

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

	30.9.2021 HK\$'000 (unaudited)	31.3.2021 HK\$'000 (audited)
a 20% – owned associate	282,854	–
a 40% – owned associate	–	565,707
a 50% – owned joint venture	41,942	58,000
a 40% – owned joint venture	281,600	294,400
a 28% – owned joint venture in Canada	239,394	241,433
a 50% – owned joint venture in Canada	569,095	573,750
	1,414,885	1,733,290

The amounts disclosed above represent the aggregate amounts that could be required to be paid if the guarantees were called upon in entirety as at 30 September 2021, of which credit facilities amounting to HK\$1,223,469,000 (31 March 2021: HK\$1,439,222,000) have been utilised by the joint ventures and associate.

The ECL for outstanding financial guarantees are assessed to be immaterial as at 30 September 2021 and 31 March 2021.

27. RELATED PARTY DISCLOSURES

(i) Compensation of key management personnel:

The remuneration of the Directors in respect of the current period is as follows:

	Six months ended 30 September 2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Short-term benefits	7,217	7,675

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

27. RELATED PARTY DISCLOSURES (Continued)

(ii) Related party transactions:

During the period, the Group entered into the following transactions in the ordinary course of business with related parties:

Related parties	notes	Nature of transactions	Six months ended 30 September	
			2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
<i>Joint ventures:</i>				
1488 Alberni LPDH (as defined in Note 12)		Interest income	9,068	10,952
1488 Alberni LPI (as defined in Note 12)		Interest income	426	576
Pro Gain Limited		Secondment fee income	-	716
Pro Gain Limited		Hotel management fee income	235	181
<i>Associates:</i>				
Macau Properties Holdings Limited		Rental income	587	587
Concordia (as defined in Note 13)		Management fee income	60	60
<i>Other related companies:</i>				
Hi Park Limited ("Hi Park")	(a)	Short-term lease expense	14	14
		Licence fee income	300	300
		Rental income and management fee income	460	587
Vectr Ventures Limited ("Vectr")	(b)	Rental income and management fee income	279	233

notes:

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

28. EVENT AFTER THE END OF THE REPORTING PERIOD

On 5 October 2021, the Group disposed of its entire interests in wholly-owned subsidiaries, which hold the redevelopment project at Nos. 41, 43 and 45 Pau Chung Street, To Kwa Wan, at an aggregate consideration of approximately HK\$318 million, resulting in an estimated gain of approximately HK\$80 million.

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

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

DEFINITIONS

Stock Exchange	The Stock Exchange of Hong Kong Limited
US\$	United States dollars, the lawful currency of the United States
%	per cent.

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



德祥地產集團有限公司

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